

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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**

The Board wishes to announce that on 8 July 2010, Aoyuan Group, a wholly-owned subsidiary of the Company, entered into the following agreements:

- (1) Amended and Restated Entrusted Loan Agreement with the Bank and the Project Company;
- (2) Second Facility Consultancy Agreement with the Project Company; and
- (3) Amended and Restated Provisional Agreement with the Project Company.

As the total amount of Entrusted Loan and handling fee under the Amended and Restated Entrusted Loan Agreement and the arrangement fees under the First Facility Consultancy Agreement and Second Facility Consultancy Agreement, when aggregated under Rule 14.22 of the Listing Rules, exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Amended and Restated Entrusted Loan Agreement, the First Facility Consultancy Agreement and the Second Facility Consultancy Agreement constitute a discloseable transaction for the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 11 April 2010. The term of the Entrusted Loan Agreement dated 9 April 2010 will expire on 9 July 2010. In this respect, the parties to the Entrusted Loan Agreement have agreed to extend the term of the Entrusted Loan to 9 October 2010.

On 8 July 2010, Aoyuan Group, a wholly-owned subsidiary of the Company, entered into the following agreements:

- (1) Amended and Restated Entrusted Loan Agreement with the Bank and the Project Company;
- (2) Second Facility Consultancy Agreement with the Project Company; and
- (3) Amended and Restated Provisional Agreement with the Project Company.

#### **AMENDED AND RESTATED ENTRUSTED LOAN AGREEMENT**

Summarised below are the principal terms of the Amended and Restated Entrusted Loan Agreement:

Loan	:	Entrusted Loan through the Bank ( <i>Note</i> )
Date	:	8 July 2010
Lender	:	Aoyuan Group
Bank	:	the Bank
Borrower	:	the Project Company
Loan amount	:	RMB283,000,000 (equivalent to approximately HK\$323,428,571), which had been advanced to the Project Company on 9 April 2010, the date of the Entrusted Loan Agreement
Term of the loan	:	from 9 April 2010 to 9 October 2010
Handling fee	:	the Borrower shall pay to the Lender handling fee in a sum equivalent to 1% of the Entrusted Loan, i.e. RMB2,830,000 (equivalent to approximately HK\$3,234,286), on 9 July 2010
Interest rate	:	4.86% per annum, which is comparable to the prevailing market rate offered by commercial banks in the PRC. The interest shall accrue from day to day and shall be paid on the maturity date.
Repayment	:	the principal amount of the Entrusted Loan shall be repayable in full together with the interest accrued thereon on or before the expiry of the term of the Entrusted Loan, or immediately upon demand, or such later date (if any) as the parties may agree in writing subject to compliance by the Company with the relevant requirements under the Listing Rules
Use of loan proceeds	:	the proceeds of the Entrusted Loan shall be used to repay the remaining balance of the Beijing Capital's Loan, which will be a full and final settlement of the Beijing Capital's Loan

*Note:* Under the present PRC laws and regulations, companies established under the laws of the PRC are not allowed to offer or grant loan facility to another company directly. In the circumstances, the usual and legal loan arrangement in the PRC is that a company will provide funds equivalent to the amount of the loan to a commercial bank in the PRC and entrust the bank to grant the loan facility to the borrower. Under the present arrangement, Aoyuan Group has provided the principal amount of the Entrusted Loan to the Bank and entrusted the Bank to grant the Entrusted Loan to the Project Company with the terms stated above.

The amount of the Entrusted Loan advanced by Aoyuan Group to the Project Company under the Entrusted Loan Agreement was reached after arm's length negotiation between the Company and the Project Company with reference to the amount due by the Project Company to Beijing Capital and the interest rate thereon is comparable to the prevailing market rate for the similar loan offered by the commercial banks in the PRC.

Apart from the term of the Entrusted Loan and the handling fee, the remaining provisions of the Entrusted Loan Agreement have remained unchanged.

## **SECOND FACILITY CONSULTANCY AGREEMENT**

On 8 July 2010, Aoyuan Group and the Project Company entered into the Second Facility Consultancy Agreement, pursuant to which Aoyuan Group had agreed to arrange for the extension of the Entrusted Loan and the Project Company had agreed to pay to Aoyuan Group an arrangement fee of RMB9,296,500 (equivalent to approximately HK\$10,624,628). Under the Second Facility Consultancy Agreement, the Project Company has further agreed to pay the arrangement fee of RMB9,296,500 (equivalent to approximately HK\$10,624,628) under the First Facility Consultancy Agreement within three business days from the date of the Second Facility Consultancy Agreement and to pay the arrangement fee of RMB9,296,500 under the Second Facility Consultancy Agreement within three (3) months from the date of the Amended and Restated Entrusted Loan.

Terms of the Second Facility Consultancy Agreement were on normal commercial terms and were reached after arm's length negotiation between the Company and the Project Company with reference to the amount of the Entrusted Loan.

## **AMENDED AND RESTATED PROVISIONAL AGREEMENT IN RELATION TO THE COMMODITY APARTMENTS DEVELOPED UNDER THE PROJECT LAND**

On 8 July 2010, as security for the repayment of the Entrusted Loan under the Amended and Restated Entrusted Loan Agreement and the payment of the arrangement fees under the First Facility Consultancy Agreement and Second Facility Consultancy Agreement by the Project Company, the Project Company and Aoyuan Group entered into the Amended and Restated Provisional Agreement for the purchase of 54 commodity apartments developed on the Project Land. In the event that the Project Company fails to pay the arrangement fees, the Entrusted Loan, accrued interest on the Entrusted Loan, or any part thereof, Aoyuan Group shall have an option to obtain the legal title to any of the 54 commodity apartments or resell the commodity apartments to any third party, total purchase price of which shall be equivalent to the total outstanding balance of the arrangement fees, together with the

Entrusted Loan and the accrued interest. The parties to the Amended and Restated Provisional Agreement have agreed that the total purchase price of the commodity apartments received by Aoyuan Group will be used to set off against the total outstanding balance due from the Project Company.

Upon execution of the Amended and Restated Provisional Agreement, the Provisional Agreement will forthwith be terminated automatically. Apart from extending the security to cover the extended term of the Entrusted Loan as stipulated in the Amended and Restated Entrusted Loan Agreement and the Second Facility Consultancy Agreement, the remaining terms of the Amended and Restated Provisional Agreement are substantially the same as those of the Provisional Agreement.

## **INFORMATION ON THE PROJECT COMPANY**

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 properties built on the Project Land.

The Project Company is held by Century Profit as to 96.8% of its equity interest. Century Profit is indirectly owned as to 41.33% by the Company and is affiliated company of the Company. Up to June 2010, the Project Company achieved unaudited contract sales of 42 commodity apartments developed on the Project Land with the total gross floor area of approximately 15,853 square meters.

For further information on the Project Company, please refer to the Company's announcements dated 7 July 2009, 20 July 2009, 30 July 2009 and the Circular.

## **REASONS FOR THE EXTENSION OF THE TERM OF THE ENTRUSTED LOAN**

As disclosed in the Circular, the Company agreed to guarantee the Project Company's obligation to repay the Beijing Capital's Loan in favour of Beijing Capital. As at the date of the Entrusted Loan Agreement (i.e., 9 April 2010), the total remaining outstanding amount of the Beijing Capital's Loan due from the Project Company to Beijing Capital was approximately RMB283,000,000. The Project Company has used the proceeds of the Entrusted Loan to repay the total outstanding sum of RMB283,000,000 to Beijing Capital.

The Board was given to understand that the Project Company requires additional time to repay the Entrusted Loan to the Bank. As (a) Century Profit, which is holding 96.8% equity interest in the Project Company, is an affiliated company of the Group and will become a subsidiary of the Company upon conversion of the convertible note as disclosed in the Circular, and (b) the Project Company will also become a subsidiary of the Company, and (c) the repayment obligations of the Project Company have been secured under the Amended and Restated Provisional Agreement, the Directors (including the independent non-executive Directors) considered that the extension of the term of the Entrusted Loan to 9 October 2010 and facility arrangement under the Second Facility Consultancy Agreement will not be detrimental to the Group's financial position and at the same time can improve the cash flow of the Project Company thereby facilitating its business development which may in turn improve returns to the Company in the long run.

The Directors (including the independent non-executive Directors) further considered that the terms of the Amended and Restated Entrusted Loan Agreement, the Second Facility Consultancy Agreement and the Amended and Restated Provisional Agreement are on normal commercial terms and fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

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

As the total amount of Entrusted Loan and handling fee under the Amended and Restated Entrusted Loan Agreement and the arrangement fees under the First Facility Consultancy Agreement and Second Facility Consultancy Agreement, when aggregated under Rule 14.22 of the Listing Rules, exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Amended and Restated Entrusted Loan Agreement, the First Facility Consultancy Agreement and the Second Facility Consultancy Agreement constitute a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

“Amended and Restated Entrusted Loan Agreement”	an amended and restated entrusted loan agreement dated 8 July 2010 entered into between Aoyuan Group as lender, the Bank as entrusted bank and the Project Company as borrower in relation to a loan in the principal amount of RMB283,000,000 for a term commencing on 9 April 2010 and ending on 9 October 2010
“Amended and Restated Provisional Agreement”	an amended and restated master provisional sale and purchase agreement dated 8 July 2010 entered into between Aoyuan Group and the Project Company in relation to the purchase of 54 commodity apartments developed on the Project Land, being security for the Project Company’s payment obligations under the Amended and Restated Entrusted Loan Agreement, the First Facility Consultancy Agreement and Second Facility Consultancy Agreement
“Aoyuan Group”	奧園集團有限公司(for identification purpose only, in English, Aoyuan Group Company Limited) a company incorporated under the laws of the PRC and wholly-owned by the Company
“Bank”	Industrial and Commercial Bank of China, Guangzhou Liwan Branch, the PRC
“Beijing Capital”	Beijing Capital Development Co. Ltd. (北京首都開發股份有限公司), a stock company incorporated under the laws of the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange, and a previous shareholder of the Project Company

“Beijing Capital’s Loan”	the shareholder’s loan advanced by Beijing Capital to the Project Company together with the interest accrued thereon
“Board”	the board of Directors
“Century Profit”	Century Profit Zone Investments Limited (世紀協潤投資有限公司), a company incorporated under the laws of Hong Kong
“Circular”	the Company’s circular dated 14 September 2009
“Company”	China Aoyuan Property Group Limited, a company incorporated under the laws of the Cayman Islands, shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Entrusted Loan”	a total sum of RMB283,000,000 advanced to the Project Company under the Amended and Restated Entrusted Loan Agreement
“Entrusted Loan Agreement”	an entrusted loan agreement dated 9 April 2010 entered into between Aoyuan Group as lender, the Bank as entrusted bank and the Project Company as borrower in relation to a loan in the principal amount of RMB283,000,000
“First Facility Consultancy Agreement”	a facility consultancy agreement dated 9 April 2010 entered into between Aoyuan Group and the Project Company in relation to the arrangement of the Entrusted Loan for the Project Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Project Company”	北京耀輝置業有限公司 (for identification purpose only, in English, Beijing Yaohui Real Estate Co. Ltd.), a limited company established under the laws of the PRC and owned by 北京王府世紀發展有限公司 (for identification purpose only, in English, Beijing Wangfu Century Development Co. Ltd.) and Century Profit respectively

“Project Land”	a piece of land located at East South Section, intersection of Xi Da Wang Road and Jianguo Road, Chaoyang District, Beijing, PRC (中國北京市朝陽區西大望路與建國路交匯東南角) with a total gross floor area of approximately 247,646.3 square meters for a term of 70 years for residential use expiring on 30 August 2074 and 40 years for commercial use expiring on 30 August 2044
““Provisional Agreement”	a master provisional sale and purchase agreement dated 9 April 2010 entered into between Aoyuan Group and the Project Company in relation to the purchase of 54 commodity apartments developed on the Project Land, being security for the Project Company’s payment obligations under the Entrusted Loan Agreement and the First Consultancy Agreement
“Second Facility Consultancy Agreement”	a facility consultancy agreement dated 8 July 2010 entered into between Aoyuan Group and the Project Company in relation to the arrangement of the Entrusted Loan for the Project Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

For reference only, the exchange rate adopted in this announcement is HK\$1.00 = RMB0.875.

By order of the Board  
**China Aoyuan Property Group Limited**  
**Guo Zi Wen**  
*Chairman and Chief Executive Officer*

Hong Kong, 8 July 2010

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