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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)

MAJOR TRANSACTION

**INVESTMENT BY HUAXIA LIFE INSURANCE CORPORATION LIMITED AND
DEEMED DISPOSAL OF THE GROUP OF APPROXIMATELY 46.04% OF THE
EQUITY INTERESTS IN GUANGZHOU AOYU**

THE AGREEMENT

The Board wishes to announce that on 29 November 2014, East Harvest and Guangdong Aoyuan, the wholly-owned subsidiaries of the Company, and the Investor entered into the Agreement, pursuant to which the Investor shall subscribe approximately 46.04% of the equity interests in Guangzhou Aoyu by way of capital injection into its registered capital at the consideration of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) in cash.

LISTING RULES IMPLICATIONS

Following Completion, Guangzhou Aoyu will cease to become an indirect wholly-owned subsidiary of the Company, it remains a non wholly-owned subsidiary of the Company and the Group will own approximately 53.96% of its equity interests and the Investor will own approximately 46.04% of its equity interests. As such, the Investment will constitute a deemed disposal of the Group's equity interests in Guangzhou Aoyu under Chapter 14 of the Listing Rules. As the Investment and the Deemed Disposal exceed 25% but do not exceed 75% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Investment and the Deemed Disposal constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the transactions contemplated under the Agreement including the Investment and the Deemed Disposal may be obtained by written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the transactions. Since no Shareholders are required to abstain from voting if a general meeting is to be convened for the approval of the transactions contemplated under the Agreement including the Investment and the Deemed Disposal, written shareholders' approval may be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

As at the date of this announcement, Ace Rise holds 1,337,075,563 Shares, representing approximately 48.03% of the issued share capital of the Company and Cathay Property holds 293,175,563 Shares, representing approximately 10.53% of the issued share capital of the Company. Ace Rise and Cathay Property have formed a closely allied group of Shareholders, who collectively hold an aggregate of 1,630,251,126 Shares, representing approximately 58.56% of the entire issued share capital of the Company and have given their written approval of the transactions contemplated under the Agreement including Investment and the Deemed Disposal, accordingly no extraordinary general meeting of the Company will be convened for the purpose of approving the transactions contemplated under the Agreement including the Investment and the Deemed Disposal.

DESPATCH OF CIRCULAR TO THE SHAREHOLDERS

A circular containing, among other things, further details of the Agreement, the Investment and the Deemed Disposal and other information as required under the Listing Rules will be despatched to the Shareholders on or before 22 December 2014.

As completion of the Investment and the Deemed Disposal is conditional upon satisfaction of the conditions precedent as set out under the section headed "Conditions Precedent" in this announcement, the Investment and the Deemed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board wishes to announce that on 29 November 2014, East Harvest and Guangdong Aoyuan, the wholly-owned subsidiaries of the Company, and the Investor entered into the Agreement, pursuant to which the Investor shall subscribe approximately 46.04% of the equity interests in Guangzhou Aoyu by way of capital injection into its registered capital at the consideration of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) in cash. Upon Completion, the Investor, East Harvest and Guangdong Aoyuan will respectively own approximately 46.04%, 52.88% and 1.08% of the equity interests in Guangzhou Aoyu.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date : 29 November 2014

Parties : (i) the Investor;
(ii) East Harvest; and
(iii) Guangdong Aoyuan

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties.

Nature of the transaction and assets to be disposed of

Pursuant to the Agreement, the Investor agreed to subscribe approximately 46.04% of the equity interests in Guangzhou Aoyu by way of capital injection into its registered capital at the consideration of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) which shall be paid to Guangzhou Aoyu in cash within 15 Business Days from the date that the conditions precedent as referred to in the paragraph headed "Conditions Precedent" are fulfilled or waived by the Investor.

Upon Completion, the equity interests of Guangzhou Aoyu will be held as to approximately 52.88% by East Harvest, 1.08% by Guangdong Aoyuan (the Group will therefore hold approximately 53.96% of the equity interests in Guangzhou Aoyu) and 46.04% by the Investor. As such, Guangzhou Aoyu will cease to become an indirect wholly-owned subsidiary of the Company and become its indirect non wholly-owned subsidiary.

Investment Sum

The investment sum of the Investment was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to (i) the net asset value of Guangzhou Aoyu when the parties entered into the Agreement; and (ii) other factors as set out in the paragraph headed "Reasons for and Benefits of the Investment and the Deemed Disposal" below.

The investment sum of the Investment is considered by the Board as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

Conditions Precedent

The obligations of the parties to effect Completion shall be conditional upon:

- (1) the bank account of Guangzhou Aoyu (the "Bank Account") in relation to the Investment and the Deemed Disposal having been established (which are satisfactory to the Investor) and the Investor having paid the investment sum of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) to the Bank Account;

- (2) the Investor having completed financial and legal due diligence in respect of Guangzhou Aoyu, the results of which are satisfactory to the Investor;
- (3) the Investor having obtained the necessary approval of the transactions contemplated under the Agreement;
- (4) Guangzhou Aoyu having obtained all the relevant approval of the Investment and the Deemed Disposal and the related matters from the relevant governmental authorities in the PRC;
- (5) the board of directors of Guangzhou Aoyu having passed a resolution to appoint one director, one deputy general manager and one chief financial officer of Guangzhou Aoyu nominated by the Investor; and
- (6) all representation and warranties given by the parties to the Agreement remain true, accurate and complete and not misleading; the parties are not in material breach of their duties and obligations of and undertakings given under the Agreement.

Completion

Completion shall take place on the date of completion of the business registration filings of Guangzhou Aoyu in relation to the Investment and the Deemed Disposal, which shall take place within 15 days from the date of the payment of the investment sum of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) by the Investor to Guangzhou Aoyu.

The parties are entitled to negotiate the buyback of all the equity interests in Guangzhou Aoyu then held by the Investor after 5 years from the date of completion of the Investment and the Deemed Disposal.

FINANCIAL INFORMATION OF GUANGZHOU AOYU

The following are the financial information on Guangzhou Aoyu for the two financial years ended 31 December 2012 and 2013:

	For the financial year ended	
	31 December	
	2012	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Turnover	605,677	246,702
Net Profit before taxation	373,386	81,160
Net Profit after taxation	214,845	40,807

The unaudited net asset value of Guangzhou Aoyu as at 30 June 2014 is RMB1,132,960,000.

FINANCIAL IMPACT OF THE DEEMED DISPOSAL ON THE GROUP

Following Completion, Guangzhou Aoyu will cease to become an indirect wholly-owned subsidiary of the Company, it remains a non wholly-owned subsidiary of the Company and the Group will hold approximately 53.96% of its equity interests. The financial results of Guangzhou Aoyu will continue to be consolidated by the Group.

Based on the existing information available to the Company, the expected gain from the Deemed Disposal will be amounted to approximately RMB18,000,000, which is based on the net asset value of Guangzhou Aoyu attributable to the Group after Completion less the net asset value of Guangzhou Aoyu attributable to the Group before Completion of the Investment and the Deemed Disposal. This expected gain from the Investment and the Deemed Disposal will be accounted for as an equity transaction and will be recognized as a movement in the reserves of the Group. The Investment and the Deemed Disposal will not result in any significant impact to the profit or loss of the Group.

APPLICATION OF THE INVESTMENT SUM

Guangzhou Aoyu intends to utilize the investment sum from the Investment and the Deemed Disposal for property development and general working capital of the Group.

REASONS FOR AND BENEFITS OF THE INVESTMENT AND THE DEEMED DISPOSAL

The principal activities of the Group comprise property development and property investment in the PRC. The Directors consider that the Investment and the Deemed Disposal could strengthen the business relationship between the Group and the Investor. Also, the Directors believe that the Investment and the Deemed Disposal would provide an additional source of capital for the Group to facilitate further development and expansion of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement, the Investment and the Deemed Disposal are on normal commercial terms, which are fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE INVESTOR

The Investor, headquartered in Beijing, the PRC, whose establishment was approved by the China Insurance Regulatory Commission, is a national life insurance company.

INFORMATION ABOUT EAST HARVEST, GUANGDONG AOYUAN AND GUANGZHOU AOYU

East Harvest is an investment holding company and was incorporated under the laws of Hong Kong.

Guangdong Aoyuan is an investment holding company and was established under the laws of the PRC.

As at the date of this announcement, East Harvest and Guangdong Aoyuan are the wholly-owned subsidiaries of the Company, and respectively own 98% and 2% of the equity interests in Guangzhou Aoyu.

Guangzhou Aoyu is a project company and its principal business is the property development of the Project, which involves the development, construction, sale and leasing of self-constructed commercial and financial buildings, and ancillary facilities in the parcel of land located at North side to Fude Road, South Downtown, Panyu District, Guangzhou (番禺區中心城區南區福德路北側) and the provision of property management services.

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As at the date of this announcement, Ace Rise holds 1,337,075,563 Shares, representing approximately 48.03% of the issued share capital of the Company and Cathay Property holds 293,175,563 Shares, representing approximately 10.53% of the issued share capital of the Company. Ace Rise and Cathay Property have formed a closely allied group of Shareholders, who collectively holds an aggregate of 1,630,251,126 Shares, representing approximately 58.56% of the entire issued share capital of the Company and have given their written approval of the transactions contemplated under the Agreement including the Investment and the Deemed Disposal, accordingly no extraordinary general meeting of the Company will be convened for the purpose of approving the transactions contemplated under the Agreement including the Investment and the Deemed Disposal.

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DEFINITIONS

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

“ Ace Rise ”	Ace Rise Profits Limited, a limited liability company incorporated under the laws of the BVI and a Shareholder
“ Agreement ”	the agreement dated 29 November 2014 (as supplemented by a supplemental agreement dated 29 November 2014) and entered into between the Investor, East Harvest and Guangdong Aoyuan in relation to the Investment
“ Board ”	the board of Directors
“ BVI ”	British Virgin Islands
“ Business Day ”	a day (not a Saturday) on which licensed banks in Hong Kong and the PRC are generally open for business during their normal business hours
“ Cathay Property ”	Cathay Sino Property Ltd., a limited liability company incorporated under the laws of the BVI and a Shareholder
“ 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
“ Completion ”	completion of the Investment and the Deemed Disposal
“ Deemed Disposal ”	the reduction of the Group’s equity interests in Guangzhou Aoyu by approximately 46.04% upon completion of the Investment
“ Directors ”	directors of the Company

“East Harvest”	East Harvest Investment Limited (耀發投資有限公司), a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company. As at the date of this announcement, it holds 98% of the equity interests in Guangzhou Aoyu
“Group”	the Company and its subsidiaries
“Guangdong Aoyuan”	廣東奧園置業有限公司 (for identification purpose only, in English, Guangdong Aoyuan Property Co. Ltd.), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, it holds 2% of the equity interests in Guangzhou Aoyu
“Guangzhou Aoyu”	廣州奧譽房地產開發有限公司 (for identification purpose only, in English, Guangzhou Aoyu Real Estate Development Co. Ltd.), a limited liability company established under the laws of the PRC and as at the date of this announcement, an indirect wholly-owned subsidiary of the Company
“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
“Investor”	華夏人壽保險股份有限公司 (for identification purpose only, in English, Huaxia Life Insurance Corporation Limited), a limited liability company established under the laws of the PRC and an Independent Third Party
“Investment”	the subscription by the Investor of approximately 46.04% of the equity interests in Guangzhou Aoyu by way of capital injection into its registered capital at the consideration of RMB1,000,000,000 (equivalent to approximately HK\$1,263,000,000) pursuant to the terms and conditions of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the Aoyuan Plaza Project in development by Guangzhou Aoyu in relation to a parcel of land located at North side to Fude Road, South Downtown, Panyu District, Guangzhou (番禺區中心城區南區福德路北側政府儲備用地南區地塊2-1) with an usage area of approximately 64,860 square metres

“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of the Company of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this announcement, the exchange rate at HK\$1.00 = RMB0.7918 has been used, where applicable, for the purpose of illustration only.

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

Hong Kong, 30 November 2014

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. Zhong Ping; the non-executive director of the Company is Mr. Paul Steven Wolansky; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.