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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
ON
TRANSFER OF ASSETS

The Board announces that:

- (1) on 4 August 2010, (due to the changes to the city development plan in the Dongling District which are not in line with the development project of the Group in that district) the Subsidiary, a wholly-owned subsidiary of the Company, entered into the Shenyang Project Agreement with the Authority whereby the Subsidiary requested the Authority to acquire the Land from the Group and compensate the Group for the development costs, which the Authority agreed, at a consideration to be further determined and agreed between the parties with reference to the total amount of development costs already invested by the Subsidiary in the development of the Land as confirmed by the auditors and approved by the Authority; and
- (2) on 8 September 2010, the Authority and the Subsidiary entered into the Supplemental Agreement pursuant to which the parties agreed that the consideration for the transfer of the Land would be RMB687,064,300.

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

SHENYANG PROJECT AGREEMENT

The Board announces that on 4 August 2010, the Subsidiary, a wholly-owned subsidiary of the Company, entered into the Shenyang Project Agreement with the Authority whereby the Subsidiary requested the Authority to acquire the Land from the Group, which the Authority agreed, at a consideration to be further determined and agreed between the parties with reference to the total amount of development costs already invested by the Subsidiary in the development of the Land as confirmed by the auditors and approved by the Authority.

Date 4 August 2010

Parties Transferee: the Authority, a PRC government authority and an Independent Third Party

 Transferor: the Subsidiary

The Land

The Land is located at Upper Bo Guan Village (Section 31) and Le Feng Village (Section 43), Dongling Street, Dongling District, Shenyang, the PRC with a total site area of approximately 382,200 square meters.

Basis for the consideration

The Authority and the Subsidiary agreed that the Authority would pay to the Subsidiary the consideration for the transfer of the Land to the Authority, which would be determined with reference to the total amount of development costs already invested by the Subsidiary as confirmed by the auditors engaged by the Subsidiary and approved by the Authority, in one lump sum payment. The development costs will include without limitation the land premium, compensation for the demolition and relocation, land tax, design fees, construction costs, management fees and finance costs.

Alternate land

Pursuant to the Shenyang Project Agreement, the Authority had also agreed to provide to the Subsidiary other parcels of land in the Dongling District with a total site area of not less than 300 hectares and which has reached the standard of “Seven Connections and One Leveling” (七通一平) for the Group to select for its development. Once selected, the Group, however, will still need to go through the usual public bidding/auction to obtain the land use rights of the land.

SUPPLEMENTAL AGREEMENT

The Board announces that on 8 September 2010, the Authority and the Subsidiary entered into the Supplemental Agreement pursuant to which the parties agreed that the consideration for the transfer of the Land would be RMB687,064,300.

Date 8 September 2010

Parties Transferee: the Authority, a PRC government authority and an Independent Third Party
Transferor: the Subsidiary

Consideration

Based on the audited figures provided by a firm of PRC auditors engaged by the Subsidiary and approved by the Authority, the total amount of development costs invested by the Subsidiary to the development of the Land during the period from 1 July 2007 to 31 July 2010 was approximately RMB611,000,000.

The Authority and the Subsidiary agreed that the consideration for the transfer of the Land would be RMB687,064,300 which has included both the total amount of development costs invested by the Subsidiary and the compensation payable by the Authority to the Group for the development costs. The Authority will pay the Subsidiary the RMB687,064,300 in one lump sum within 15 days from the date of the Supplemental Agreement.

The Directors consider the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Pursuant to the provisions of the Supplemental Agreement, the Authority and the Subsidiary will set up a working committee which will be responsible for the delivery of the structures erected on the Land and the delivery will be completed within 15 days from the date of the Supplemental Agreement.

REASONS FOR AND BENEFITS OF THE TRANSFER

The Group entered into a framework agreement in June 2007 with the municipal government of Shenyang in relation to the acquisition of the Land through a government organised listing-for-sale. The Group acquired the Land for the development of a project which was expected to become an integrated residential community, comprising town houses and apartment buildings, with comprehensive ancillary facilities.

Due to the changes to the city development plan in the Dongling District which are not in line with the development project of the Group, the Board believes that the development of the Land could not proceed as planned. At the request of the Group and after negotiations between the Group and the Authority on the proposed acquisition of the Land by the Authority from the Group, the Shenyang Project Agreement was entered into by the parties in August 2010.

It has always been the Group's business strategy to develop large-scale, multi-phase, integrated residential communities with comprehensive ancillary facilities and to offer the Group's customers a healthy and comfortable living environment. The Board considers that the changes to the city development plan are not in line with the Group's vision of creating high quality residential developments. In addition, considering that the Authority has agreed to a consideration which is equivalent to the development costs already invested by the Group and the compensation payable to the Group, the Board believes that the Transfer could provide additional funds to the Subsidiary and/or the Group which the Group could redeploy to other projects with comprehensive facilities that could be developed immediately, and thereby keeping with the Group's goal to maximize return for the Shareholders.

The Directors are of the view that the terms of the Shenyang Project Agreement and the Supplemental Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Shenyang Project Agreement and the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSFER

The Directors estimate that upon completion of the Transfer, the Group is expected to record a gain from the Transfer of approximately RMB76,000,000, representing the difference between the consideration received and the development costs as reflected in the unaudited accounts of the Subsidiary for the one month ended 31 July 2010.

The Board expects that the net proceeds from the Transfer of approximately RMB687,000,000 (after deducting all relevant fees and expenses) will be used by the Group as general working capital.

GENERAL

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

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Authority is a PRC government which is in charge of, inter alia, the policy portfolios of city planning, land use, buildings and urban renewal, transfer of land in the Dongling District, Shenyang, the PRC.

As the applicable percentage ratios in respect of the Transfer are greater than 5% but less than 25%, the Transfer constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Authority”	the People’s Government of Dongling District (Hunnan New District), Shenyang, the PRC
“Board”	the board of Directors
“Company”	China Aoyuan Property Group Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is not a connected person (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Land”	a piece of land located at Upper Bo Guan Village (Section 31) and Le Feng Village (Section 43), Dongling Street, Dongling District, Shenyang, the PRC with a total site area of approximately 382,200 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	People’s Republic of China
“Shareholders”	holder(s) of the Shares
“Shenyang Project Agreement”	the agreement made between the Authority and the Subsidiary on 4 August 2010 in relation to the Transfer
“Subsidiary”	瀋陽奧園動漫城置業有限公司 (in English, for identification purpose only, Shenyang Aoyuan Dong Man Cheng Properties Company Limited), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company

“Supplemental Agreement”	the supplemental agreement to the Shenyang Project Agreement made between the Authority and the Subsidiary on 8 September 2010 in relation to the Transfer
“Transfer”	the transfer of the Land by the Subsidiary to the Authority pursuant to the Shenyang Project Agreement and the Supplemental Agreement
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

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

Hong Kong, 8 September 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. Ma Kwai Yuen, Mr. Song Xian Zhong and Mr. Tsui King Fai.