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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 8 June 2012, Aoyuan Group (a wholly-owned subsidiary of the Company) and Chang Tai as purchasers, the Vendor as vendor, entered into the Agreement pursuant to which Aoyuan Group and Chang Tai has respectively agreed to acquire 70% and 30% and the Vendor has agreed to sell 70% and 30% of the entire issued capital of the Target Company to Aoyuan Group and Chang Tai respectively at a consideration of RMB350,000 and RMB150,000. Under the Agreement, Aoyuan Group and Chang Tai shall by way of shareholders' loan and increase of share capital of the Target Group inject a sum of no less than RMB222,686,500 to the Target Company in the proportion of their respective shareholding in the Target Company Seven (7) Business Days after having obtained the Approval.

As the transaction contemplated under the Agreement 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

The Board wishes to announce that on 8 June 2012, Aoyuan Group (a wholly-owned subsidiary of the Company) and Chang Tai as purchasers, the Vendor as vendor, entered into the Agreement pursuant to which Aoyuan Group and Chang Tai has respectively agreed to acquire 70% and 30% and the Vendor has agreed to sell 70% and 30% of the entire issued capital of the Target Company to Aoyuan Group and Chang Tai respectively at a consideration of RMB350,000 and RMB150,000. Under the Agreement, Aoyuan Group and Chang Tai shall by way of shareholders' loan and increase of share capital of the Target Group inject a sum of no less than RMB222,686,500 to the Target Company in the proportion of their respective shareholding in the Target Company seven (7) days after having obtained approval from the relevant PRC authorities in respect of the proposal submitted of Project Land by Aoyuan Group (the "Approval").

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

8 June 2012

Parties

Purchasers: (1) Aoyuan Group; and
(2) Chang Tai

Vendor: the Vendor, an Independent Third Party

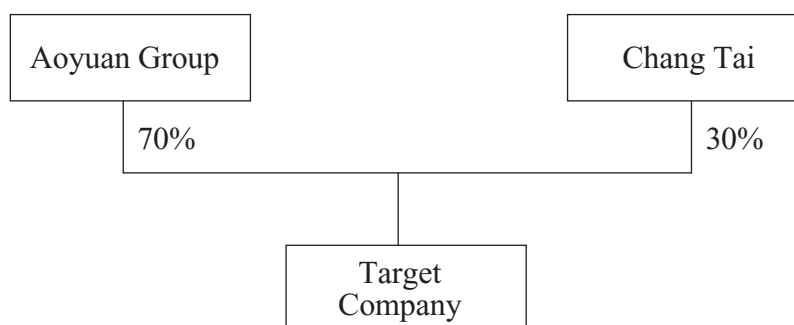
To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor, Chang Tai and its ultimate beneficial owner are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement:

- (a) Aoyuan Group and Chang Tai has respectively agreed to acquire 70% and 30% and the Vendor has agreed to sell 70% and 30% of the entire issued capital of the Target Company to Aoyuan Group and Chang Tai respectively at a consideration of RMB350,000 and RMB150,000; and
- (b) Aoyuan Group and Chang Tai shall by way of shareholders' loan and increase of share capital of the Target Group inject a sum of no less than RMB222,686,500 to the Target Company in the proportion of their respective shareholding in the Target Company seven (7) Business Days after having obtained the Approval for the repayment of the Loan by the Target Company.

Upon completion of the Agreement, the Target Company will become a non wholly-owned subsidiary of the Company. Structure of the Target Company immediately after completion of the Agreement is as follows:



For further information on the Target Company, please refer to the paragraph headed “Information on the Target Company” below.

Consideration

The consideration of RMB350,000 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 the issued share capital of the Target Company as at 31 May 2012 of RMB500,000.

Injection of a sum of no less than RMB222,686,500 of which Aoyuan Group shall be responsible for 70% was arrived at after arm’s length negotiations between the Company and the other parties to the Agreement and was determined with reference to the Loan which the Target Company shall settle within ten (10) Business Day upon the Approval.

The abovementioned amounts will be satisfied by Aoyuan Group and Chang Tai in the following manner:

- (a) RMB22,268,650 will be paid to the bank account designated by the Vendor by Aoyuan Group as Deposit three (3) Business Days upon its satisfaction on the result of the due diligence of the Target Company. In consideration of such, the Vendor agreed to pledge the entire share capital of the Target Company and Chang Ming agreed to guarantee the due and punctual refund of the Deposit pursuant to the Deed of Guarantee;
- (b) RMB350,000 will be paid to the Vendor by Aoyuan Group as the consideration of 70% of the entire share capital of the Target Company within three (3) days from the date of the Approval;
- (c) A total of RMB79,500,000 will be injected to the Target Company by Aoyuan Group and Chang Tai in proportion to their respective shareholdings for the increase of share capital of the Target Company within seven (7) Business Days from the date of the Approval, in which, RMB55,650,000 will be borne by Aoyuan Group and RMB23,850,000 will be borne by Chang Tai; and
- (d) the remaining balance of no less than RMB77,961,900 (after deducting the Deposit and RMB55,650,000 mentioned in (c) above) will be paid to the Target Company by Aoyuan Group and no less than RMB42,955,950 will be paid to the Target Company by Chang Tai by way of shareholder’s loan within seven (7) Business Days from the date of the Approval.

The transaction contemplated under the Agreement will be funded by the Group’s internal resources.

Conditions

The completion of the Agreement is conditional upon:

- (a) the Target Company having legally obtained Construction Land Use Planning Permit and State-owned Land Use Right Certificate on the Project Land;
- (b) Aoyuan Group having satisfied with the due diligence on the financial, tax, operation; legal and other aspects of the Target Company;
- (c) the Vendor having obtained and the Purchaser having satisfied with the consent and approval from any relevant authorities or parties under the memorandum and articles of association of the Target Company 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;
- (e) the Vendor and/or the Target Company having complied with all obligations and undertakings under the Agreement; and
- (f) there is no material adverse change in the Target Group between the date of the Agreement and the date of completion;

INFORMATION ON THE TARGET COMPANY

Further information on the Target Company as at the date of this announcement:

(a) Corporate information

Name	:	東莞市伏嘉物業投資有限公司 (Dongguan Fujia Property Investment Co., Ltd)
Date of incorporation	:	31 March 2011
Place of incorporation	:	the PRC
Scope of business	:	Property investment
Authorized share capital	:	RMB500,000
Issued share capital	:	RMB500,000

Shareholder	Percentage held
the Vendor	100%

(b) Financial information

Unaudited consolidated net asset value as at 31 May 2012	:	RMB(12,705,000)
Unaudited consolidated net loss before tax for the period ended 31 May 2012	:	RMB13,205,000
Unaudited consolidated net loss after tax for the period ended 31 May 2012	:	RMB13,205,000

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. The Board is of the view that the Project Land is situated in a prime location in Dongguan, PRC and has excellent 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 Independent Third Party.

As the transaction contemplated under the Agreement 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 70% of the entire issued share capital of the Target Company
“Agreement”	agreement dated 8 June 2012 made between the Aoyuan Group and Chang Tai as purchaser, the Vendor as vendor in relation to the sale and purchase of 70% and 30% of the entire issued share capital respectively of the Target Company
“Aoyuan Group”	奧園集團有限公司 (in English, for identification purpose only, Aoyuan Group Company Limited), a limited company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“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
“Chang Ming”	東莞市昌明酒店投資有限公司 (in English, for identification purpose only, Dongguan Changming Hotel Investment Co., Ltd), a limited company incorporated under the laws of the PRC

“Chang Tai”	東莞市昌泰物業投資有限公司 (in English, for identification purpose only, Dongguan Changtai Property Investment Co., Ltd), a limited company incorporated under the laws of the PRC
“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
“Construction Land Use Planning Permit”	建設用地規劃許可證
“Deed of Guarantee”	a deed of guarantee dated 8 June 2012 entered between Aoyuan Group and Chang Ming in relation to the refund of the Deposit
“Deposit”	a refundable deposit of RMB22,268,650 to be paid by Aoyuan Group under the Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“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
“Loan”	a loan of RMB222,686,500 due by the Target Company to 東莞市昌明實業有限公司 (in English, for identification purpose only, Dongguan Changming Enterprise Company Limited), a limited company incorporated under the laws of PRC
“PRC”	People’s Republic of China
“Project Land”	the land located at Dajing Village, Houjie Town, Dongguan City (東莞市厚街鎮大逕村) with the total area of approximately 51,772.11m ²
“State-owned Land Use Right Certificate”	國有土地使用證, the land use right certificate in relation to the Project Land
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	東莞市伏嘉物業投資有限公司 (in English, for identification purpose only, Dongguan Fujia Property Investment Co., Ltd), a limited company incorporated under the laws of the PRC

“Vendor”	Mr. Chen Xuwen (陳旭文), a PRC citizen
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC

The exchange rate adopted for the purpose of the Agreement is HK\$1.00 = RMB0.81446, which was the closing middle point spot rate for HK\$ against RMB quoted by the People’s Bank of China on 14 June 2012.

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

Hong Kong, 14 June 2012

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, 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.