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中國奧園地產集團股份有限公司
China Aoyuan Property Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

CLARIFICATION ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF A SUBSIDIARY

The Board wishes to clarify certain matters as announced in the Announcement in relation to a discloseable transaction.

Reference is made to the announcement of China Aoyuan Property Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 7 July 2009 (the “**Announcement**”) in relation to a discloseable transaction entered into by the Group. Capitalized terms used in this clarification announcement shall have the same meanings as defined in the Announcement, unless otherwise provided herein.

The Board wishes to clarify as follows:

1. The Acquisition described in the Announcement is the same matter as the proposed acquisition announced by the Company on 3 July 2009. Reference, therefore, should also be made to the announcement of the Company dated 3 July 2009 in relation to a proposed acquisition.
2. Based on the valuation as at April 2008 provided by the Vendor, the value of the Project Land on an “as is” basis was RMB4,000,000,000. However, the said valuation does not reflect the value of the Project Land in light of the recent PRC property market and the global financial conditions were not taken into account. The Board therefore in determining the value of the Project Land, it has made reference to not only the valuation as at April 2008 but also the current fair market value of the Project Land.

3. Combined financial information of the Target Companies is as follows:

	For the period from 1.1.2009 to 30.6.2009	For the year ended	
	(unaudited)	31.12.2008	31.12.2007
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net loss before taxation	35,106,200.82	85,557,449.73	27,815,321.53
Net loss after taxation	35,106,200.82	85,557,449.73	27,815,321.53
	As at	As at	As at
	30.6.2008	31.12.2008	31.12.2007
Net asset value	(67,537,421.42)	(35,552,493.33)	21,902,628.47

4. The Directors are of a view that the Acquisition and Advance are fair and reasonable for the following reasons:

- (i) Although the Target Companies had net liabilities of RMB67,537,421.42 as at 30 June 2009, it was agreed between the Vendor and the Purchaser that certain liabilities of the Target Companies incurred before completion of the Acquisition will be borne by the Vendor.
- (ii) The business of the Target Companies is the acquisition and development of the Project Land and the subsequent sale and leasing of the apartments built on the Project Land. As at the date of the SP Agreement, the residential, commercial and hotel complex on the Project Land were still under construction and it is expected that the construction will be completed in 2010. It is not unusual for property development companies to incur loss prior to the sale of the properties built on the land owned by the companies. In this respect, the Directors have not only considered the amount of net loss incurred for the period ended 30 June 2009, but they have also considered the estimated amount of proceeds from sales of the properties developed on the Project Land, which in turn was estimated based on, among other things, the location of the Project Land and the quality of the properties.

5. The Purchaser will not waive the conditions precedent of the SP Agreement and the Loan Agreement in respect of the transfer of the 90% interest in Wangfu by Century Profit to HK Company. In the circumstances, upon completion of the Acquisition and completion of the transactions under the MOC Approval as contemplated under the SP Agreement, the Purchaser will legally and beneficially own 41.33% interest in Century Profit which in turn will own 96.8% equity interest in the Project Company.

By the order of the Board
China Aoyuan Property Group Limited
Guo Zi Wen
Chairman and CEO

Hong Kong, 20 July 2009

As at the date of this announcement, the directors comprising of (1) the executive directors namely Mr Guo Zi Wen, Mr Wu Jie Si, Mr Guo Zi Ning (Mr Guo Zi Ning is also the alternate director of Mr He Jian Bing), Mr Zheng Jian Jun and Mr Hu Da Wei; (2) the non-executive directors namely Mr Paul Steven Wolansky, Mr Leung Ping Chung, Hermann (Mr Leung Ping Chung, Hermann is also the alternate director of Mr Paul Steven Wolansky) and Mr He Jian Bing; (3) the independent non-executive directors namely Mr Song Xian Zhong, Mr Ma Kwai Yuen and Mr Tsui King Fai.