

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 16 July 2012, Aoyuan Group (a wholly-owned subsidiary of the Company) as purchaser, and the Vendors as vendors, entered into (i) Agreement I pursuant to which Aoyuan Group agreed to acquire 70% and the Vendors agreed to sell 70% of the entire issued capital of the Target Company I to Aoyuan Group at a consideration of RMB49,000,000 and the Sale Loan I at RMB60,000,000; and (ii) Agreement II pursuant to which Aoyuan Group agreed to acquire 70% and the Vendors agreed to sell 70% of the entire issued capital of the Target Company II to Aoyuan Group at a consideration of RMB35,000,000 and the Sale Loan II at RMB50,000,000.

As the transactions contemplated under the Agreements exceed 5% but do not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisitions constitute a discloseable transaction for the Company under the Listing Rules.

THE ACQUISITIONS

The Board wishes to announce that on 16 July 2012, Aoyuan Group (a wholly-owned subsidiary of the Company) as purchaser, and the Vendors as vendors, entered into (i) Agreement I pursuant to which Aoyuan Group agreed to acquire 70% and the Vendors agreed to sell 70% of the entire issued capital of the Target Company I to Aoyuan Group at a consideration of RMB49,000,000 and the Sale Loan I at RMB60,000,000; and (ii) Agreement II pursuant to which Aoyuan Group agreed to acquire 70% and the Vendors agreed to sell 70% of the entire issued capital of the Target Company II to Aoyuan Group at a consideration of RMB35,000,000 and the Sale Loan II at RMB50,000,000.

AGREEMENT I

Summarised below are the principal terms of Agreement I:

Date

16 July 2012

Parties

Purchaser: Aoyuan Group

Vendors: the Vendors, Independent Third Parties

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement I:

- (a) Aoyuan Group has agreed to acquire 70% and the Vendors have agreed to sell 70% of the entire issued capital of the Target Company I to Aoyuan Group at a consideration of RMB49,000,000; and
- (b) Aoyuan Group has agreed to purchase and the Vendors have agreed to sell the Sale Loan I at a consideration of RMB60,000,000

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

Consideration

The consideration of RMB49,000,000 for the Acquisition I was arrived at after arm's length negotiations between the Company and the other parties to Agreement I and was determined with reference to the unaudited consolidated total asset value of the Target Company I as at 31 May 2012 of RMB388,709,682.

The total consideration of Acquisition I and Sale Loan I will be satisfied by the Aoyuan Group in the following manner:

- (a) RMB49,000,000 will be paid to the bank account designated by the Vendors which is under the name of the Target Company I jointly managed by Aoyuan Group and the Vendors within five (5) days from the date of Agreement I;
- (b) RMB16,000,000 being part of the Sale Loan I will be paid to the bank account designated by the Vendors which is under the name of the Target Company I jointly managed by Aoyuan Group and the Vendors within five (5) days from the date of Agreement I; and

- (c) RMB44,000,000 being the remaining amount of Sale Loan I will be settled by Aoyuan Group within sixty (60) days after Aoyuan Group becomes a duly registered shareholder of 70% of the entire share capital of Target Company I.

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

Conditions

The completion of the Agreement I is conditional upon the Vendors in aggregate becoming the legal and beneficial owners of the entire share capital of the Target Company I.

Termination

Agreement I may be terminated by the parties in the following circumstances:

- (a) If either party fails to proceed with the registration of the change of shareholders of Target Company I in accordance with Agreement I, after 60 days of such failure, the party in default shall be liable to pay to the other party a penalty which is equal to 10% of the consideration for the Acquisition of shares I and the other party shall be entitled to terminate Agreement I.
- (b) If Aoyuan Group fails to settle the payments in accordance with Agreement I, after 60 days of the agreed payment dates, the Vendors shall be entitled to terminate Agreement I and Aoyuan Group shall be liable to pay to the Vendors a penalty which is equal to 10% of the consideration for the Acquisition of shares I.
- (c) The Vendors shall be in breach of Agreement I if they breach any of the promise, declaration, warranty and undertaking set out therein. After 60 days from the occurrence of such breach, Aoyuan Group shall be entitled to an option to terminate Agreement I and if so, the Vendors shall within 60 days of such termination be liable to pay to Aoyuan Group a penalty of RMB5,000,000 plus any other loss which is not sufficient to be satisfied by such amount. Further, Aoyuan Group shall transfer its shares in Target Company I to the Vendors or any third party designated by the Vendors and the Vendors shall pay back the consideration for the Acquisition of shares I to Aoyuan Group within 60 days of such termination.

SPECIAL LOAN ARRANGEMENT AFTER COMPLETION

As at the date of this announcement, there is an undue loan of RMB125,000,000 provided by China Construction Bank ("CCB Loan") to the Target Company I which together with all interests incurred will be settled solely by the Vendors. For avoidance of doubt, Aoyuan Group shall not be liable for such CCB Loan in any event notwithstanding Completion has been taken place.

INFORMATION ON THE TARGET COMPANY I

The Target Company I was incorporated under the PRC laws. In 2010, the Target Company I obtained the rights to use on Project Land I through an auction and the relevant consideration of RMB60,000,000 was duly settled.

Further information on the Target Company I as at the date of Agreement I:

(a) Corporate information

Name : 株洲天郡房地產開發有限公司 (in English, for identification purpose only, Zhu Zhou Tian Jun Properties Development Company Ltd.)

Date of incorporation : 10 February 2010

Place of incorporation : the PRC

Scope of business : Property development (subject to qualification certificate), trading of building materials

Authorized share capital : RMB35,000,000

Issued share capital : RMB35,000,000

Shareholder	Percentage held
Mr. Feng Yuanzheng (馮遠征)	32%
Mr. Hu Ran (胡冉)	32%
Mr. Yau Wenxin (游文新)	36%

(b) Financial information

Unaudited total asset value as at 31 May 2012 : RMB388,709,682

Unaudited net asset value as at 31 May 2012 : RMB(7,515,338)

Unaudited net loss for the period ended 31 May 2012 : RMB(9,751,683)

AGREEMENT II

Summarised below are the principal terms of Agreement II:

Date

16 July 2012

Parties

Purchaser: Aoyuan Group

Vendors: the Vendors, Independent Third Parties

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement II:

- (a) Aoyuan Group has agreed to acquire 70% and the Vendors have agreed to sell 70% of the entire issued capital of the Target Company II to Aoyuan Group at a consideration of RMB35,000,000; and
- (b) Aoyuan Group has agreed to purchase and the Vendors have agreed to sell the Sale Loan II at a consideration of RMB50,000,000

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

Consideration

The consideration of RMB35,000,000 for the Acquisition II was arrived at after arm's length negotiations between the Company and the other parties to Agreement II and was determined with reference to the unaudited consolidated total asset value of the Target Company II as at 31 May 2012 of RMB48,619,797.

The total consideration of Acquisition II and Sale Loan II will be satisfied by Aoyuan Group in the following manner:

- (a) RMB35,000,000 will be paid to the bank account designated by the Vendors which is under name of the Target Company II jointly managed by Aoyuan Group and the Vendors within five (5) days from the date of Agreement II; and
- (b) RMB50,000,000 will be settled by Aoyuan Group within sixty (60) days after Aoyuan Group becomes a duly registered shareholder of 70% of the entire share capital of Target Company II

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

Termination

Agreement II may be terminated by the parties in the following circumstances:

- (a) If either party fails to proceed with the registration of the change of shareholders of Target Company II in accordance with Agreement II, after 60 days of such failure, the party in default shall be liable to pay to the other party a penalty which is equal to 10% of the consideration for the Acquisition of shares II and the other party shall be entitled to terminate Agreement II.
- (b) If Aoyuan Group fails to settle the payments in accordance with Agreement II, after 60 days of the agreed payment dates, the Vendors shall be entitled to terminate Agreement II and Aoyuan Group shall be liable to pay to the Vendors a penalty which is equal to 10% of the consideration for the Acquisition of shares II.
- (c) The Vendors shall be in breach of Agreement II if they breach any of the promise, declaration, warranty and undertaking set out therein. After 60 days from the occurrence of such breach, Aoyuan Group shall be entitled to an option to terminate Agreement II and if so, the Vendors shall within 60 days of such termination be liable to pay to Aoyuan Group a penalty of RMB5,000,000 plus any other loss which is not sufficient to be satisfied by such amount. Further, Aoyuan Group shall transfer its shares in Target Company II to the Vendors or any third party designated by the Vendors and the Vendors shall pay back the consideration for the Acquisition of shares II to Aoyuan Group within 60 days of such termination.

INFORMATION ON THE TARGET COMPANY II

The Target Company II was incorporated under the PRC laws. In 2011, the Target Company II obtained the rights to use on Project Land II through an auction and the relevant consideration of RMB30,550,000 was duly settled.

Further information on the Target Company II as at the date of Agreement II:

(a) Corporate information

Name	:	株洲城投房地產開發有限公司 (in English, for identification purpose only, Zhu Zhou Cheng Tou Properties Development Company Ltd.)
Date of incorporation	:	28 February 2011
Place of incorporation	:	the PRC
Scope of business	:	Development and sale of properties (subject to qualification certificate) and consultancy services, sale of building materials

Authorized share capital : RMB8,000,000

Issued share capital : RMB8,000,000

Shareholder	Percentage held
Mr. Feng Yuanzheng (馮遠征)	67%
Mr. Hu Ran (胡冉)	33%

(b) Financial information

Unaudited total asset value as at 31 May 2012 : RMB48,619,797

Unaudited net asset value as at 31 May 2012 : RMB32,079,797

Unaudited net loss for the period ended 31 May 2012 : RMB(1,025,188)

REASONS FOR THE ACQUISITIONS

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 Acquisitions are conducted in the ordinary and usual course of business of the Group and will be funded by the Group's internal resources. The Directors believe that the Acquisitions are in line with the business plan of the Company and the Acquisitions are in the best interest of the Company and the terms of the Agreements 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 Vendors are Independent Third Parties.

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

DEFINITIONS

“Acquisitions”	Acquisition I, Acquisition II and acquisitions of Sale Loan I and Sale Loan II by Aoyuan Group
“Acquisition of shares I”	the proposed acquisition of 70% of the entire issued share capital of the Target Company I
“Acquisition of shares II”	the proposed acquisition of 70% of the entire issued share capital of the Target Company II
“Agreements”	Agreement I and Agreement II
“Agreement I”	agreement dated 16 July 2012 made between the Aoyuan Group as purchaser, and the Vendors as vendors in relation to the sale and purchase of 70% of the entire issued share capital of the Target Company I
“Agreement II”	agreement dated 16 July 2012 made between the Aoyuan Group as purchaser, and the Vendors as vendors in relation to the sale and purchase of 70% of the entire issued share capital of the Target Company II
“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
“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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“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
“PRC”	People’s Republic of China
“Project Land I”	香博堡國際項目 (in English, for identification purpose only, Xiang Bo Bao International Project) and is situated at No. 80, Xiangtian Road, Shifeng District, Zhuzhou City (株洲市石峰區響田路80號) with the total site area of approximately 57,009.49m ² with a plot ratio of 2.7
“Project Land II”	愛丁堡項目 (in English, for identification purpose only, Ai Ding Bao Project) and is situated at No. 198, Hongqi South Road, Hefang District, Zhuzhou City (株洲市荷塘區紅旗南路198號) with the total site area of approximately 16,958.09 m ² with a plot ratio of 4
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan I”	a loan of RMB60,000,000 due by the Target Company I
“Sale Loan II”	a loan of RMB50,000,000 due by Target Company II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company I”	株洲天郡房地產開發有限公司 (in English, for identification purpose only, Zhu Zhou Tian Jun Properties Development Company Ltd.), a limited company incorporated under the laws of the PRC
“Target Company II”	株洲城投房地產開發有限公司 (in English, for identification purpose only, Zhu Zhou Cheng Tou Properties Development Company Ltd.), a limited company incorporated under the laws of the PRC
“Vendors”	Mr. Feng Yuanzheng (馮遠征) and Mr. Hu Ran (胡冉), both are PRC citizens

The exchange rate adopted for the purpose of the Agreements is HK\$1.00 = RMB0.815, which was the closing middle point spot rate for HK\$ against RMB quoted by the People's Bank of China on 16 July 2012.

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

Hong Kong, 19 July 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.