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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 LOAN

ACQUISITION OF LOAN

The Board wishes to announce that on 28 July 2011, the Purchaser (a wholly-owned subsidiary of the Company) as purchaser, the Original Lenders as sellers and the Arranger as arranger entered into the Transfer Documents, pursuant to which the Original Lenders agreed to assign absolutely to the Purchaser all the rights, interests and obligations relating to the Original Lenders' respective participations in the Finance Documents at a total consideration of HK\$713,430,000.

The security provided to secure the obligations of Century Profit under the Credit Facility Agreement includes, inter alia,

- (a) a share mortgage executed by Hong Da (a company owned as to 70% by Mr. Wang Zhi Cai and the remaining 30% by Mr. Wang Qing Fu) in relation to the issued share capital of Century Profit (a jointly controlled entity of the Company) owned by Hong Da;
- (b) a share mortgage executed by Aoyuan International (a wholly-owned subsidiary of the Company) in relation to the issued share capital of Century Profit owned by Aoyuan International;
- (c) an equity pledge executed by Century Profit in respect of the equity interest of Beijing Yaohui held by Century Profit; and
- (d) a guarantee provided by the Company under the Credit Facility Agreement.

The Purchaser paid the total consideration of HK\$713,430,000 to the Original Lenders on 28 July 2011, and completion of the Acquisition took place simultaneously on the same date.

IMPLICATIONS UNDER THE LISTING RULES

As the total sum of the consideration for 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 of the Company under Chapter 14 of the Listing Rules.

ENFORCEMENT

Hong Da had been in default of its obligations to the Original Lenders under the Finance Documents which constituted events of default thereunder. In order to facilitate a normal operation of Century Profit, after some negotiations with the parties to the Transfer Documents, the Purchaser agreed to purchase and the Original Lenders agreed to sell all the rights, interests and obligations relating to the Original Lenders' respective participations in the Finance Documents in accordance with the provisions of the Transfer Documents.

On 29 July 2011, due to Hong Da's defaults, the Security Agent appointed receivers and managers to enforce the security under the Finance Documents. To protect the interest of the Purchaser (as lender of the Credit Facility Agreement), the receivers and managers took the following steps in accordance with the Finance Documents on 29 July 2011:

- (a) the Security Assets were transferred to the receivers and managers;
- (b) the resignation letters duly signed by Mr. Wang Zhi Cai and Mr. Wang Qing Fu as directors of Century Profit became effective; and
- (c) the receivers and managers appointed two directors of Century Profit nominated by them.

Further announcement on the progress of the enforcement of the Security Assets will be made as and when appropriate.

THE ACQUISITION

The Board wishes to announce that on 28 July 2011, the Purchaser (a wholly-owned subsidiary of the Company) as purchaser and the Original Lenders as sellers entered into the Transfer Documents, pursuant to which the Original Lenders agreed to assign absolutely to the Purchaser all the rights, interests and obligations relating to the Original Lenders' respective participations in the Finance Documents at a total consideration of HK\$713,430,000.

THE TRANSFER DOCUMENTS

Summarised below are the principal terms of the Transfer Documents:

Date

28 July 2011

Parties

Purchaser : the Purchaser
Sellers : the Original Lenders
Arranger : the Arranger

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, each of the Original Lenders, the Arranger and its ultimate beneficial owners (if applicable) are Independent Third Parties.

Assets acquired under the Acquisition

The Original Lenders agreed to assign absolutely to the Purchaser all the rights, interests and obligations relating to their respective participations in the Finance Documents at a total consideration of HK\$713,430,000.

The security provided to secure the obligations of Century Profit under the Credit Facility Agreement includes, inter alia,

- (a) a share mortgage executed by Hong Da (a company owned as to 70% by Mr. Wang Zhi Cai and the remaining 30% by Mr. Wang Qing Fu) in relation to 47.31% issued share capital of Century Profit (a jointly controlled entity of the Company) owned by Hong Da;
- (b) a share mortgage executed by Aoyuan International (a wholly-owned subsidiary of the Company) in relation to 52.69% issued share capital of Century Profit owned by Aoyuan International;
- (c) an equity pledge executed by Century Profit in respect of the equity interest of Beijing Yaohui held by Century Profit; and
- (d) a guarantee provided by the Company under the Credit Facility Agreement.

Consideration

The total consideration of HK\$713,430,000 for the Acquisition was arrived at after arm's length negotiations between the Company and the Original Lenders and was determined with reference to (i) the outstanding principal amount of the Loan; (ii) the accrued interests; and (iii) the expected costs and expenses for the Acquisition.

The total consideration of HK\$713,430,000 was satisfied by the Purchaser in cash and was funded by the Group's internal resources.

Completion

The Purchaser paid the total consideration of HK\$713,430,000 to the Original Lenders on 28 July 2011, and completion of the Acquisition took place simultaneously on the same date.

ENFORCEMENT

Hong Da had been in default of its obligations to the Original Lenders under the Finance Documents which constituted events of default thereunder. In order to facilitate a normal operation of Century Profit, after some negotiations with the parties to the Transfer Documents, the Purchaser agreed to purchase and the Original Lenders agreed to sell all the rights, interests and obligations relating to the Original Lenders' respective participations in the Finance Documents in accordance with the provisions of the Transfer Documents.

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- (a) the Security Assets were transferred to the receivers and managers;
- (b) the resignation letters duly signed by Mr. Wang Zhi Cai and Mr. Wang Qing Fu as directors of Century Profit became effective; and
- (c) the receivers and managers appointed two directors of Century Profit nominated by them.

INFORMATION ABOUT CENTURY PROFIT AND THE CREDIT FACILITY AGREEMENT

Century Profit is a jointly controlled entity of the Company and was incorporated under the laws of Hong Kong. As at the date of this announcement, Century Profit was owned as to 52.69% by Aoyuan International and 47.31% by Hong Da. The business of Century Profit is the holding of a 96.8% equity interest in Beijing Yaohui. Beijing Yaohui is a project company and its businesses are property development of the Project Land and sale, leasing and management of apartments built on the Project Land, information consultancy services (agent services excluded) and interior decoration. For further information, please refer to the Company's announcements dated 20 July 2009, 30 July 2009 and 27 September 2010 and the circular of the Company dated 14 September 2009.

On 9 December 2009, the Company as guarantor entered into the Credit Facility Agreement with Century Profit as borrower, the Arranger as arranger, Industrial and Commercial Bank of China (Asia) Limited as facility agent and security agent, and the Original Lenders as lenders pursuant to which the Original Lenders agreed to make available to Century Profit a term loan facility in an aggregate amount equal to HK\$670,000,000. For further information, please refer to the Company's announcement dated 16 December 2009.

REASONS FOR THE ACQUISITION

Century Profit is a jointly controlled entity of the Company and, through Beijing Yaohui, owns 96.8% interest in the Project Land. The Project Land is situated in a prime location in Beijing, the PRC with excellent potential for development. The Board is optimistic about the economy of the PRC, and the prospect of the PRC property market and of the view that it would be in the best interest of the Company to maintain the Company's long term interests in Century Profit and Beijing Yaohui for the development of this commercial and residential property project where situated in the core area of Beijing. The Board considers that the Acquisition and the prompt actions taken will further strengthen the Company's interest in Century Profit and Beijing Yaohui. The Board is of the view that the Acquisition is in the best interest of the Company and the terms of the Acquisition are in normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The principal activities of the Group comprise the property development and property investment in the PRC.

The Arranger, Industrial and Commercial Bank of China (Asia) Limited and ICBC International Finance Limited are subsidiaries of Industrial and Commercial Bank of China Limited, which is the largest commercial bank in the PRC and provides a variety of financial products and services to corporate and personal banking customers through its domestic and overseas institutions and correspondent banks worldwide, whilst the Other Lenders are individual investors. To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, each of the Original Lenders, the Arranger and its ultimate beneficial owners (if applicable) are Independent Third Parties.

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

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	acquisition of all rights under the Credit Facility Agreement and the relevant security documents in accordance with the Transfer Documents
“Aoyuan International”	China Aoyuan International Development Limited (中國奧園國際發展有限公司), a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company

“Arranger”	ICBC International Investment Management Limited
“Beijing Yaohui”	北京耀輝置業有限公司 (for identification purpose only, in English, Beijing Yaohui Real Estate Co. Ltd.), a limited company established under the laws of the PRC and owned as to 96.8% by Century Profit and the remaining 3.2% by 北京王府世紀發展有限公司 (for identification purpose only, in English, Beijing Wangfu Century Development Co. Ltd.)
“Board”	the board of Directors
“Century Profit”	Century Profit Zone Investments Limited (世紀協潤投資有限公司), a company incorporated under the laws of Hong Kong and owned as to 52.69% by Aoyuan International and the remaining 47.31% by Hong Da and a jointly controlled company of the Company
“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
“Credit Facility Agreement”	a credit facility agreement dated 9 December 2009 entered into between Century Profit as borrower, the Company as guarantor, the Arranger, Industrial and Commercial Bank of China (Asia) Limited as facility agent and security agent and the Original Lenders as lenders
“Directors”	directors of the Company
“Finance Documents”	(a) the Credit Facility Agreement; (b) the share mortgages both dated 9 December 2009 in relation to the shares of Century Profit executed by Hong Da and Aoyuan International respectively; (c) equity interest pledge dated 9 December 2009 executed by Century Profit in respect of the equity interest of Beijing Yaohui held by Century Profit; and (d) other relevant security documents
“Group”	the Company and its subsidiaries
“Hong Da”	Hong Da Development & Investment Holding Co. Limited (泓達投資有限公司), a company incorporated under the laws of Hong Kong and was owned as to 70% by Mr. Wang Zhi Cai and the remaining 30% by Mr. Wang Qing Fu
“Hong Kong”	the 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 term loan in an aggregate amount of HK\$670,000,000 advanced in accordance with the Credit Facility Agreement
“Original Lenders”	ICBC International Finance Limited and Other Lenders
“Other Lenders”	seven individual lenders namely, Hung Pi Yueh, Hsu Che Hsiung, Zhou Yue Sheng, Pang Leng Lun, Pan Li Fang, Yin Hui and South Nice Limited, which is wholly-owned by an Independent Third Party
“PRC”	the People’s Republic of China
“Project Land”	a piece of land located at East South Section, intersection of Xi Da Wang Road and Jianguo Road, Chaoyang District, Beijing, PRC (中國北京市朝陽區西大望路與建國路交匯東南角) with a total gross floor area of approximately 247,646 square meters for a term of 70 years for residential use expiring on 30 August 2074 and 40 years for commercial use expiring on 30 August 2044
“Purchaser”	Zhen Fu Limited (振富有限公司), a limited liability company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Security Agent”	security agent of the Finance Documents appointed by the lender of the Credit Facility Agreement from time to time
“Security Assets”	4,731 issued shares of Century Profit, representing 47.31% of its entire issued share capital, the related rights and all other assets created under the share mortgage dated 9 December 2009 executed by Hong Da in favour of the Security Agent
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Documents”	(a) side letters dated 28 July 2011 to the Credit Facility Agreement; and (b) transfer certificates dated 28 July 2011 made between the Purchaser as purchaser and the respective Original Lenders as sellers

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 31 July 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.