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China Aoyuan Property Group Limited

中國奧園地產集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

DISCLOSEABLE TRANSACTION

MEMORANDUM OF UNDERSTANDING

IN RELATION TO

FORMATION OF JOINT VENTURE

AND

DEED IN RELATION TO

THE FUTURE COMMERCIAL LANDUSE PROJECTS

A letter from the Board of Directors of China Aoyuan Property Group Limited giving the details of the transaction in issue is set out on pages 4 to 12 of this circular.

9 May 2008

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DEFINITIONS

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

“associate”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“BVI Co”	a wholly-owned subsidiary to be incorporated by the Company under the laws of the British Virgin Islands
“Company”	China Aoyuan Group Property Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange
“Contribution”	the USD equivalent of HKD375,000,000, being 50% of the registered capital of the Project Company
“Deed”	a deed dated 28 March 2008 entered into between the Company and MGPA Co in relation to the Future Commercial Landuse Projects
“Directors”	the directors of the Company
“East Harvest”	East Harvest Investment Limited (耀發投資有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Future Commercial Landuse Projects”	any investments by the Company and/or its affiliates in any development of developed or undeveloped Land or refurbishment of any building on Land into a property to be used for commercial purpose; or any mixed-use project in developed or undeveloped Land and building on Land with at least 50% of the gross floor area to be used for commercial purpose, in the PRC (excluding Hong Kong and the Macau Special Administrative Region of the PRC), to be undertaken by the Company and/or its affiliates (or to be participated in by any of them) after the date of the Deed and in relation to which: (a) the estimated project cost of the investment by the Company and/or any of its affiliates is not less than USD100 million; (b) a wholly foreign owned enterprise or an equity joint venture is or is to be set up in which the Company has a 50% or more equity interest therein; and (c) the Company and/or its affiliates have resolved to seek a joint venture partner for the investment
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guangdong Aoyuan”	Guangdong Aoyuan Properties Co., Ltd. (廣東奧園置業有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party/Parties”	a third party/parties who is/are not a connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“JV Company”	a wholly-owned subsidiary to be incorporated by the Company under the laws of British Virgin Islands
“Land”	a land with land use described in its land use certificate issued by the authority as commercial and service land (商服用地) or similar classification under the National Land Specification (全國土地分類) published by the PRC Ministry of Land and Resources from time to time
“Latest Practicable Date”	5 May 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legal binding memorandum of understanding dated 28 March 2008 entered into between the Company and MGPA Co
“MGPA Co”	MGP Asia III Holdings (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of a real estate investment fund advised by MGPA (Bermuda) Limited
“PRC”	The People’s Republic of China
“Project Company”	Guangzhou Aoyu Real Estate Development Co., Ltd. (廣州奧譽房地產開發有限公司), a sino-foreign equity joint venture incorporated under the laws of the PRC and held as to 98% by East Harvest and 2% by Guangdong Aoyuan

DEFINITIONS

“Project Land”	a parcel of land located at north to Fude Road, South downtown, Panyu District (番禺區中心城區南區福德路北側政府儲備用地南區地塊2-1) with a land area of 89,475 square meters, in which 64,861 square meters is for construction and 24,614 square meters is for municipal roads. Its estimated construction area is around 179,977 square meters, in which 172,674 square meters is for commercial and financial use and 7,303 square meters is for public car parks
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	the ordinary shares of HKD0.01 each in the issued share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the same meaning as defined in the Listing Rules
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



China Aoyuan Property Group Limited

中國奧園地產集團股份有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

Executive Directors:

Guo Zi Wen (*chairman and chief executive officer*)
Guo Zi Ning
Hu Da Wei
Zheng Jian Jun

Non-executive Directors:

Paul Steven Wolansky
Leung Ping Chung, Hermann
(also alternate director of Paul Steven Wolansky)

Independent non-executive Directors:

Ma Kwai Yuen
Tsui King Fai
Song Xian Zhong

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business:

Room 5105, 51st Floor
The Center
99 Queen's Road Central
Hong Kong

9 May 2008

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
MEMORANDUM OF UNDERSTANDING
IN RELATION TO
FORMATION OF JOINT VENTURE
AND
DEED IN RELATION TO
THE FUTURE COMMERCIAL LANDUSE PROJECTS**

INTRODUCTION

On 9 April 2008, the Board made an announcement in which the Board announced that on 28 March 2008, the Company entered into the MOU and the Deed with MGPA Co regarding the formation of the JV Company and the Future Commercial Landuse Projects.

* *For identification purpose only*

LETTER FROM THE BOARD

As the total registered capital of the Project Company and the construction loan exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the MOU constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you further information on the MOU and the formation of the JV Company.

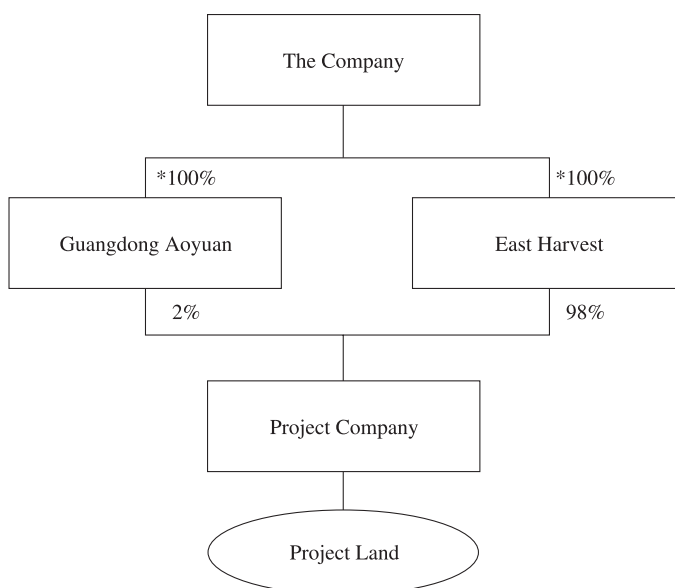
BACKGROUND

On 28 March 2008, the Company entered into the MOU with MGPA Co pursuant to which both parties agreed to develop the Project Land held by Project Company through the the JV Company, which will be subsequently owned as to 50% by each of the Company and MGPA Co. The Project Land was successfully acquired through a public land auction by the Group at a consideration of RMB647,290,000 (approximately HKD712,019,000)

The Company and MPGA Co also agreed to provide the necessary corporate guarantees in order to assist the Project Company to secure a construction loan to fund the development, construction and other costs in relation to the Project Land. The liability of each party in the corporate guarantee shall be separate and be limited to 50% of the total liability.

On 28 March 2008, with a view to forming a long-term strategic business relationship for Future Commercial Landuse Projects, the Company further entered into the Deed with MGPA Co pursuant to which the Company will grant to MGPA Co for a term of five (5) years commencing on the date of the Deed, a first right to participate in any Future Commercial Landuse Projects subject to the terms and conditions of the Deed.

The present corporate structure of the Project Company is as follows:



* Intermediate holding companies are not shown in the above chart.

LETTER FROM THE BOARD

MOU

Date

28 March 2008

Parties

1. the Company; and
2. MGPA Co, an Independent Third Party as at the Latest Practicable Date. To the Directors' best knowledge, information and belief having made all reasonable enquiry, each of MGPA Co and its ultimate beneficial owners of MGPA Co is an Independent Third Party.

Co-operation

Pursuant to the MOU, the Company and MGPA Co agreed that:

Internal reorganisation

- (a) the Company will establish the JV Company; and
- (b) the JV Company will establish the BVI Co to acquire the entire issued shares of East Harvest from the Company;

Joint venture

After the establishment of the JV Company,

- (a) MGPA Co will pay 49% of the registered capital of the Project Company in consideration of which the Company will allot and issue 50% shareholding in the JV Company to MGPA Co;
- (b) MGPA Co will pay 1% of the registered capital of the Project Company in consideration of which the JV Company will allot and issue one (1) non-voting redeemable preference share to MGPA Co;
- (c) as long as Guangdong Aoyuan holds its equity interest in the Project Company, MGPA Co will hold one (1) non-voting redeemable preference share in the JV Company, which will entitle MGPA Co, among others, to receive preferential dividend equal to 2% of the distributions by the Project Company before any dividend payable on the ordinary shares in the JV Company;
- (d) Guangdong Aoyuan will enter into an equity transfer agreement with East Harvest to transfer its 2% equity interest in the Project Company to East Harvest;

LETTER FROM THE BOARD

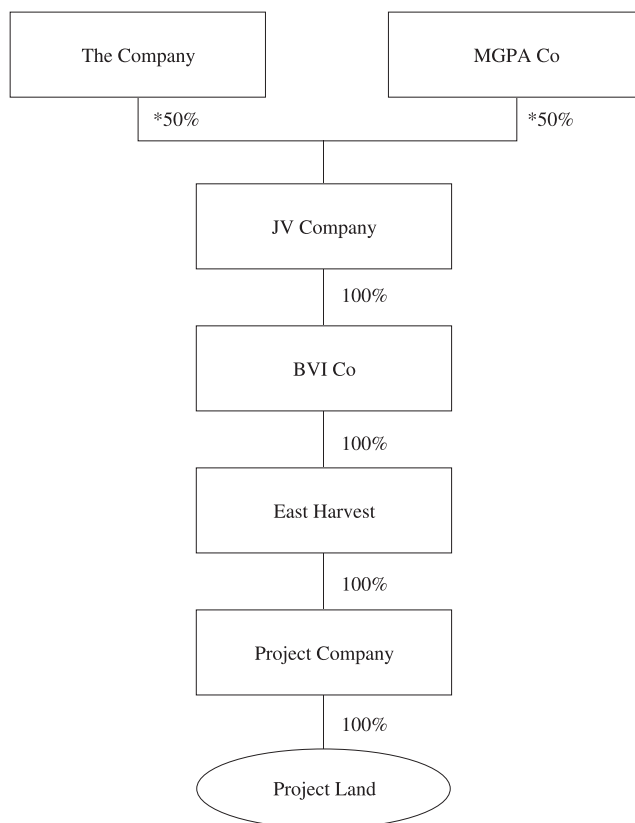
- (e) when Guangdong Aoyuan transfers its equity interest in the Project Company to East Harvest, the Company will also subscribe for one (1) non-voting redeemable preference share in the JV Company at a subscription price equal to the cost (including purchase price) of purchasing such equity in the Project Company by East Harvest; and
- (f) The Project Company will then become a wholly foreign owned enterprise and operate for 20 years from the date the project to be developed under the MOU is approved by all relevant of approval authorities.

Information on the Project Company

Name	:	Guangzhou Aoyu Real Estate Development Co., Ltd. (廣州奧譽房地產開發有限公司)
Date of Incorporation	:	18 February 2008
Place of Incorporation	:	PRC
Scope of business	:	development, construction, sale and lease of property for use of commercial and financial industries on the Project Land
Existing shareholders	:	Guangdong Aoyuan (2%); and East Harvest (98%)
Registered capital	:	HKD750,000,000
Current Term	:	18 February 2008–18 February 2009

LETTER FROM THE BOARD

Upon completion of the above, the corporate structure of the JV Company and its subsidiaries will be as follows:



* *Intermediate holding companies are not shown in the above chart.*

Financial information of the JV Company and its subsidiaries

As at the Latest Practicable Date, (1) the JV Company and the BVI Co are not yet incorporated and (2) the registered capital of the Project Company has not been paid up.

Information on East Harvest

	Three months ended 31 March 2008 <i>(Unaudited)</i> <i>HKD'000</i>	Since incorporation on 28 May 2007 to 31 December 2007 <i>(Unaudited)</i> <i>HKD'000</i>
Net gain before taxation	<u>1,148</u>	<u>951</u>
Net gain after taxation	<u>1,148</u>	<u>951</u>

LETTER FROM THE BOARD

	As at 31 March 2008	As at 3 December 2007
Net assets	<u>2,099</u>	<u>951</u>

Information on the Project Company

	Since incorporation on 18 February 2008 (Unaudited) HKD'000
Net gain before taxation	<u>—</u>
Net gain after taxation	<u>—</u>

	As at 31 March 2008
Net assets	<u>—</u>

Conditions Precedent

The obligation of MGPA Co to pay the Contribution is subject to, inter alia, satisfaction of or waiver by MGPA Co the following conditions:

- (a) satisfactory results of the due diligence conducted by MGPA Co;
- (b) issuance of a formal business licence by the relevant authority to the Project Company for a minimum of twenty (20) years permitting the Project Company to own, develop and dispose the Project Land;
- (c) Guangdong Aoyuan will enter into an equity transfer agreement with East Harvest to transfer its 2% equity interest in the Project Company to East Harvest; and
- (d) execution of the Deed.

Upon satisfaction or waiver of the conditions precedent and payment of the Contribution by MGPA Co, each of the Company and MGPA Co will hold 50% shareholding in the JV Company. As of the Latest Practicable Date, save as the execution of the Deed on 28 March 2008, all of the said conditions precedent have not been fulfilled.

LETTER FROM THE BOARD

Construction Loan

The Company and MGPA Co also agreed to provide the necessary corporate guarantees in order to assist the Project Company to secure a construction loan in the total sum not less than RMB500,000,000, to fund the development, construction and other costs in relation to the Project Land. The liability of each party in the corporate guarantee shall be separate and be limited to 50% of the total liability. At the present stage, the maximum corporate guarantees that each of the Company and MGPA Co has committed to provide is RMB250,000,000.

Foreign Exchange Policy

In the event that there are (a) changes in PRC's foreign exchange laws, regulations or policy and/or (b) further restrictions on foreign investment in the PRC domestic real property market, resulting in a material adverse effect on the establishment of the above corporate structure as agreed and/or the operation of the Project Company, the Company and MGPA Co will negotiate in good faith to achieve an alternative investment structure or to adjust the development budget of the Project Land (as the case may be), in the best interest of the Project Company.

Investment Period and Restrictions on Sale

Under the MOU, the Company and MGPA Co agreed to retain its respective equity interest in the Project Company and the JV Company during the construction of the Project Land.

After completion of construction of the Project Land, any disposal of the equity interest in the JV Company shall be subject to the other party's right of first refusal. In addition, each party shall have a drag-along right when it disposes its equity interest or a tag-along right when the other party disposes its equity interest in the JV Company.

Board of Directors

The board of each of the JV Company and the BVI Co shall consist of six (6) members with MGPA Co nominating three (3) members and the Company nominating three (3) members.

Each of the board of East Harvest and the Project Company shall consist of four (4) members with MGPA Co nominating two (2) members and the Company nominating two (2) members. As long as Guangdong Aoyuan retains its equity interest in the Project Company, one of the two (2) directors of the Project Company nominated by the Company shall be nominated by Guangdong Aoyuan.

THE DEED

On 28 March 2008, with a view of forming a long-term strategic business relationship for Future Commercial Landuse Projects with MGPA Co, the Company further entered into the Deed with MGPA Co pursuant to which the Company will grant to MGPA Co for a term of five (5) years commencing from the date of the Deed, a first right to participate in any Future Commercial Landuse Projects subject to the terms and conditions of the Deed. Neither MGPA Co nor its associates (as defined in the Listing Rules) has any relationship with the Company and its connected persons (as defined in the Listing Rules) other than the fact that MGPA Co will be the joint venture partner of the Company in respect of the Project Company.

LETTER FROM THE BOARD

REASONS FOR ENTERING INTO THE MOU AND THE DEED

The principal activities of the Group comprise the property development and property investment in the PRC. The principal business of the Project Company is the development and construction of the Project Land.

MGPA Co is a wholly-owned subsidiary of a real estate investment fund advised by MGPA (Bermuda) Limited. MGPA (Bermuda) Limited is an independently managed private equity real estate fund advisory company focused on real estate investment in Asia and Europe. MGPA (Bermuda) Limited advised investments in over USD10 billion in assets throughout these two regions. Its advised investments include development and redevelopment projects, joint-venture investments and real estate operating companies in the office, retail, industrial, residential, and hotel sectors.

MGPA (Bermuda) Limited is majority owned (51%) and managed by its senior management team. The remaining 49% of the business is owned by Macquarie Group, a diversified international provider of banking, financial, advisory and investment services, headquartered in Sydney, Australia.

The Deed, being one of the conditions precedent of the MOU, is part and parcel of the transaction. The Directors have considered the MOU and the Deed as a whole and are of the view that the co-operation with MGPA Co will develop a long term strategic relationship with an international reputable investor and enhance more investment opportunities for the Company in the future.

Both the MOU and the Deed were approved by the Board and the Directors are of the view that the terms of the MOU and the Deed have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of Shareholders as a whole, except two (2) non-executive Directors and two (2) independent non-executive Directors are of the view that the Deed will restrict the Company's choice of joint venture partners in the Future Commercial Landuse Projects for the coming 5 years.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the allotment of the shares in the JV Company to MGPA Co, the JV Company and its subsidiaries will cease to be the subsidiaries of the Company.

The assets of the Project Company comprised of the Project Land of RMB647,290,000 and other receivables, based on the unaudited management account of the Project Company as at 31 March 2008. As the registered capital of the Project Company has not been paid up, the assets of the Project Company are represented by its account payables. As the Project Company has not commenced any business, there would not be any material income statement items and assets, except the Project Land. Upon completion of the disposal, 50% of the shareholding of the JV Company and its subsidiaries would be disposed of including 50% of the net assets of East Harvest and the Project Company. Accordingly, on the assumption that the share capital of the Project Company of HKD750,000,000 is properly paid up, the Company is expected to have a loss on the disposal of approximately HKD1,049,000 (being the difference between 50% of the net assets of East Harvest and the Project Company, i.e. approximately HKD376,049,000 and the amount to be contributed by MGPA Co of approximately HKD375,000,000), decrease in assets of approximately HKD720,714,000 and decrease in liabilities of approximately HKD720,729,000 upon completion of the disposal.

LETTER FROM THE BOARD

Upon the completion of the disposal, the JV company and its subsidiaries are jointly controlled by the Company and MGPA Co, and therefore, equity method is adopted in accounting for the Group's interest in the JV company and its subsidiaries.

USE OF PROCEEDS FROM THE DISPOSAL

The proceeds payable by MGPA Co will be used to pay up 50% of the registered capital of the Project Company.

IMPLICATION UNDER THE LISTING RULES

As part of the joint venture arrangements between the Company and MGPA Co, 50% of the entire issued share capital of the JV Company will be allotted to MGPA Co in consideration of which MGPA Co will be responsible for paying up 50% of the registered capital of the Project Company. Upon completion of the allotment of the shares in the JV Company to MGPA Co, the JV Company and its subsidiaries will cease to be the subsidiaries of the Company.

As the total registered capital of the Project Company and the corporate guarantee provided by the Company for the construction loan exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the MOU constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

OTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
China Aoyuan Property Group Limited
Guo Zi Wen
Chairman and chief executive officer

*Head office and principal place of
business in Hong Kong:*

Room 5105, 51st Floor,
The Center
99 Queen's Road Central
Hong Kong

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard 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.

DISCLOSURE OF INTEREST**(a) Directors' interests in Shares**

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company has interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

Name of director	Capacity	Number of shares			Percentage of the Company's issued share capital
		Corporate Interest	Underlying shares (under equity derivatives of the Company)	Aggregate interest	
Mr. Guo Zi Wen	Beneficial owner	1,154,325,000 <i>(Note 1)</i>	—	1,154,325,000	51.2%
Mr. Paul Steven Wolansky	Trustee and Beneficial owner	293,175,000 <i>(Note 2)</i>	300,000 <i>(Note 3)</i>	293,475,000	13.0%
Mr. Leung Ping Chung, Hermann	Controlled Corporation and Beneficial Owner	293,175,000 <i>(Note 2)</i>	4,581,000 <i>(Note 3)</i>	297,756,000	13.2%

Notes:

- (1) The entire equity capital of Ace Rise Profits Limited is held by Sturgeon Limited, which is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. As at the Latest Practicable Date, the beneficiaries of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Min Er.
- (2) Share held by Cathay Sino Property Ltd., which is wholly-owned by Cathay Capital Holdings L.P.. Mr. Paul Steven Wolansky and Mr. Leung Ping Chung, Hermann are limited partners of Cathay Capital Holdings L.P.. Details have been shown in the section of "Substantial Shareholders' interests in Shares".
- (3) Details of share options held by the Directors are shown in the part (b) below.

(b) Directors' interests in the share options of the Company

	Date of grant	Exercisable period	Granted on 23 October 2007	Number of options		Balance at 31 December 2007	Exercise price per share (HKD)
				Exercise during the year	Lapsed during the year		
<i>Executive Director</i>							
Mr. Zheng Jian Jun	23 Oct 2007	Dated of 2007 result announcement to 31 Dec 2010	1,069,000	—	—	1,069,000	6.55
<i>Non-executive Director</i>							
Mr. Paul Steven Wolansky	23 Oct 2007	1 Jan 2008 to 31 Dec 2008	300,000	—	—	300,000	6.55
Mr. Leung Ping Chung, Hermann	23 Oct 2007	1 Jan 2008 to 31 Dec 2008	4,581,000	—	—	4,581,000	6.55
<i>Independent non-executive Directors</i>							
Mr. Ma Kwai Yuen	23 Oct 2007	1 Apr 2008 to 31 Dec 2008	300,000	—	—	300,000	6.55
Mr. Song Xian Zhong	23 Oct 2007	1 Apr 2008 to 31 Dec 2008	300,000	—	—	300,000	6.55
Mr. Tsui King Fai	23 Oct 2007	1 Apr 2008 to 31 Dec 2008	300,000	—	—	300,000	6.55
<i>Company Secretary</i>							
Mr. Lo Hang Fong	23 Oct 2007	1 Apr 2008 to 31 Dec 2008	1,069,000	—	—	1,069,000	6.55
Employees	23 Oct 2007	Date of 2007 result announcement to 31 Dec 2010	4,010,000	—	—	4,010,000	6.55
			<u>11,929,000</u>	<u>—</u>	<u>—</u>	<u>11,929,000</u>	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates held 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 were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(c) Substantial Shareholders' interests in Shares

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no persons (not being a Director or chief executive of the Company) had an interest or short position in the shares or 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:

Name	Capacity⁽²⁾	Number of shares	Voting power (%) (approximate)
Ace Rise Profits Limited ⁽¹⁾	Beneficial owner	1,154,325,000	51.2%
Sturgeon Limited ⁽¹⁾	Controlled corporation	1,154,325,000	51.2%
Seletar Limited ⁽¹⁾	Controlled corporation	1,154,325,000	51.2%
Serangoon Limited ⁽¹⁾	Controlled corporation	1,154,325,000	51.2%
Credit Suisse Trust Limited ⁽¹⁾	Trustee	1,154,325,000	51.2%
Guo Zi Wen ⁽¹⁾	Settlor/Beneficiary of The Golden Jade Trust	1,154,325,000	51.2%
Jiang Min Er ⁽¹⁾	Settlor/Beneficiary of The Golden Jade Trust	1,154,325,000	51.2%
Cathay Sino Property Ltd. ⁽²⁾	Beneficial owner	293,175,000	13.0%
Cathay Capital Holdings, L.P. ⁽³⁾	Controlled corporation	293,175,000	13.0%
Cathay Master GP, Ltd. ⁽³⁾	Controlled corporation	293,175,000	13.0%
Paul Steven Wolansky ⁽⁴⁾	Trustee and beneficial owner	293,475,000	13.0%
Leung Ping Chung, Hermann ⁽⁴⁾	Controlled corporation and beneficial owner	297,756,000	13.2%
Capital Asset Management, Inc. ⁽⁵⁾	Controlled corporation	383,043,462	17.0%
Trust Asset Management LLP ⁽⁵⁾	Controlled corporation	383,043,462	17.0%
Donald Sussman Selwyn ⁽⁵⁾	Controlled corporation	383,043,462	17.0%

Notes :

- (1) The entire equity capital of Ace Rise Profits Limited is held by Sturgeon Limited, which is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. As at the Latest Practicable Date, the beneficiaries of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Min Er.
- (2) 293,175,000 Shares are registered in the name of Cathay Sino Property Ltd..
- (3) Cathay Sino Property Ltd. is wholly-owned by Cathay Capital Holdings, L.P.. Cathay Master GP Ltd. is the general partner of Cathay Capital Holdings, L.P.. Under the SFO, Cathay Master GP, Ltd. and Cathay Capital Holdings, L.P. are deemed to be interested in the Shares held by Cathay Sino Property Ltd..
- (4) Since Mr. Paul Steven Wolansky and Mr. Leung Ping Chung, Hermann are limited partners of Cathay Capital Holdings, L.P., they are deemed to be interested in the 293,175,000 Shares held by Cathay Sino Property Ltd.. Mr. Wolansky and Mr. Leung have also been granted options with the right to convert into 300,000 and 4,581,000 Shares respectively.

- (5) Capital Asset Management, Inc. is the general partner of Trust Asset Management LLP, which has 45% interest in Cathay Master GP Ltd.. When Mr. Donald Sussman Selwyn is holding 100% interest in Capital Asset Management, Inc., they are all deemed to be interested in the 293,175,000 Shares held by Cathay Sino Property Ltd. 89,868,462 Shares are held in the form of convertible notes issued to Sunrise Partners Limited Partnership. When Trust Asset Management LLP is the general partner of Sunrise Partners Limited Partnership, Capital Asset Management, Inc., Trust Asset Management LLP and Mr. Donald Sussman Selwyn are deemed to be interested in the 89,868,462 Shares under the SFO.

MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2007, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

LITIGATION

None of the Company and its subsidiaries was at present engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company and its subsidiaries as at the Latest Practicable Date.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with the Company which will not expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates has interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

MISCELLANEOUS

- (a) The registered address of the Company is Cricket Square Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 5105, The Center, 99 Queen's Road Central, Hong Kong.
- (b) The Hong Kong branch share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (c) The company secretary of the Company is Mr. Lo Hang Fong. Mr. Lo is a solicitor practising in Hong Kong and currently a partner of Stevenson, Wong & Co., Solicitors and Notaries. He graduated from the University of Bristol with a bachelor's degree in law in 1986 and obtained a diploma in Chinese laws from the China Law Society in 1991.
- (d) The qualified accountant of the Company is Mr. Parry Tse. Mr. Tse is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants, holds MBA from UNCC, America, and has over 15 years of experience in auditing, accounting and finance.
- (e) In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.