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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)

ISSUANCE OF US\$125,000,000 13.875% SENIOR NOTES DUE 2017

Reference is made to the announcement of the Company dated 8 November 2012 in respect of the Notes Issue.

The Board is pleased to announce that on 14 November 2012, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with UBS in connection with the issue of US\$125,000,000 13.875% senior notes due 2017.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discount and other estimated expense payable in connection with this offering, will amount to approximately US\$118,000,000 and the Company intends to use the net proceeds to primarily fund existing and new property projects and land acquisition, and to refinance our existing indebtedness and for general corporate purposes.

Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors only. Approval for the listing and quotation of the Notes on HKSE are not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries (if any).

THE PURCHASE AGREEMENT

Date: 14 November 2012

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) UBS

UBS is the sole lead manager and sole bookrunner in respect of the offer and sale of the Notes. UBS is also the initial purchaser of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, UBS is an independent third party and not a connected person of the Company.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act). Accordingly, the Notes are being offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$125,000,000 which will mature on 23 November 2017, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Notes will be 97.830% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 23 November 2012 at the rate of 13.875% per annum, payable semi-annually in arrears.

Ranking of the Notes

The Notes are general obligations of the Company and are guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations described in the Indenture. The Notes are (1) senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the Notes, (2) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law), (3) effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor, and (4) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that are not Subsidiary Guarantors.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a first priority lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$7.5 million; (f) one or more final judgments or orders for the payment of money in excess of US\$7.5 million are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a first priority security interest in the collateral given under the Notes (subject to any permitted liens and the intercreditor agreement).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

The Notes, the Indenture and the Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict the ability of certain of its subsidiaries to pay dividends and transfer assets or make intercompany loans;
- (j) enter into transactions with equity holders or affiliates; or
- (k) effect a consolidation or merger.

Optional Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time on or after 23 November 2015, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on 23 November of any year set forth below:

Period	Redemption Price
2015	106.93750%
2016	103.46875%

- (2) At any time prior to 23 November 2015, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to, the redemption date.
- (3) At any time prior to 23 November 2015, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 113.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture), the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

Reasons for the Notes Issue

The Company intends to use the proceeds of the Notes to primarily fund existing and new property projects and land acquisition, and to refinance the Group's existing indebtedness and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and thus reallocate the use of proceeds.

Listing

Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors only. Approval for the listing and quotation of the Notes on HKSE are not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries (if any).

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Aoyuan Property Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the HKSE
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSE”	The Stock Exchange of Hong Kong Limited
“Indenture”	the written agreement among the Company (as the issuer of the Notes), the initial Subsidiary Guarantors (as guarantors) and DB Trustees (Hong Kong) Limited (as trustee) that specifies the terms of the Notes including the interest rate of the Notes and the maturity date
“JV Subsidiary Guarantors”	certain of the Company’s future joint venture subsidiaries guaranteeing the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“Notes”	the USD senior notes to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“Notes Issue”	the proposed issue of the Notes by the Company
“Offer Price”	the final price at which the Notes will be sold
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 14 November 2012 entered into by and among the Company, the Subsidiary Guarantors and UBS in relation to the Notes Issue
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes Issue
“Subsidiary Guarantors”	certain of the Company’s subsidiaries that will guarantee the Notes on the issue date of the Notes or within 30 business days therefrom
“Subsidiary Guarantor Pledgor”	any Subsidiary Guarantor which pledges collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee
“UBS”	UBS AG, Hong Kong Branch, the sole lead manager and sole bookrunner in respect of the offer and sale of the Notes

“US\$” or “USD” United States dollars

“U.S. Securities Act” the United States Securities Act of 1933, as amended

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

Hong Kong, 15 November 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 and, Ms. Xin Zhu; 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.