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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)

POSSIBLE MAJOR TRANSACTION

**TENDER SUBMISSION FOR ACQUISITION OF APPROXIMATELY 22.0733%
SHARE CAPITAL OF CHINA SPORTS INDUSTRY GROUP CO. LTD.***

SUBMISSION OF TENDER

The Board is pleased to announce that the Tenderer has submitted the Tender on 5 July 2017 to the Vendor to acquire approximately 22.0733% of the entire share capital of China Sports Industry Group Co. Ltd.* and has paid a refundable Tender fee of RMB50 million (equivalent to approximately HK\$57,471,300) to the Vendor in accordance with its requirement under the Tender document.

Pursuant to the Tender announcement of the Target Company, the result of the Tender will be announced after completion of all due diligence exercise on the tenderer(s) to be conducted by the Vendor.

If the Tenderer is successful with the bidding at the Tender, the Vendor and the Tenderer will commence to negotiate the terms and conditions of the Proposed Acquisition and enter into a share transfer agreement. If the Tenderer is unsuccessful with the bidding at the Tender, the Tender fee of RMB50 million will be refunded in full to the Tenderer.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition, if succeeded, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Proposed Acquisition and the transactions contemplated thereunder are subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Proposed Acquisition and the transactions contemplated thereunder 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. As far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Acquisition and the transactions contemplated thereunder.

As at the date of this announcement, Joy Pacific Group Limited and its subsidiary, Ace Rise Profits Limited together hold 1,445,632,625 Shares in aggregate, representing 54.11% of the entire issued share capital of the Company, and have given their irrevocably and unconditional written approvals of the Proposed Acquisition and the transactions contemplated thereunder. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of the approval of the Proposed Acquisition and the transactions contemplated thereunder.

GENERAL

In the event if the Tenderer is successful with the bidding at the Tender and a definitive agreement is entered into between the Company and the Vendor, the Company will make further announcement pursuant to Chapter 14 of the Listing Rules and a circular will also be despatched to the Shareholders in accordance with the requirements under the Listing Rules.

As the Proposed Acquisition is subject to the result of the Tender and terms and conditions of the share transfer agreement to be concluded and entered into between the Vendor and the Tenderer, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that the Tenderer has submitted the Tender on 5 July 2017 to the Vendor to acquire the Target Shares of China Sports Industry Group Co. Ltd.* and has paid a refundable tender fee of RMB50 million (equivalent to approximately HK\$57,471,300 million) to the Vendor in accordance with its requirement under the Tender document.

The closing date of the Tender was 5 July 2017. The result of the Tender will be announced after completion of all due diligence exercises on the tenderer(s) to be conducted by the Vendor. The Company will make an announcement on the result of the Tender when it is available.

TENDER

Summarised below are the principal terms of the Tender announcement of the Target Company:

Submission date of the Tender

5 July 2017

Parties

The Vendor: Fund Management Center of General Administration of Sport of China* 國家體育總局體育基金管理中心, a government authority supervised under General Administration of Sport of China

The Tenderer: Aoyuan Group Company Limited* 奧園集團有限公司

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is an Independent Third Party.

Consideration

According to the Tender announcement, the Tender price for the Target Share shall not be less than RMB17.53 per share, representing the weighted average price per share for 30 trading days before the Tender announced by the Target Company.

Tender fee

As at the date of this announcement, the Tenderer has paid a refundable tender fee of RMB50 million (equivalent to approximately HK\$57,471,300) to qualify as a participant in the Tender, which will form part of the consideration of the Proposed Acquisition if the Tenderer is successful with the bidding at the Tender. If the Tenderer is unsuccessful with the bidding at the Tender, the Tender fee of RMB50 million will be refunded in full to the Tenderer.

Share transfer agreement

Pursuant to the Tender announcement, if the Tenderer is successful with the bidding at the Tender, the Vendor and the Tenderer will commence to negotiate the terms and conditions of the Proposed Acquisition and enter into a share transfer agreement. However, terms and conditions of the share transfer agreement shall be subject to the approval of the General Administration of Sport of China and the Ministry of Finance of the PRC to be obtained by the Vendor. Meanwhile, the Proposed Acquisition and the transaction thereunder shall also be subject to the requirements of the Listing Rules and the relevant PRC laws, listing rules and regulations.

Completion

In the event that the completion of the Proposed Acquisition takes place, the Company will indirectly hold approximately 22.0733% of the entire share capital of China Sports Industry Group Co., Ltd.*, which will not become a subsidiary of the Group and its financial results will not consolidated into the consolidated financial statement of the Group.

INFORMATION ABOUT THE VENDOR

The Vendor is the governmental authority supervised under the General Administration of Sport of China for, inter alia, the management of its investment in and promulgation of policies of sports industry in the PRC. The General Administration of Sport of China is a national administrative organisation and is subordinate to the State Council, the PRC.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company, China Sports Industry Group Co. Ltd.* (中體產業集團股份有限公司), is a company incorporated under the laws of the PRC and shares of which are listed on the Shanghai Stock Exchange (SHA:600158). It is mainly engaged in the property development, construction and operation of sports stadiums and sports facilities. As of the date of this announcement, the Vendor holds approximately 22.0733% of the entire share capital of the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Company and its ultimate beneficial owners are Independent Third Parties.

FINANCIAL INFORMATION OF THE TARGET COMPANY AND ITS SUBSIDIARIES

The following are the audited consolidated financial information on the Target Company for the two financial years ended 31 December 2016:

	For the financial year ended 31 December 2016 (audited) RMB	For the financial year ended 31 December 2015 (audited) RMB
Turnover (approx.)	1,186,170,813	851,407,978
Net profit before taxation (approx.)	84,005,750	82,986,382
Net profit after taxation (approx.)	60,956,924	71,135,481
Net Assets (approx.)	1,856,460,029	1,822,078,610

The unaudited net asset value of the Target Company as at 31 March 2017 was approximately RMB1,837,583,000.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The principal activities of the Group comprise property development and property investment in the PRC. The Group has been developing with its branding philosophy of “Building a Healthy Lifestyle” and launched Guangzhou Olympic Garden (廣州奧林匹克花園), the first community coupled with sports theme, with the Target Company in 1997. In view of the flourishing market of fitness and leisure industry in the PRC, which has been one of the industries under the planning of the State with a huge potential, the Board considered that the Proposed Acquisition is a good opportunity for the Group to enhance the property development projects coupled with the sports theme under its brand name “Aoyuan” and achieve a synergy effect between the competitiveness in terms of platform and operation arising from the Proposed Acquisition and the Group’s brand name, for the development of fitness and leisure facilities coupled with residential, cultural and commercial properties, which would lay the foundation for the property development of a “sport town” by the Group.

Having considered that the Proposed Acquisition allows the Company to (a) ingrain the Group’s brand name and development philosophy; (b) extend the business scope in relation to sports industry in the PRC; and (c) diversify its scope of business and broaden its income stream, the Directors are of the view that terms and conditions of the Tender documents are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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As at the date of this announcement, Joy Pacific Group Limited and its subsidiary, Ace Rise Profits Limited together hold 1,445,632,625 Shares in aggregate, representing 54.11% of the entire issued share capital of the Company, and have given their irrevocably and unconditional written approvals of the Proposed Acquisition and the transactions contemplated thereunder. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of the approval of the Proposed Acquisition and the transactions contemplated thereunder.

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In the event if the Tenderer is successful with the bidding at the Tender and a definitive agreement is entered into between the Company and the Vendor, the Company will make further announcement pursuant to Chapter 14 of the Listing Rules and a circular will also be despatched to the Shareholders in accordance with the requirements under the Listing Rules.

As the Proposed Acquisition is subject to the result of the Tender and terms and conditions of the share transfer agreement to be concluded and entered into between the Vendor and the Tenderer, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Target Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Sports Industry Group Co. Ltd.* 中體產業集團股份有限公司 is a company incorporated under the laws of the PRC and shares of which are listed on the Shanghai Stock Exchange (SHA: 600158)
“Target Shares”	186,239,981 shares of the Target Company, representing approximately 22.0733% of the entire share capital of the Target Company legally and beneficially held by the Vendor
“Tender”	the tender submitted by Tenderer on 5 July 2017 to the Vendor to acquire the Target Shares through an open tender

- “**Tenderer**” Aoyuan Group Company Limited* 奧園集團有限公司, a company incorporated under the law of the PRC and the wholly-owned subsidiary of the Company
- “**Vendor**” Fund Management Center of General Administration of Sport of China Sport 國家體育總局體育基金管理中心, a governmental authority supervised under the General Administration of Sport of China, an Independent Third Party. As at the date of this announcement, it holds approximately 22.0733% of the entire share capital of the Target Company
- “**%**” per cent.

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

Hong Kong, 5 July 2017

For the purpose of this announcement, the exchange rate at HK\$1.00 = RMB0.870 has been used, where applicable, for the purpose of illustration only.

As at the date of this announcement, the executive Directors are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Ms. Zhong Ping and Mr. Ma Jun; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.

* *For identification purpose only*