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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 SUBSIDIARIES

The Board wishes to announce that on 21 March 2011, the Purchaser (a wholly-owned subsidiary of the Company) as purchaser, the Vendor as vendor, Woolim PBH as related party of the Vendor, and Woolim Construction and Lee as guarantors entered into the Hong Kong Agreement, pursuant to which the Purchaser has agreed to acquire the entire share capital of Fully Rise and Million Wealthy and certain loans from the Vendor and Woolim PBH. Under the Hong Kong Agreement, Woolim Construction and Lee will, jointly and severally, guarantee the due and punctual performance by the Vendor of all its obligations under the Hong Kong Agreement.

On the same date, the Purchaser as purchaser, Woolim Construction as vendor, Woolim Pacific as target company and Lee as guarantor entered into the PRC Agreement, pursuant to which the Purchaser has agreed to acquire 40% equity interest of Woolim Pacific and certain loans from Woolim PBH.

The total consideration under the Hong Kong Agreement and the PRC Agreement is RMB383,000,000. The business of Woolim Pacific and Woolim Kunshan is the development and sale of commercial and residential properties to be constructed on Project Land 5A and Project Land 5B in Kunshan, Jiangsu Province, the PRC.

Vendor: the Vendor

Related party of the Vendor: Woolim PBH

Guarantors: Woolim Construction and Lee, acting jointly and severally

Parties to the PRC Agreement

Purchaser: the Purchaser

Vendor: Woolim Construction

Guarantor: Lee

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor, Woolim PBH, Woolim Construction and their respective beneficial owners including Lee are Independent Third Parties.

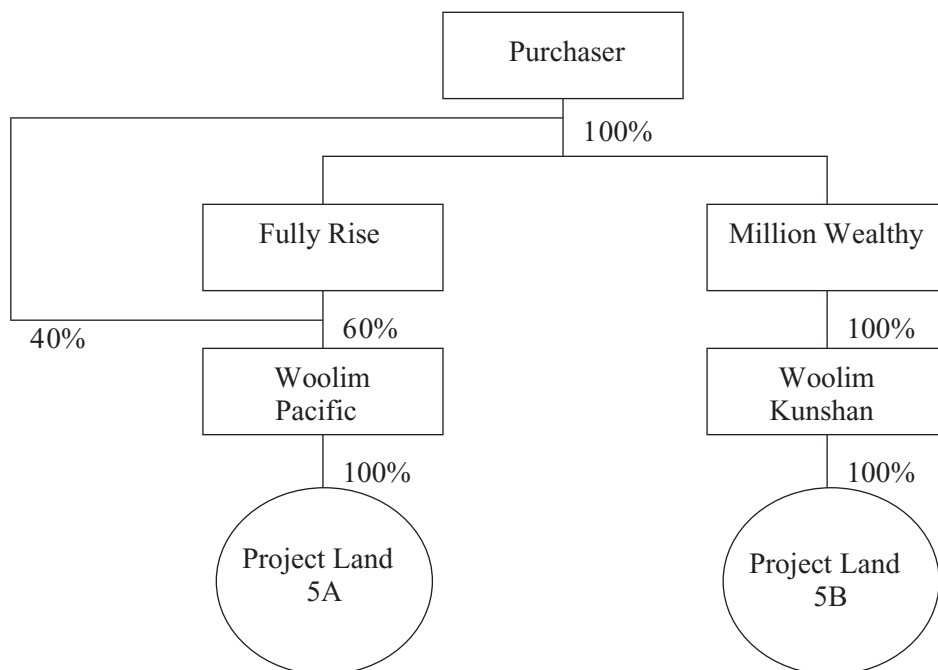
Assets to be acquired

The assets to be acquired by the Group is the entire equity interest of the Fully Rise Group and the Million Wealthy Group and certain loans due from the Vendor and Woolim PBH of the Fully Rise Group and the Million Wealthy Group.

1. Pursuant to the Hong Kong Agreement:
 - (a) the Purchaser has agreed to acquire and the Vendor has agreed to sell the entire share capital of Fully Rise and Million Wealthy; and
 - (b) the Purchaser has agreed to acquire and the Vendor and Woolim PBH have agreed to sell certain loans which are due from the Vendor and Woolim PBH.
2. Pursuant to the PRC Agreement:
 - (a) the Purchaser has agreed to acquire and Woolim Construction has agreed to sell 40% equity interest of Woolim Pacific; and
 - (b) the Purchaser has agreed to acquire and Woolim Construction has agreed to sell certain loans which are due from Woolim PBH.

The total consideration for acquiring the entire equity interest of the Fully Rise Group and the Million Wealthy Group is RMB244,220,824.09 and the total consideration for acquiring the entire loans from the Vendor and Woolim Pacific is RMB138,779,175.91.

Structure of the Fully Rise Group and the Million Wealthy Group immediately after completion of the Hong Kong Agreement and the PRC Agreement is as follows:



For further information on the Fully Rise Group and the Million Wealthy Group, please refer to the paragraph headed “Information on Fully Rise Group and Million Wealthy Group” below.

Consideration

The total consideration of RMB383,000,000 for the Acquisition was arrived at after arm’s length negotiations between the Company and the other parties to the Hong Kong Agreement and the PRC Agreement and was determined with reference to (i) the value of Project Land 5A and Project Land 5B; (ii) the audited net asset values of Fully Rise, Woolim Pacific, Million Wealthy and Woolim Kunshan as at 31 December 2010; and (iii) the expected costs and expenses for the Acquisition.

The total consideration of RMB383,000,000 will be satisfied by the Purchaser in the following manner:

- (a) the Purchaser will make the first payment of the Hong Kong dollars equivalent of RMB180,000,000, to the Vendor and Woolim Construction on 22 March 2011;
- (b) the Purchaser will make the second payment of RMB70,000,000 to the Vendor and Woolim Construction on or before 31 March 2011; and
- (c) the Purchaser will pay the outstanding balance of RMB133,000,000 to the Vendor and Woolim Construction on or before 28 March 2012.

Source of funding

The Acquisition will be funded by the Group's internal resources.

Conditions precedent

The completion of the Hong Kong Agreement and the PRC Agreement is conditional upon the fulfillment or waiver of the conditions precedent as set out in the Hong Kong Agreement and the PRC Agreement.

Completion

On the Completion Date, the Vendor, the Purchaser and the relevant parties will execute the following agreements:

- (a) a deed of tax indemnity between the Vendor, the Purchaser and the Guarantors; and
- (b) the deed of assignment of loans from the Vendor and Woolim PBH between the Purchaser, the Vendor, Woolim PBH, Fully Rise, Woolim Pacific, Million Wealthy, Woolim Kunshan and the Guarantors.

INFORMATION ON FULLY RISE GROUP AND MILLION WEALTHY GROUP

Fully Rise and Million Wealthy are special purpose vehicles and were incorporated under the laws of Hong Kong. The sole business of Fully Rise is the holding of the 60% issued share capital of Woolim Pacific and the sole business of Million Wealthy is the holding of the entire issued share capital of Woolim Kunshan.

Woolim Pacific and Woolim Kunshan are project companies established under the laws of the PRC. The principal activities of Woolim Pacific and Woolim Kunshan are development and sale of commercial and residential properties to be constructed on Project Land 5A and Project Land 5B in Kunshan, Jiangsu Province, the PRC.

Project Land 5A has a total site area of approximately 87,724.7 square meters and Project Land 5B has a total site area of approximately 39,629.7 square meters, both Project Land 5A and Project Land 5B are for commercial and residential uses.

Further information on the Fully Rise Group and the Million Wealthy Group as at the date of this announcement is as follows:

(a) Information on Fully Rise

Name : Fully Rise Development Limited

Date of incorporation : 8 April 2005

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\$10,000

Shareholder	Percentage held
the Vendor	100%

(b) Information on Woolim Pacific

Name : 佑林泛太(昆山)置業有限公司 (Woolim Pacific (Kunshna) Property Development Limited)

Date of incorporation : 12 September 2005

Place of incorporation : Kunshan City, PRC

Duration of operation : from 12 September 2005 to 11 September 2025

Scope of business : property development and operation including development, redevelopment, sale, leasing, consultation and management of the Project Land 5A

Shareholders : Fully Rise (60%) and Woolim Construction (40%)

Total investment amount : US\$13,800,000

Registered capital : US\$5,520,000

(c) Information on Million Wealthy

Name : Million Wealthy Development Limited

Date of incorporation : 6 June 2005

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\$10,000.00

Shareholder	Percentage held
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the Vendor	100%
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(d) Information on Woolim Kunshan

Name : 佑林(昆山)置業有限公司 (Woolim (Kunshan) Property Development Limited)

Date of incorporation : 12 September 2005

Place of incorporation : Kunshan City, PRC

Duration of operation : from 12 September 2005 to 11 September 2025

Scope of business : property development and operation including development, redevelopment, sale, leasing, consultation and management of the Project Land 5B

Shareholder : Million Wealthy (100%)

Total investment amount : US\$6,200,000

Registered capital : US\$3,100,000

(e) Financial information of Fully Rise

Audited net asset value as at 31 December 2010	:	HK\$(5,789,749)
Audited net loss before tax for the year ended 31 December 2010	:	HK\$494,798
Audited net loss after tax for the year ended 31 December 2010	:	HK\$494,798

(f) Financial information of Woolim Pacific

Audited net asset value as at 31 December 2010	:	RMB39,611,350
Audited net loss before tax for the year ended 31 December 2010	:	RMB386,263
Audited net loss after tax for the year ended 31 December 2010	:	RMB386,263

(g) Financial information of Million Wealthy

Audited net asset value as at 31 December 2010	:	HK\$(5,425,671)
Audited net loss before tax for the year ended 31 December 2010	:	HK\$464,578
Audited net loss after tax for the year ended 31 December 2010	:	HK\$464,578

(h) Financial information of Woolim Kunshan

Audited net asset value as at 31 December 2010	:	RMB22,893,095
Audited net loss before tax for the year ended 31 December 2010	:	RMB336,944
Audited net loss after tax for the year ended 31 December 2010	:	RMB336,944

REASONS FOR THE ACQUISITION

The principal activities of the Group comprise property development and property investment in the PRC. The Board is optimistic about the economy of the PRC, and 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. The Board is of the view that Project Land 5A and Project Land 5B are situated in a prime location in Kunshan, PRC which is near to Shanghai and 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 Hong Kong Agreement and the PRC Agreement are in normal commercial terms, which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Upon completion of the Hong Kong Agreement and the PRC Agreement, the Company will own, directly and indirectly, the entire interest of Woolim Pacific and Woolim Kunshan and the land use right of Project Land 5A and Project Land 5B.

GENERAL

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 equity interest of the Fully Rise Group and the Million Wealthy Group and the loans due from the Vendor and Woolim PBH as at the Completion Date in Fully Rise Group and Million Wealthy Group according to the terms in the Hong Kong Agreement and the PRC Agreement
“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 Stock Exchange
“Completion Date”	25 March 2011 or the third business day from the date that the conditions precedent are fulfilled or waiver or any other date as agreed by the parties, whichever is later
“Directors”	directors of the Company

“Fully Rise”	Fully Rise Development Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Vendor
“Fully Rise Group”	Fully Rise and Woolim Pacific
“Guarantors”	Woolim Construction and Lee, acting jointly and severally
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Agreement”	agreement dated 21 March 2011 made between the Purchaser as purchaser, the Vendor as vendor, Woolim PBH as related party, Woolim Pacific and Lee as guarantors in relation to the acquisition of the entire issued capital of Fully Rise and Million Wealthy and certain loans from the Vendor and Woolim PBH
“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
“Lee”	Mr. Lee Sang Young (李祥榮)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Million Wealthy”	Million Wealthy Development Limited, a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Vendor
“Million Wealthy Group”	Million Wealthy and Woolim Kunshan
“PRC Agreement”	agreement dated 21 March 2011 made between the Purchaser as purchaser, Woolim Construction as vendor and Lee as guarantor in relation to the acquisition of 40% equity interest and loan from Woolim PBH
“PRC”	People’s Republic of China
“Project Land 5A”	a piece of land situated at 千燈鎮沿滬產業帶機場路南側、黃埔江路東側、宗地編號為A地段, the industrial belt of Qiandeng City near Shanghai along South of Airport Road, East of Huangpu Road with the parcel number of Lot A, for commercial and residential uses with a total site area of approximately 87,724.7 square meters and the land use right of 40 years for commercial use until 11 October 2045 and 70 years for residential use until 11 October 2075

“Project Land 5B”	a piece of land situated at 千燈鎮沿滬產業帶機場路南側、黃埔江路東側、宗地編號為B地段, the industrial belt of Qiandeng City near Shanghai along South of Airport Road, East of Huangpu Road with the parcel number of Lot B, for commercial and residential uses with a total site area of approximately 39,629.7 square meters and the land use right of 40 years for commercial use until 26 October 2045 and 70 years for residential use until 26 October 2075
“Purchaser”	Winwick Development Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company and the purchaser under the Hong Kong Agreement and the PRC Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Pacific Bridge Holdings Limited, a company incorporated under the laws of Hong Kong and the vendor under the Hong Kong Agreement and the PRC Agreement
“Woolim Construction”	佑林建设(株), Woolim Construction Company Limited (in English for identification purpose only), a company incorporated under the Korean laws and the holding company of the Vendor and the shareholder holding 40% equity interest of Woolim Pacific
“Woolim Kunshan”	佑林(昆山)置業有限公司, Woolim (Kunshan) Property Development Limited, a company incorporated under the laws of PRC and a direct wholly-owned subsidiary of Million Wealthy
“Woolim Pacific”	佑林泛太(昆山)置業有限公司, Woolim Pacific (Kunshan) Property Development Limited, a company incorporated under the laws of PRC and owned as to 60% by Fully Rise and as to 40% by Woolim Construction
“Woolim PBH”	Woolim Pacific Bridge Holdings Company Limited, a company incorporated under the Korean laws and the related party of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	percent

The exchange rate adopted for the purpose of the Hong Kong Agreement and the PRC Agreement is HK\$1.00 = RMB0.8426, which was the closing middle point spot rate for HK\$ against RMB quoted by the People's Bank of China on 21 March 2011.

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

Hong Kong, 22 March 2011

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Yang Zhong, Mr. Lam Kam Tong, Ms. Xin Zhu and Mr. Hu Da Wei; the non-executive directors of the Company are Mr. Wu Jie Si and Mr. Paul Steven Wolansky; and the independent non-executive directors of the Company are Mr. Ma Kwai Yuen, Mr. Song Xian Zhong, Mr. Tsui King Fai and Mr. Cheung Kwok Keung.