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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 20 May 2009, Happy Genius (a wholly-owned subsidiary of the Company) and General Fortune as purchasers, Sky Honest and Nicco as vendors, and Skyfame as guarantor entered into the Agreement pursuant to which Happy Genius has agreed to acquire and Sky Honest and Nicco have agreed to sell an aggregate of 70% of the entire share capital and 70% of the shareholders' loan of Yaubond as at the Completion Date at a total consideration of HK\$352,098,086 and RMB12,000,000. Under the Agreement, Skyfame will guarantee the due and punctual performance by the Vendors of all their respective obligations under the Agreement.

As the Acquisition together with the purchase of the remaining interest in Yaubond by Happy Genius upon exercise of the options granted under the Agreement or the Shareholders' Agreement (as the case may be) exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition together with such purchase constitutes a discloseable transaction for the Company under the Listing Rules.

THE ACQUISITION

The Board wishes to announce that on 20 May 2009, Happy Genius (a wholly-owned subsidiary of the Company) and General Fortune as purchasers, Sky Honest and Nicco as vendors, and Skyfame as guarantor entered into the Agreement pursuant to which Happy Genius has agreed to acquire and Sky Honest and Nicco have agreed to sell an aggregate of 70% of the entire issued share capital and 70% of the shareholders' loan of Yaubond as at the Completion Date at a total consideration of HK\$352,098,086 and RMB12,000,000. Under the Agreement, Skyfame will guarantee the due and punctual performance by the Vendors of all their respective obligations under the Agreement.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

20 May 2009

Parties

Purchasers : Happy Genius
General Fortune, an Independent Third Party

Vendors : Sky Honest, an Independent Third Party
Nicco, an Independent Third Party

Guarantor : Skyfame, an Independent Third Party

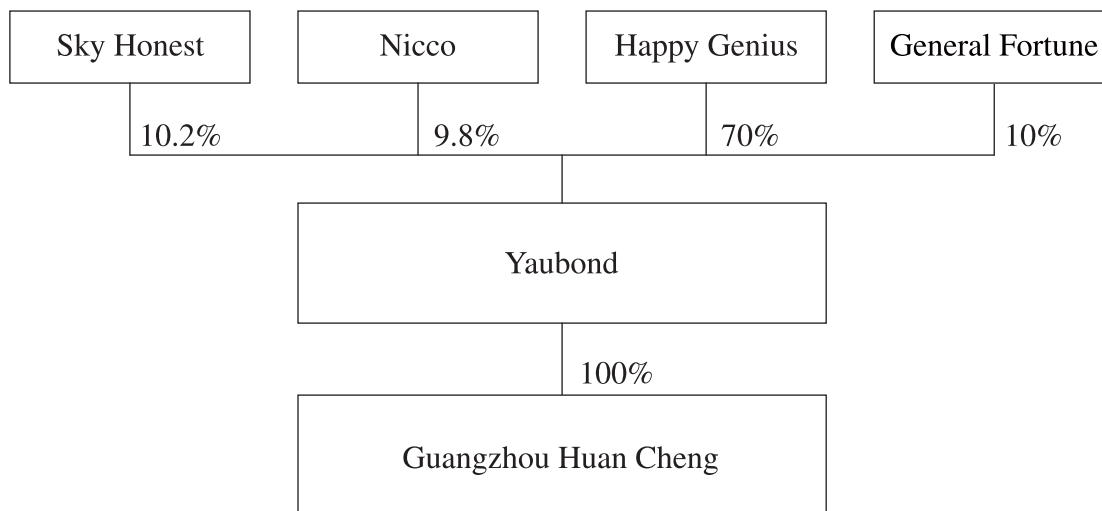
To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, General Fortune, Sky Honest, Nicco, Skyfame and each of their respective ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement:

- (a) Happy Genius has agreed to purchase and Sky Honest and Nicco have agreed to sell an aggregate of 70% of the entire issued share capital and 70% of the total shareholders' loan as at the Completion Date of Yaubond at a total consideration of HK\$352,098,086 and RMB12,000,000; and
- (b) General Fortune has agreed to purchase and Nicco has agreed to sell 10% of the entire issued share capital and 10% of the total shareholders' loan as at the Completion Date of Yaubond at a total consideration of RMB46,000,000.

Upon completion of the Agreement, Yaubond will be held as to 70% by Happy Genius, 10.2% by Sky Honest, 10% by General Fortune and 9.8% by Nicco. Yaubond will become a subsidiary of the Company. Structure of Yaubond immediately after completion of the Agreement is as follows:



For further information on the Yaubond Group, please refer to the paragraph headed “Information on the Yaubond Group” below.

Consideration

The consideration of HK\$352,098,086 and RMB12,000,000 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 (i) the value of the Project Land, (ii) Yaubond’s audited consolidated net asset value as at 31 December 2008 of HK\$323,854,000, and (iii) the expected costs and expenses for the Acquisition.

The consideration of HK\$352,098,086 and RMB12,000,000 will be satisfied by Happy Genius in the following manner:

- (a) Happy Genius shall pay HK\$36,572,780, to the escrow agent within three (3) Business Days from the date of the Agreement; and
- (b) on completion of the Agreement, Happy Genius shall:
 - (i) instruct the escrow agent to release the HK\$36,572,780 to Lehman Brothers;
 - (ii) pay a sum of HK\$147,426,820 to Lehman Brothers and a sum of HK\$156,740,400 to HSBC Trustee;
 - (iii) pay a sum of RMB7,000,000 and HK\$11,358,086 to a wholly-owned subsidiary of Skyfame; and

- (iv) deposit a sum of RMB5,000,000 to the bank account held under the name of Guangzhou Huan Cheng.

Lehman Brothers is the facility agent under the Sky Honest Loan Agreement entered into by Sky Honest in July 2007. HSBC Trustee is the trustee and security trustee under the Skyfame Convertible Bond entered into by Skyfame in March 2007.

Conditions

The Acquisition is conditional upon:

- (a) if applicable under the Listing Rules, the shareholders of the Company having passed the necessary resolutions (by way of poll) at an extraordinary general meeting of the Company to approve the Agreement and the transactions contemplated thereunder including the grant of put options and transactions arising from the exercise of the put options. In this respect, the Purchasers shall procure the single largest shareholder of the Company to vote for the terms and conditions of the Agreement and the transactions contemplated thereunder;
- (b) if applicable under the Listing Rules, the shareholders of Skyfame having passed the necessary resolutions (by way of poll) at a special general meeting of Skyfame. In this respect and subject to the compliance of the Listing Rules, unless the single largest shareholder of Skyfame is required by the Stock Exchange to vote against the resolutions, the Vendors and Skyfame shall procure the single largest shareholder of Skyfame to vote for the terms and conditions of the Agreement and the transactions contemplated thereunder;
- (c) if applicable under the Listing Rules, the shareholders of the Company (or, if applicable, its independent shareholders), having passed the necessary resolutions (by way of poll) at an extraordinary general meeting of the Company or if permitted by the Listing Rules, by way of written resolutions, to approve the transactions in relation to the purchase from the Vendors the remaining issued share capital and the shareholders' loan of Yaubond by exercising the put option granted by Happy Genius at a total consideration of RMB92,000,000 and the shareholders' loan provided by the Vendors after the Completion Date (which shall not exceed RMB60,000,000). In this respect, the Purchasers shall procure the single largest shareholder of the Company to vote for the transactions contemplated thereunder;
- (d) (i) under the Listing Rules, the shareholders of Skyfame having passed the necessary resolutions (by way of poll) at a special general meeting of Skyfame. In this respect and subject to the compliance of the Listing Rules, unless the single largest shareholder of Skyfame is required by the Stock Exchange to vote against the resolutions, the Vendors and Skyfame shall procure the single largest shareholder of Skyfame to vote for the transactions arising from the exercise of the put option granted by Happy Genius; or (ii) if Skyfame is not permitted under the Listing Rules or by the Stock Exchange to pass the resolution in relation to the transaction contemplated under the put option due to the uncertainty of the actual consideration, or unless the single largest shareholder of Skyfame is required by the Stock Exchange to vote against the resolution, the

Vendors and Skyfame shall procure the single largest shareholder of Skyfame to vote (by way of poll) for the sale of the remaining share capital and the shareholders' a loan of Yaubond at a total consideration of RMB92,000,000 and the capital contribution made by the Vendors after the Completion Date at an extraordinary general meeting of the Company or if permitted by the Listing Rules, by way of written resolutions;

- (e) the Vendors having obtained and provided to the Purchasers (i) all the consents, permits and approvals necessary under the Skyfame Convertible Bond and the Sky Honest Loan Agreement for the Agreement and the transactions contemplated thereunder; and (ii) a supplemental deed or agreement to the Skyfame Convertible Bond duly executed by all the parties to the Skyfame Convertible Bond amending the provisions of the Skyfame Convertible Bond such that the restrictions in relation to the daily operations and businesses of Yaubond and Guangzhou Huan Cheng respectively are absolutely released and discharged;
- (f) the Vendors having provided to the Purchaser a legal opinion issued by Guang Dong Fair Strategy Law Firm (廣東正大方略律師事務所), a firm of lawyers qualified to practice law in the PRC, or any other firm of PRC lawyers nominated by the Vendors and accepted by the Purchaser, to the Purchasers confirming that Guangzhou Huan Cheng has legally obtained the 《State Land Use Right Certificate》 in respect of the Project Land; the 《Development Land Use Approval》 and the current development plan are valid and the relevant application and procedure for the same have been completed (save and except the demolition and rebuilding of the fire station); and the land purchase price has been fully settled in compliance with the 《State Land Use Right Grant Contract》. All costs and expenses in respect of the PRC legal opinion will be settled by the Vendors;
- (g) the Vendors having provided to the Purchasers a legal opinion issued by a firm of lawyers qualified to practice law in the British Virgin Islands acceptable to the Purchasers confirming that (i) Yaubond and the Vendors are duly incorporated and subsisting and attaching a certificate of incumbency confirming particulars of the directors and shareholders of Yaubond and the Vendors, and (ii) the Vendors have duly executed the Agreement and the Agreement, when executed, constitute valid and legally binding obligations of the Company enforceable against the Vendors. All costs and expenses in respect of the British Virgin Islands legal opinion will be settled by the Vendors;
- (h) save and except additional events of default (as defined in Sky Honest Loan Agreement) covering revision of the Agreement, termination, unenforceability or grant of put option to the Vendors, the loan facilitated under the Sky Honest Loan Agreement shall be extended to not earlier than 1 October 2010. Notwithstanding the above extension, (i) the interest rate of the loan shall not exceed the existing interest rate; (ii) no further extension charge will be required; and the Noteholders shall waive to claim against the Vendors for any event of default or potential event of default;
- (i) the Company having provided to the Vendors an undertaking issued by Mr. Guo Zi Wen;

- (j) 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; and
- (k) the Vendors having executed the escrow agreements with the relevant escrow agents in respect of the escrow of the deposit to be paid by the Purchasers.

The Purchasers may waive in writing any of the conditions specified above (save and except conditions (a), (b), (c), (d), (e), (h) and (i)) at any time. If all the conditions specified above have not been satisfied or waived by 31 August 2009 (or such later date to be agreed between the parties in writing), then the Agreement shall lapse 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 the Purchasers.

Completion

Upon completion, the Vendors and the Purchasers will execute the following agreements:

- (a) a deed of tax indemnity;
- (b) an assignment of debt; and
- (c) Shareholders' Agreement.

Under the Shareholders' Agreement,

- (a) Happy Genius will grant a put option to the Vendors whereby the Vendors shall have the right to require Happy Genius to purchase from the Vendors the remaining issued share capital of Yaubond owned by the Vendors and the shareholders' loan of Yaubond provided by the Vendors. The option may be exercised by the Vendors at any time (whichever is later) within one year from the completion date of demolition of the fire station currently situated on the Project Land or within three months from the date the working permit of the Project Land is issued, and shall be exercised by the Vendors serving on Happy Genius a written notice. If the Vendors do not serve a written notice to Happy Genius, HSBC Trustee or Lehman Brothers shall have the right to exercise the option three months after the completion date of the demolition; and
- (b) the Vendors will grant a call option to Happy Genius whereby Happy Genius shall have the right to require the Vendors to sell to Happy Genius the remaining issued share capital of Yaubond and the shareholders' loan provided by the Vendors. The option may be exercised by Happy Genius at any time (whichever is later) within one year from the completion date of demolition of the fire station currently situated on the Project Land or within three months from the date the working permit of the Project Land being issued, and shall be exercised by Happy Genius serving on the Vendors a written notice.

The consideration for the transfer of the Vendors' remaining interest and the shareholders' loan of Yaubond shall be determined by the valuation of the Project Land and the net assets of the Yaubond Group at the time when the option is exercised, which shall not be less than an aggregate amount of RMB92,000,000 and the shareholders' loan provided by the Vendors after the Completion Date.

Completion of the transfer of the remaining issued share capital and the shareholders' loan of Yaubond shall take place within thirty days from the date of the written notice or five (5) Business Days after the date, approval by the shareholders of the Company is obtained if so required as a result of amendments to the Listing Rules after the date of the Agreement. In this respect, Happy Genius agrees to procure the single largest shareholder of the Company to vote for the above resolutions unless it is required to abstain from voting or to vote against the resolution. The transfer as referred herein shall lapse if the above resolutions approving the transfer shall not been passed within 120 days from the date when the consideration of the transfer is determined.

The exercise of the put option is at the sole discretion of the Vendors, HSBC Trustee or Lehman Brothers (as the case may be) and the exercise of the call option is at the sole discretion of Happy Genius. It is not necessary for the Company to obtain the approval from its shareholders at the time of the exercise of the put option. The Company will issue a separate announcement and fully comply with the applicable requirements under the Listing Rules as and when appropriate if Happy Genius or the Vendors, HSBC Trustee or Lehman Brothers (as the case may be) exercises the options.

Post completion matter — relocation of fire station — put and call options

Currently, there is a fire station built on the Project Land. Pursuant to the agreement dated 31 July 2007 made between Guangzhou Fire Department and Guangzhou Huan Cheng, Guangzhou Huan Cheng is responsible for demolishing the fire station built on the Project Land and building a new fire station in a nearby designated location. In respect of the relocation of the fire station, it was agreed under the Agreement that the Vendors will be responsible for the costs (including the subsequent maintenance costs) in connection with the demolition of the existing fire station, construction of a new fire station and application for the relevant government approvals, permits and certificates.

The Vendors have undertaken to complete the demolition of the existing fire station by 31 December 2009. The Agreement provides that:

- (a) if the Vendors fail to complete the demolition by 31 December 2009, the deadline for the completion of the demolition will be extended to 30 June 2010;

- (b) if the Vendors fail to complete the demolition by 30 June 2010:
- (i) the deadline for the completion of the demolition will be extended to 31 December 2010 and the Purchasers shall be entitled to a monthly fee, accruing on a daily basis and calculated at 25% per annum on the amount of consideration paid by the Purchasers from 1 July 2010 and up to (whichever is earlier) the date of completion of the demolition or 31 December 2010 or (if applicable) date of completion of the put option granted by Happy Genius and exercised by Lehman Brothers and/or HSBC Trustee; and
 - (ii) Happy Genius granted a put option to the Vendors at a consideration of HK\$10 whereby the Vendors shall have the right to require Happy Genius, to purchase from the Vendors of the remaining issued share capital and the shareholders' loan of Yaubond provided by them at a total consideration of RMB92,000,000 and the capital contribution made by the Vendors after the Completion Date. The option may be exercised by the Vendors at any time during the period commencing on 1 July 2010 and ending on 30 September 2010 and shall be exercised by the Vendors serving on Happy Genius a written notice. If the Vendors fail to complete the demolition of the existing fire station by 30 September 2009 and do not serve a written notice to Happy Genius, HSBC Trustee or Lehman Brothers shall have the right to exercise the option during the period commencing on 1 October 2010 and ending on 31 December 2010 by serving the written notice to Happy Genius. Completion of the transfer of the remaining issued share capital and the shareholders' loan of Yaubond upon the exercise of the put option shall take place within five (5) Business Days or such longer period as may be required by the Vendors, HSBC Trustee or Lehman Brothers in writing but in any event not later than fourteen days. However, if an approval is required by the shareholders of the Company as a result of amendments to the Listing Rules after the date of the Agreement, completion of such transfer shall take place within 120 days from the date of the Agreement; and
- (c) if the Vendors fail to (or, HSBC Trustee or Lehman Brothers, as the case may be) do not exercise the put option and the Vendors fail to complete the demolition by 31 December 2010, the Purchasers shall be entitled to (i) the payment of the monthly fee referred above provided that the maximum payment of the fee accrued from 1 July 2010 shall not exceed RMB70,000,000, and (ii) claim against the Vendors and Skyfame for all additional losses incurred.

The exercise of the put option is at the sole discretion of the Vendors, HSBC Trustee or Lehman Brothers (as the case may be). It is not necessary for the Company to obtain the approval from its shareholders at the time of the exercise of the put option. The Company will issue a separate announcement and fully comply with the applicable requirements under the Listing Rules as and when appropriate if the Vendors, HSBC Trustee or Lehman Brothers (as the case may be) exercise the put option.

The Vendors shall warrant and undertake to the Purchasers that the Vendors will be responsible for all the debts, loans, accounts payable, guarantee or charge of assets of the Yaubond Group incurred prior to the Completion Date except (i) the shareholders' loan, (ii) payment of certain contracts entered into by Guangzhou Huan Cheng specified in the Agreement and (iii) expenses with invoices incurred from the Project Land since 31 December 2008 which does not exceed RMB2,000,000.

Undertaking

Mr. Guo Zi Wen executed an undertaking in favour of the Vendors, HSBC Trustee and Lehman Brother on 20 May 2009 and has undertaken the following:

- (a) if the Company is required under the Listing Rules to pass the necessary resolutions in relation to the exercise of any of the put options by the Vendors, HSBC Trustee or Lehman Brothers (as the case may be) at an extraordinary general meeting of the Company, Mr. Guo Zi Wen shall vote for and procure his associate to vote for the transaction upon the exercise of the relevant put option;
- (b) on the date of the Agreement and on the Completion Date, none of Mr. Guo Zi Wen and his associate has any material interest which will require any of them to abstain from voting on or to vote against the resolutions approving and the transactions arising from the exercise of, the relevant put options at the relevant extraordinary general meeting of the Company (if any); and
- (c) Mr. Guo Zi Wen shall not, and shall procure that his associate shall not do anything which will result in any of them having material interest in and be required to abstain from voting on or to vote against the resolutions approving and the transactions arising from the exercise of, the relevant put options at the relevant extraordinary general meeting of the Company (if any).

INFORMATION ON THE YAUBOND GROUP

Yaubond is a single purpose vehicle and was established in the British Virgin Islands on 3 May 2005. The sole business of Yaubond is the holding of the entire equity interests in Guangzhou Huan Cheng, a wholly foreign-owned enterprise established under the laws of the PRC on 12 October 2004.

Guangzhou Huan Cheng is a project company and its sole business is the acquisition and development of the Project Land and the subsequent sale and leasing of the apartments built on the Project Land. Guangzhou Huan Cheng has obtained the 《State Land Use Right Certificate》 for a term of 40 years, commencing from 12 April 2005 and the relevant 《Development Land Use Approval》 in respect of the Project Land. The Project Land is free from any charge or mortgage. Under the current development plan, the Project Land will be developed into a commercial complex having a total gross floor area of approximately 113,031 square meters. As at the date of this announcement, demolition and construction work on the Project Land has not yet commenced.

Further information on the Yaubond Group as at the date of this announcement:

(a) Information on Yaubond

Name : Yaubond Limited
Date of incorporation : 3 May 2005
Place of incorporation : British Virgin Islands
Scope of business : Investment holding
Authorized share capital : US\$22,000,000 divided into 22,000,000 ordinary shares of US\$1.00 each
Issued share capital : US\$18,813,500 divided into 18,813,500 ordinary shares of US\$1.00 each

Shareholders	Percentage held
Sky Honest	51%
Nicco	49%
	<hr/>
	<u>100%</u>

(b) Information on Guangzhou Huan Cheng

Name : 廣州寰城實業發展有限公司 (Guangzhou Huan Cheng Development Company Limited)
Date of incorporation : 12 October 2004
Place of incorporation : Guangzhou, PRC
Duration of operation : From 21 July 2005 to 21 July 2020
Scope of business : Provision of company operation management, information consultancy services, property development of the Project Land, sale, leasing and management of the apartments built on the Project Land
Total investment amount : RMB650,000,000
Registered capital : RMB220,000,000 (fully paid up; obtained approval from Guangzhou Trade and Economic Cooperation Bureau to increase the registered capital to RMB420,000,000)

(c) Financial information of the Yaubond Group

Audited consolidated net : HK\$323,854,000
asset value as at 31
December 2008

Audited consolidated net : HK\$4,338,000
loss before tax for the
period ended 31
December 2008

Audited consolidated net : HK\$122,000
loss before tax for the
period ended 31
December 2007

Audited consolidated net : HK\$21,995,000
profit after tax for the
period ended 31
December 2008

Audited consolidated net : HK\$16,780,000
profit after tax for the
period ended 31
December 2007

The net profit after tax recorded for the years ended 31 December 2008 and 2007 were mainly attributable to income tax credit arising from the write-back in 2008 of over-provision of taxation made in previous years and change in tax rate in 2007.

REASONS FOR THE ACQUISITION

The principal activities of the Group comprise the 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 Board is of the view that the Project Land is situated in a prime location in Guangzhou, PRC which has much potential for development. The Directors believe that the Acquisition is in line with the business plan of the Company and, couple with the expertise of the Group in property development in the Guangzhou area, 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.

Skyfame is an investment holding company and its principal subsidiaries are engaged in investment holding, property development, the provision of project management and related services in the PRC. The Vendors are investment holding companies wholly-owned by Skyfame.

As the Acquisition together with the purchase of the remaining interest in Yaubond by Happy Genius upon exercise of the options granted under the Agreement or the Shareholders' Agreement (as the case may be) exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition together with such purchase constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

“Acquisition”	the proposed acquisition of 70% of the entire issued share capital of Yaubond and 70% of the shareholders' loan in Yaubond between, inter alia, the Company and Skyfame
“Agreement”	agreement dated 20 May 2009 made between Happy Genius and General Fortune as purchasers, Sky Honest and Nicco as vendors and Skyfame as guarantor in relation to the sale and purchase of the shares and shareholders' loan of Yaubond
“Board”	the board of Directors of the Company
“Business Days”	a day (not a Saturday) on which licensed banks in Hong Kong are generally open for business during their normal business hours
“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 Date”	the date of completion of the Agreement
“Directors”	directors of the Company
“General Fortune”	General Fortune Investment Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned by Mr. Hu Jin Xiong, an Independent Third Party
“Group”	the Company and its subsidiaries

“Guangzhou Huan Cheng”	廣州寰城實業發展有限公司 (Guangzhou Huan Cheng Development Company Limited), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of Yaubond
“Happy Genius”	Happy Genius Management Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HSBC Trustee”	the trustee and security trustee as defined under the Skyfame Convertible Bond
“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
“Lehman Brothers”	Lehman Brothers Commercial Corporation Asia Limited, the facility agent as defined under the Sky Honest Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nicco”	Nicco Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Skyfame
“Noteholder(s)”	the noteholder(s) as defined under the Skyfame Convertible Bond
“PRC”	People’s Republic of China
“Project Land”	a piece of land located at the junction of Tianhe Bei Road and Linhe Dong Road, Tianhe District, Guangzhou City, Guangdong Province, PRC with a development site area of approximately 6,057 square meters
“Purchasers”	Happy Genius and General Fortune
“Shares”	shares of HK\$0.01 each in the issued share capital of the Company
“Shareholders’ Agreement”	a shareholders’ agreement in relation to Yaubond to be entered into by the Vendors and the Purchasers
“Sky Honest”	Sky Honest Investment Corp., a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Skyfame
“Sky Honest Loan Agreement”	the loan agreement entered into, inter alia, by Sky Honest in July 2007

“Skyfame”	Skyfame Realty (Holdings) Limited, a company incorporated under the laws of Bermuda and whose shares are listed on the Stock Exchange (stock code: 59)
“Skyfame Convertible Bond”	the note purchase agreement entered into, <i>inter alia</i> , by Skyfame in March 2007 relating to the issue and purchase of the unlisted secured convertible notes with an aggregate principal amount of US\$200,000,000 issued by Skyfame
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Sky Honest and Nicco
“Yaubond”	Yaubond Limited, a company incorporated under the laws of the British Virgin Islands
“Yaubond Group”	Yaubond and Guangzhou Huan Cheng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

The exchange rate adopted for the purpose of the Agreement is HK\$1.00 = RMB0.88043, which was the closing middle point spot rate for HK\$ against RMB quoted by the People’s Bank of China on 13 May 2009.

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

Hong Kong, 20 May 2009

As at the date of this announcement, the directors comprising of (1) the executive directors namely Mr Guo Zi Wen, Mr Wu Jie Si, Mr Guo Zi Ning (Mr Guo Zi Ning is also the alternate director of Mr He Jianbing), Mr Zheng Jian Jun and Mr Hu Da Wei; (2) the non-executive directors namely Mr Paul Steven Wolansky, Mr Leung Ping Chung, Hermann (Mr Leung Ping Chung, Hermann is also the alternate director of Mr Paul Steven Wolansky) and Mr He Jianbing; (3) the independent non-executive directors namely Mr Song Xian Zhong, Mr Ma Kwai Yuen and Mr Tsui King Fai.