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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 IN RELATION TO
THE FORMATION OF A JOINT VENTURE**

The Board is pleased to announce that on 31 December 2011, Aoyuan Group, a wholly-owned subsidiary of the Company, acquired the Joint Development Right. The Joint Development Right will be carried out through the Joint Venture Company. On 31 December 2011, Aoyuan Group entered into the Joint Venture Agreement with the Panyu Information Technology Limited in relation to the establishment of the Joint Venture Company.

Pursuant to the Joint Venture Agreement, Aoyuan Group injected a sum of RMB154,700,000 (equivalent to approximately HK\$190,400,000) by cash into the registered capital of the Joint Venture Company on 6 January 2012, and Aoyuan Group acquired 65% of the registered capital of the Joint Venture Company.

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 Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 December 2011, Aoyuan Group, a wholly-owned subsidiary of the Company, acquired the Joint Development Right. The Joint Development Right was put up for auction sale by listing by Guangzhou Enterprises Mergers and Acquisitions Services, an Independent Third Party.

The Joint Development Right will be carried out through the Joint Venture Company. On 31 December 2011, Aoyuan Group entered into the Joint Venture Agreement with the Panyu Information Technology Limited in relation to the establishment of the Joint Venture Company.

Pursuant to the Joint Venture Agreement, Aoyuan Group injected a sum of RMB154,700,000 (equivalent to approximately HK\$190,400,000) by cash into the registered capital of the Joint Venture Company on 6 January 2012, and Aoyuan Group acquired 65% of the registered capital of the Joint Venture Company.

THE JOINT VENTURE AGREEMENT

Summarised below are the principal terms of the Joint Venture Agreement:

Date	31 December 2011
Parties	(1) Aoyuan Group; and (2) Panyu Information Technology Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Panyu Information Technology Limited and its ultimate beneficial owner(s) are Independent Third Parties.

Capital contributions by the Parties

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company has been increased from RMB3,000,000 to RMB238,000,000.

Aoyuan Group injected a sum of RMB154,700,000 (equivalent to approximately HK\$190,400,000) by cash into the registered capital of the Joint Venture Company on 6 January 2012, upon which Aoyuan Group owns 65% of the registered capital of the Joint Venture Company. The Group financed its capital contribution to the Joint Venture Company from internal resources. Aoyuan Group is responsible for utilizing its vast experiences in real estate project development and management and for overall planning and design, construction and operation of the Project Land and its financing by various project financing channels and project presale. It is expected that the Project Land will be a representative project of Guangzhou, PRC and developed into a headquarter for intelligent industry within 60 months from the date of the Joint Venture Agreement. Aoyuan Group is otherwise liable to pay to Panyu Information Technology Limited RMB500,000 per day if the construction of the Project Land will not be completed within 60 months in accordance with the terms and conditions of the Joint Venture Agreement.

Panyu Information Technology Limited contributed a sum of RMB83,300,000 (equivalent to approximately HK\$102,500,000) on 6 January 2012 to acquire 35% of the registered capital of the Joint Venture Company by way of part of the value of the Land Use Rights. It will make a further capital contribution in the sum of RMB1,108,830,000 (equivalent to approximately HK\$1,365,000,000) to the Joint Venture Company by way of the remaining value of the Land Use Rights.

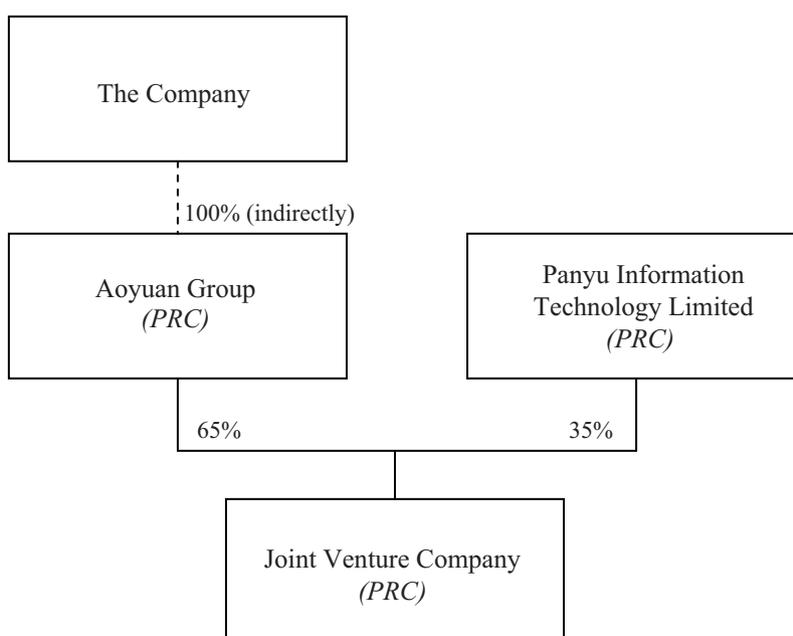
The Joint Venture Company becomes a subsidiary of the Company.

Timing of the capital contribution

Pursuant to the Joint Venture Agreement, Aoyuan Group contributed RMB154,700,000 (equivalent to approximately HK\$190,400,000) to the registered capital of the Joint Venture Company on 6 January 2012.

Panyu Information Technology Limited will transfer the Land Use Rights to the Joint Venture Company within 5 working days from the date of payment of RMB154,700,000 (equivalent to approximately HK\$190,400,000) to the registered capital of the Joint Venture Company by Aoyuan Group.

Upon payment of the contributions to the registered capital of the Joint Venture Company, Aoyuan Group and Panyu Information Technology Limited now respectively owns 65% and 35% equity interest of the Joint Venture Company. The Joint Venture Company becomes a subsidiary of the Company and its corporate structure is as follows:



Constitution of the board of directors, the supervising committee and the management team of the Joint Venture Company; issues which need unanimous votes by the shareholder of the Joint Venture Company

According to the Joint Venture Agreement, the Joint Venture Company will not establish the board of directors or the supervising committee. Aoyuan Group will appoint an executive director to the Joint Venture Company, he/she will also act as the legal representative of the Joint Venture Company. Panyu Information Technology Limited will nominate a supervisor to oversee the Joint Venture Company.

Aoyuan Group will recommend the general manager of the Joint Venture Company. There will be several deputy general manager, among whom, one will be recommended by Panyu Information Technology Limited. The chief financial officer will be recommended by Aoyuan Group.

Pursuant to the Joint Venture Agreement, matters relating to external loans or borrowings and provision of guarantee will require unanimously approval by Aoyuan Group and Panyu Information Technology Limited as the shareholders of the Joint Venture Company.

INFORMATION ON THE PROJECT LAND

The Project Land is situated at the east of Yingbin Road, Lirendong Village, Nancun Town, Panyu District, Guangzhou, the PRC (廣州市番禺區南村鎮里仁洞村迎賓路東側) with the total site area of approximately 59,901.10 square meters and the plot ratio of not more than 5. The Project Land is designated for commercial and financial uses.

According to the Joint Venture Agreement, the Parties shall develop the Project Land into a headquarter for intelligent industry which would comprise shops, office building, parking spaces and other ancillary facilities.

INFORMATION ON THE JOINT VENTURE COMPANY

Panyu Information Technology Limited is a state-owned company established in the PRC and is principally engaged in the business of investment holding, provision of information technology services, provision of project management and related services in the PRC.

Panyu Information Technology Limited owns the Land Use Rights as at the date of this announcement. For the purpose of development of the Project Land, Panyu Information Technology Limited established the Joint Venture Company on 18 July 2011 which has a registered capital of RMB238,000,000 (fully paid up). As at the date of this announcement, the Land Use Rights is yet to be transferred to the Joint Venture Company.

The Project Land will be transferred to the Joint Venture Company with good titles, free of lien, encumbrances, charge or mortgage or other third parties' rights.

Further information on the Joint Venture Company as at the date of this announcement is as follows:

Name	: 廣州市萬貝投資管理有限公司 (Guangzhou Wan Pui Investment Management Company Limited)
Date of incorporation	: 18 July 2011
Place of incorporation	: Guangzhou, PRC
Duration of operation	: For a term of 20 years
Scope of business	: Investment and management of animation park (which will be changed in accordance with the Joint Venture Agreement)
Registered capital	: RMB238,000,000

Paid up registered capital : RMB238,000,000

Amount due to shareholder : RMB36,763,900

Pursuant to the Joint Venture Agreement, the Joint Venture Company will repay the outstanding amount in the sum of RMB36,763,900 (equivalent to HK\$45,200,000) due to Panyu Information Technology Limited within 5 working days from the date of payment of RMB154,700,000 to the registered capital of the Joint Venture Company by Aoyuan Group.

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 the Project Land is situated in a prime location in Guangzhou, PRC and has excellent potential for development, and that the Acquisition offers a chance for the Group to further develop its business in the PRC. 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 Joint Venture 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 Joint Venture Agreement, the Company will own, indirectly and effectively, 65% equity interest of the Joint Venture Company and the Land Use Rights.

IMPLICATIONS OF THE LISTING RULES

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 Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 65% equity interest in the Joint Venture Company by way of the increase in registered capital of and capital contribution to the Joint Venture Company as contemplated under the Joint Venture Agreement
“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 Day”	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 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
“Group”	the Company and its subsidiaries
“Guangzhou Enterprises Mergers and Acquisitions Services”	廣州產權交易所 (for identification purpose only, in English, Guangzhou Enterprises Mergers and Acquisitions Services)
“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
“Joint Development Right”	the right to the Acquisition and jointly develop the Project Land with Panyu Information Technology Limited
“Joint Venture Agreement”	the joint venture agreement dated 31 December 2011 made between Aoyuan Group and Panyu Information Technology Limited
“Joint Venture Company”	廣州市萬貝投資管理有限公司 (for identification purpose only, in English, Guangzhou Wan Pui Investment Management Company Limited), a company established under the laws of the PRC and owned as to 65% by Aoyuan Group and 35% by Panyu Information Technology Limited as at the date of this announcement
“Land Use Rights”	the land use rights in relation to the Project Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Panyu Information Technology Limited”	廣州市番禺信息技術投資發展有限公司 (for identification purpose only, in English, Guangzhou Panyu Information Technology Investment Development Company Limited), a state-owned company established under the laws of the PRC

“Parties”	Aoyuan Group and Panyu Information Technology Limited
“PRC”	People’s Republic of China
“Project Land”	a piece of land located at the east of Yingbin Road, Lirendong Village, Nancun Town, Panyu District, Guangzhou, the PRC (廣州市番禺區南村鎮里仁洞村迎賓路東側) with the total site area of approximately 59,901.10 square meters and the plot ratio of not more than 5
“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.

All amounts in RMB have been translated into HK\$ at the rate of HK\$1.00 to RMB0.8126 in this announcement for illustration purpose only.

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

Hong Kong, 13 January 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, 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.