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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 23 July 2013, Aoyuan Group (a wholly-owned subsidiary of the Company) and Chen as purchasers, the Vendor as vendor, entered into the Agreement pursuant to which Aoyuan Group and Chen has respectively agreed to acquire 80% and 20% and the Vendor has agreed to sell 80% and 20% of the entire issued capital of the Target Company to Aoyuan Group and Chen respectively at a consideration of RMB4,000,000 and RMB1,000,000. Under the Agreement, Aoyuan Group and Chen shall by way of shareholders' loan and increase of share capital of the Target Group inject a sum of no less than RMB261,000,000 to the Target Company in the proportion of their respective shareholding in the Target Company in the manner set out below.

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 23 July 2013, Aoyuan Group (a wholly-owned subsidiary of the Company) and Chen as purchasers, the Vendor as vendor, entered into the Agreement pursuant to which Aoyuan Group and Chen has respectively agreed to acquire 80% and 20% and the Vendor has agreed to sell 80% and 20% of the entire issued capital of the Target Company to Aoyuan Group and Chen respectively at a consideration of RMB4,000,000 and RMB1,000,000. Under the Agreement, Aoyuan Group and Chen shall by way of shareholders' loan and increase of share capital of the Target Group inject a sum of no less than RMB261,000,000 to the Target Company in the proportion of their respective shareholding in the Target Company in the manner set out below to take over the Debts.

## THE AGREEMENT

Summarised below are the principal terms of the Agreement:

### Date

23 July 2013

### Parties

Purchasers: (1) Aoyuan Group  
(2) Chen, an Independent Third Party

Vendor: the Vendor, an Independent Third Party

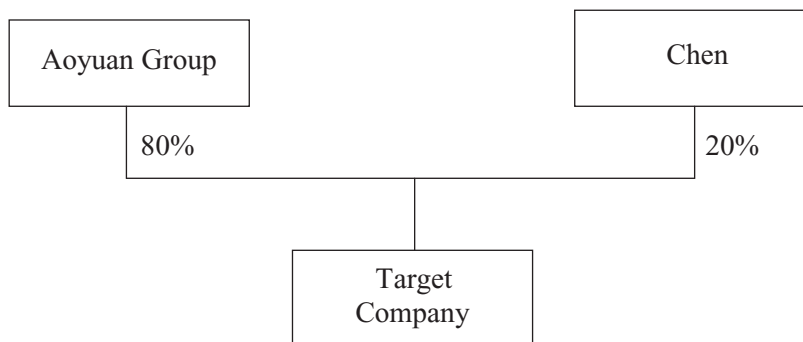
To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and Chen are Independent Third Parties.

### Assets to be acquired

Pursuant to the Agreement:

- (a) Aoyuan Group and Chen has respectively agreed to acquire 80% and 20% and the Vendor has agreed to sell 80% and 20% of the entire issued capital of the Target Company to Aoyuan Group and Chen respectively at a consideration of RMB4,000,000 and RMB1,000,000; and
- (b) Aoyuan Group and Chen shall by way of shareholders' loan and increase of share capital of the Target Company inject a sum of no less than RMB261,000,000 to the Target Company in the proportion of their respective shareholding in the Target Company in the manner set out below for the repayment of the Debts by the Target Company.

Upon Completion, the Target Company will become a non wholly-owned subsidiary of the Company. Structure of the Target Company immediately after Completion 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 RMB4,000,000 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 unaudited consolidated net asset value of the Target Company as at 30 June 2013.

Injection of a sum of no less than RMB261,000,000 of which Aoyuan Group shall be responsible for 80% 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 Debts which the Target Company shall settle upon Completion and increase of share capital of the Target Company.

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

- (a) RMB10,000,000 will be paid to the Vendor by Aoyuan Group and Chen as deposit in the proportion of their respective shareholding in the Target Company within three (3) Business Days from the date of the Agreement;
- (b) RMB76,000,000 will be injected to the Target Company by Aoyuan Group and RMB 19,000,000 by Chen for the increase of share capital of the Target Company when the application for change of shareholders is lodged to the relevant PRC authorities;
- (c) RMB4,000,000 will be paid to the Vendor by Aoyuan Group and RMB1,000,000 from Chen as the consideration of 80% and 20% respectively of the entire share capital of the Target Company upon obtaining acceptance confirmation from the relevant PRC authorities for the application for change of shareholders;
- (d) RMB70,000,000(inclusive of RMB10,000,000 being paid as deposit) will be paid by Aoyuan Group and Chen in the proportion of their respective shareholding in the Target Company to the Vendor for the repayment for part of the shareholder’s loan due by the Target Company to the Vendor upon the share capital of the Target Company being increased and the Approval being obtained; and
- (e) The remaining balance will be paid to the Target Company by Aoyuan Group and Chen in the proportion of their respective shareholding in the Target Company by way of shareholder’s loan upon the two parcels of land, namely CZA10-06-01 and CZA10-05-01, being duly discharged from the mortgage with Xing Ye Bank Holdings Limited, Dongguan Branch (興業銀行股份有限公司東莞分行) and all relevant land transfer procedures are duly completed.

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 Lands;
- (b) Aoyuan Group having satisfied with the due diligence on the financial, tax, operation, legal and other aspects of the Target Company and the Project Lands;
- (c) the Vendor having obtained and the Purchaser having satisfied with the consent and approval from any relevant authorizes 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;

Aoyuan Group may waive in writing any of the conditions specified above (save and except conditions (a) and (c)) at any time. If all the conditions specified above have not been satisfied or waived by 60 days from the date of the Agreement (or such later date to be agreed between the parties in writing), then the Agreement shall lapse at expire of 60 days from the date of the Agreement and have no further effect and the parties shall be released from all their respective obligations under the Agreement save and except any antecedent breach. In such event, the Vendors shall refund the deposits to Aoyuan Group.

## **OTHER MAJOR TERMS OF THE AGREEMENT**

### **Pursuant to the Agreement:**

- (a) The Vendor warrants that he will be solely responsible for settling the loan of RMB130,000,000 due by Zhang Tai to Xing Ye Bank Holdings Limited, Dongguan Branch (興業銀行股份有限公司東莞分行) and two parcels of the Project Lands, namely CZA10-06-01 and CZA 10-05-01 would be duly discharged from the mortgage thereunder.
- (b) The Vendor warrants that within 60 days from the date of the Agreement, (i) all removal compensation to existing tenants will be duly settled and removal process on the Project Lands will be completed; (ii) all demolishing works on the Project Land will be duly completed; and (iii) the brick walls surrounding the red line area of the Project Lands will not be lower than 1.2m.

- (c) For the period between the date of the Agreement and the date of Completion, Aoyuan Group and Chen shall jointly appoint a financial staff to the Target Company and prior consent from Aoyuan Group and Chen shall be obtained for any transaction of over RMB10,000.
- (d) The Vendor shall be responsible for all relevant compensation to the existing staff being dismissed upon Completion.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited company incorporated under the PRC laws.

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

### **(a) Corporate information**

Name	:	陽江市潤信置業有限公司 (in English, for identification purpose only, Yangjiang City Run Xin Property Company Limited)
Date of incorporation	:	25 October 2007
Place of incorporation	:	the PRC
Scope of business	:	Property development, sales and operation, estates services, leasing and property investment
Authorized share capital	:	RMB5,000,000 divided into 100 shares
Issued share capital	:	RMB5,000,000 divided into 100 shares

<b>Shareholder</b>	<b>Percentage held</b>
the Vendor	100%

### **(b) Financial information**

Unaudited consolidated total asset value as at 30 June 2013	:	RMB260,481,349
Unaudited consolidated net asset value as at 30 June 2013	:	RMB(77,006)
Unaudited net loss after tax for the period ended 30 June 2013	:	RMB25,887

## 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 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 80% of the entire issued share capital of the Target Company
“Agreement”	agreement dated 23 July 2013 made between the Aoyuan Group and Chen as purchasers, the Vendor as vendor in relation to the sale and purchase of 80% and 20% 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
“Chen”	Mr. Chen Ming Kai, (陳明開) a PRC citizen

“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
“Completion”	completion of the Agreement
“Construction Land Use Planning Permit”	建設用地規劃許可證
“Debts”	a total of RMB261,000,000 comprising of:-(i) the debt of RMB82,850,000 due by the Target Company to the Vendor; (ii) the debt of RMB49,000,000 due by the Target Company to Rural Credit Group; and (iii) the debt of RMB129,150,000 due by the Target Company to some construction companies
“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
“PRC”	People’s Republic of China
“Project Lands”	Four parcels of land located at CZA District, Long Island, Yangjiang City (陽江市長洲島CZA10街區) with lot no. CZA10-06-01, CZA10-05-01, CZA10-01-01 and CZA 10-02-01 and with the total area of approximately 258,964m <sup>2</sup> and the gross floor area of 362,052.8m <sup>2</sup> taking the plot ratio into account
“Rural Credit Group”	陽江市江城區農村信用合作聯社(in English, for identification purpose only, Yangjiang City Jiang Cheng District Rural Credit Cooperation), 陽春市農村信用合作聯社(in English, for identification purpose only, Yang Chun City Rural Credit Cooperation), 陽江市海陵區農村信用合作聯社(in English, for identification purpose only, Yangjiang City Hai Ling District Rural Credit Cooperation) and 陽東縣農村信用合作聯社(in English, for identification purpose only, Yang Dong County Rural Credit Cooperation)
“State-owned Land Use Right Certificate”	國有土地使用證
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	陽江市潤信置業有限公司 (in English, for identification purpose only, Yangjiang City Run Xin Property Company Limited), a limited company incorporated under the laws of the PRC
“Vendor”	Mr. Zhao Wei Yang (趙維養), a PRC citizen
“Zhang Tai”	東莞市長泰環保科技投資有限公司 (in English, for identification purpose only, Dongguan City Zhang Tai Green Technology Investment Company Limited), a limited company incorporated under the laws of the PRC which is wholly owned by the Vendor as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

The exchange rate adopted for the purpose of the Agreement is HK\$1.00 = RMB0.7953, which was the closing middle point spot rate for HK\$ against RMB quoted by the People’s Bank of China on 23 July 2013.

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

Hong Kong, 23 July 2013

*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 is Mr. Paul Steven Wolansky; and the independent non-executive directors of the Company are Mr. Song Xian Zhong, Mr. Tsui King Fai and Mr. Cheung Kwok Keung.*