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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF A SUBSIDIARY

The Board wishes to announce that on 18 June 2009, the Purchaser (a wholly-owned subsidiary of the Company) as purchaser, the Vendor as vendor, and Mr. Chau as guarantor entered into the Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire share capital and shareholder's and onshore intercompany loans as at the Completion Date of Earning Ever at a total consideration of RMB640,000,000. Under the Agreement, Mr. Chau will guarantee the due and punctual performance by the Vendor of all its obligations under the Agreement.

As the Acquisition exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

THE ACQUISITION

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THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

18 June 2009

Parties

Purchaser: the Purchaser

Vendor: the Vendor, an Independent Third Party

Guarantor: Mr. Chau, an Independent Third Party

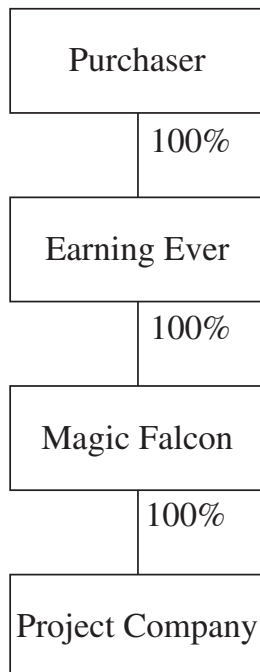
To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement:

- (a) the Purchaser has agreed to purchase and the Vendor has agreed to sell the entire share capital of Earning Ever at a consideration of RMB1; and
- (b) the Purchaser has agreed to purchase and the Vendor has agreed to sell the entire shareholder's and onshore intercompany loans as at the Completion Date of Earning Ever at a total consideration of RMB639,999,999.

Upon completion of the Agreement, Earning Ever will become an indirect wholly-owned subsidiary of the Company. Structure of Earning Ever immediately after completion of the Agreement is as follows:



For further information on the Earning Ever Group, please refer to the paragraph headed “Information on the Earning Ever Group” below.

Consideration

The total consideration of RMB640,000,000 for the Acquisition was arrived at after arm’s length negotiations between the Company and the other parties to the Agreement and was determined with reference to (i) the value of the Project Land, (ii) Earning Ever’s audited consolidated net asset value as at 30 April 2009 of RMB50,181,867, and (iii) the expected costs and expenses for the Acquisition.

The total consideration of RMB640,000,000 will be satisfied by the Purchaser in the following manner:

- (a) the Purchaser will pay the Hong Kong dollars equivalent of RMB50,000,000, to an escrow agent within three (3) Business Days from the date of the Agreement; and
- (b) on completion of the Agreement, the Purchaser will, at the request of the Vendor:
 - (i) instruct the escrow agent to release the Hong Kong dollars equivalent of RMB50,000,000 to RBSHK which will be used solely for settling part of the outstanding amount under the RBSHK-Changsheng Loan Agreement; and
 - (ii) instruct RBSHK in accordance with the RBSHK-Aoyuan Loan Agreement to transfer HK\$669,093,548 (equivalent of RMB590,000,000) to an account designated by the Vendor and maintained with RBSHK.

Source of funding

The Acquisition will be funded by the Group's internal resources and bank borrowings. On 18 June 2009, Magic Falcon as borrower and RBSHK as lender entered into the RBSHK-Aoyuan Loan Agreement in respect of a HK\$669,093,548 (equivalent of RMB590,000,000) credit facility. The loan to be granted under the RBSHK-Aoyuan Loan Agreement will have a term of 3 years with a rate of interest of 4.5% per annum, and will be repaid by three instalments. The purpose of the loan is to finance the amounts outstanding and payable by the Purchaser to the Vendor in connection with the Acquisition. Magic Falcon and RBSHK further agree that the interest payable by Magic Falcon will be waived if the loan is fully repaid or prepaid in accordance with the payment schedule set out in the RBSHK-Aoyuan Loan Agreement. The lender is not obliged to advance the loan to Magic Falcon unless, among other things, the transaction contemplated under the Agreement is consummated simultaneously on the date on which the credit facility is utilized. Terms of the RBSHK-Aoyuan Loan Agreement were arrived at after arm's length negotiations between the Company and RBSHK. The loan constitutes financial assistance under the Companies Ordinance (Chapter 32 of the laws of Hong Kong) and the Purchaser will file the relevant documents in respect of the "whitewash procedures" in compliance with the relevant provisions under the Companies Ordinance (Chapter 32 of the laws of Hong Kong).

Conditions

The Acquisition is conditional upon:

- (a) the Vendor having provided to the Purchaser a legal opinion issued by a firm of lawyers qualified to practice law in the PRC and accepted by the Purchaser, to Earning Ever confirming that (i) the Project Company has legally obtained the "Land Use Right Certificate" in respect of the Project Land; (ii) the current development plan is valid and the relevant application and procedure for the same have been completed (save and except the settlement of certain payments); (iii) the land premium payments, tax and other costs have been fully settled in compliance with the "State Land Use Right Grant Contract"; and (iv) such other matters the Purchaser considers necessary. All costs and expenses in respect of the PRC legal opinion will be settled by the Vendor;
- (b) the Vendor having provided to the Purchaser a legal opinion issued by a firm of lawyers qualified to practice law in the British Virgin Islands acceptable to the Purchaser confirming that (i) Earning Ever is duly incorporated and subsisting and attaching a certificate of incumbency confirming particulars of the directors and shareholders of Earning Ever, and (ii) such other matters the Purchaser considers necessary. All costs and expenses in respect of the British Virgin Islands legal opinion will be settled by the Vendor;
- (c) the Vendor having obtained and the Purchaser having satisfied with the consent and approval from RBSHK and Goldman Sachs Strategic Investment (Asia) L.L.C. in relation to the Agreement and the transaction contemplated thereunder;

- (d) the warranties set out in the Agreement remaining true and correct in all material respects as at the date of completion and as if repeated at all time between the date of the Agreement and the date of completion; and
- (e) the Vendor having agreed and executed a termination agreement in relation to the “Strategic Alliance Co-operative Agreement” and the supplemental agreement made between the Vendor and China Kind Fund confirming (i) all compensation in relation to the termination of the said agreements have been fully discharged; (ii) China Kind Fund will not make any claim against Earning Ever, Magic Falcon and the Project Company in connection with “Strategic Alliance Co-operative Agreement” and the supplemental agreement thereto, and (iii) China Kind Fund agrees that the Project Company is not required to construct China Kind Park and Taiwan Club on the Project Land and China Kind Fund will not have any right or entitlement in the entire Project Land (including the portion of the Project Land which under the existing development plan is designated for charitable facilities) or any buildings to be erected thereon;
- (f) within 15 days from the date of the Agreement, the Purchaser having provided with the Vendor a new plan for the Project Land and within 60 days from the date of provision of the new plan, the Vendor having provided valid “Planning Permit for the Construction Project” and “The Key Elements in Construction Project Plan and Architectural Design” issued by the relevant government authorities showing that the land use right of the Project Land shall be owned by the Project Company, the developer is not required to construct any charitable facilities and the Project Land shall be used for commercial and residential purposes, and (in respect of an application for “Capital Verification Certificate for Property Development Enterprise”) the Project Company is entitled to develop and construct the Project Land in accordance with the new plan for the Project Land;
- (g) RBSHK and Magic Falcon having executed the RBSHK-Aoyuan Loan Agreement and all the condition precedents thereunder having completed;
- (h) RBSHK and the Vendor having executed a supplemental agreement to the RBSHK-Changsheng Loan Agreement and the condition precedents thereunder having completed; and
- (i) the Vendor and the Purchaser having executed the escrow agreement with the escrow in respect of the escrow of the deposit to be paid by the Purchaser.

The Purchaser may waive in writing any of the conditions specified above (save and except conditions (c) and (h)) at any time. If all the conditions specified above have not been satisfied or waived by 1 September 2009 (or such later date to be agreed between the parties in writing), then the Agreement shall lapse on 2 September 2009 and have no further effect and the parties shall be released from all their respective obligations under the Agreement save and except any antecedent breach. In such event, the Vendors shall refund the deposits to the Purchaser.

If the Vendor provides all the necessary approvals within the time limited under condition (f), the Purchaser agrees to pay the Vendor an additional RMB7,500,000 (or its Hong Kong dollars equivalent) being the fees and expenses incurred in the application for the approvals.

Completion

Upon completion, the Vendor, the Purchaser and the relevant parties will execute the following agreements:

- (a) a deed of tax indemnity to be entered into between the Vendor and the Purchaser;
- (b) a deed of assignment of shareholder's loan to be entered into between the Vendor and the Purchaser; and
- (c) the deed of assignment of onshore intercompany loan executed by the Vendor's Associates, the Vendor, Mr. Chau, the Project Company, and Guangzhou Olympic.

INFORMATION ON THE EARNING EVER GROUP

Earning Ever is a single purpose vehicle and was incorporated under the laws of the British Virgin Islands, the sole business of which is the holding of the entire issued share capital of Magic Falcon. Magic Falcon in turn holds the entire equity interests in the Project Company, a wholly foreign-owned enterprise established under the laws of the PRC.

The Project Company is a project company and its sole business is the acquisition and development of the Project Land and the subsequent sale and leasing of the apartments built on the Project Land. The Project Company has obtained the "Land Use Right Certificate" for a term of 70 years expiring on 27 December 2077 for commercial and residential uses. The Project Land is free from any charge or mortgage.

Further information on the Earning Ever Group as at the date of this announcement:

(a) Information on Earning Ever

Name	:	Earning Ever Limited
Date of incorporation	:	11 April 2008
Place of incorporation	:	British Virgin Islands
Scope of business	:	Investment holding
Authorized share capital	:	50,000 ordinary shares
Issued share capital	:	1 ordinary share

Shareholder	Percentage held
the Vendor	100%

(b) Information on Magic Falcon

Name : Magic Falcon Development Limited
Date of incorporation : 9 May 2008
Place of incorporation : Hong Kong
Scope of business : Investment holding
Authorized share capital : HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each
Issued share capital : HK\$1.00

Shareholder	Percentage held
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Earning Ever	100%
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(c) Information on the Project Company

Name : 中山市中山廣場開發建設有限公司
(Zhongshan Plaza Development Company Limited)
Date of incorporation : 12 January 2007
Place of incorporation : Zhongshan, PRC
Duration of operation : From 12 January 2007 to 11 January 2037
Scope of business : Provision of company operation management, information consultancy services, property development of the Project Land, sale, leasing and management of the apartments built on the Project Land
Total investment amount : US\$199,000,000
Registered capital : US\$110,000,000 (US\$98,933,076.25 fully paid up)

(d) Financial information of the Earning Ever Group

Audited consolidated net asset : RMB50,181,867
value as at 30 April 2009

Audited consolidated net loss : RMB10,085,653
before tax for the period ended
30 April 2009

Audited consolidated net loss after : RMB7,568,936
tax for the period ended
30 April 2009

REASONS FOR THE ACQUISITION

The principal activities of the Group comprise property development and property investment in the PRC. Despite the recent downturn of the global financial conditions, the Board is optimistic about the economy of the PRC, including the prospect of the PRC property market. The Acquisition is conducted in the ordinary and usual course of business of the Group and will be funded by the Group's internal resources and bank borrowings. The Board is of the view that the Project Land is situated in a prime location in Zhongshan, PRC which has much potential for development. The Directors believe that the Acquisition is in line with the business plan of the Company and the Acquisition is in the best interest of the Company and the terms of the Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The principal activities of the Group comprise the property development and property investment in the PRC.

The Vendor is an investment holding company and its holding company and the subsidiaries of the holding company are engaged in investment holding, property development, the provision of project management and related services in the PRC.

As the Acquisition by the Purchaser exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

“Acquisition”	the proposed acquisition of the entire issued share capital of and the shareholder's and onshore intercompany loans as at the Completion Date in Earning Ever by the Group
“Agreement”	agreement dated 18 June 2009 made between the Purchaser as purchaser, the Vendor as vendor and Mr. Chau as guarantor in relation to the Acquisition
“Board”	the board of Directors
“Business Days”	a day (not a Saturday) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“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
“Completion Date”	the date of completion of the Agreement

“Earning Ever”	Earning Ever Limited, a company incorporated under the laws of the British Virgin Islands and the target company under the Agreement
“Earning Ever Group”	Earning Ever, Magic Falcon and the Project Company
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Olympic”	廣州奧林匹克置業投資有限公司 (for identification purpose only, in English, Guangzhou Olympic Property Investment Company Limited), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(a) party(ies) who is/are not 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chau”	Mr. Chau Shek Cheong, the guarantor under the Agreement
“Magic Falcon”	Magic Falcon Development Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of Earning Ever
“PRC”	People’s Republic of China
“Project Company”	中山市中山廣場開發建設有限公司(Zhongshan Plaza Development Company Limited), a wholly foreign-owned enterprise established under the laws of the PRC and a direct wholly-owned subsidiary of Magic Falcon
“Project Land”	a piece of land located at Guangfeng Community, Westin District of Zhongshan City, Guangdong Province, PRC with a total site area of approximately 351,690.5 square meters for a term of 70 years expiring on 27 December 2077
“Purchaser”	Landco Development Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company and the purchaser under the Agreement
“RBSHK”	The Royal Bank of Scotland plc, Hong Kong Branch

“RBSHK-Aoyuan Loan Agreement”	a loan agreement dated 18 June 2009 and made between, inter alios, Magic Falcon as borrower and RBSHK as lender in respect of a HK\$669,093,548 (equivalent of RMB590,000,000) credit facility
“RBSHK-Changsheng Loan Agreement”	a loan agreement dated 19 November 2009 and made between, inter alios, between the Vendor as borrower and RBSHK as lender in respect of a HK\$648,000,000 credit facility
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Changsheng (Holdings) Company Limited, a company incorporated under the laws of Hong Kong and the vendor under the Agreement
“Vendor’s Associates”	Guangzhou Tianxiu Economic Development Company Limited (廣州市天秀經濟發展有限公司), Guangzhou Xincheng Real Estate Development Company Limited (廣州興盛房地產發展有限公司) and Shanxi Datong Shuangxi Properties Limited (山西大唐雙喜置業有限公司), all companies are established under the laws of the PRC and associates of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

The exchange rate adopted for the purpose of the Agreement is HK\$1.00 = RMB0.88179, which was the closing middle point spot rate for HK\$ against RMB quoted by the People’s Bank of China on 17 June 2009.

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

Hong Kong, 19 June 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 Ma Kwai Yuen, Mr Song Xian Zhong and Mr Tsui King Fai.