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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 THE ENTIRE EQUITY INTERESTS OF
THE TARGET COMPANY

THE ACQUISITION

The Board wishes to announce that on 7 August 2017 (after trading hours), the Vendors, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interests in the Target Company at the Consideration of RMB783,615,800 (equivalent to HK\$908,994,328) in cash.

Following the completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5%, but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As completion of the Acquisition is subject to the terms and conditions under the Equity Transfer Agreement, the Acquisition 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 7 August 2017 (after trading hours), the Vendors, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interests in the Target Company at the Consideration of RMB783,615,800 (equivalent to HK\$908,994,328) in cash.

THE EQUITY TRANSFER AGREEMENT

Summarised below are the principal terms of the Equity Transfer Agreement:

Date: 7 August 2017 (after trading hours)

Parties: (a) the Vendors;
(b) the Purchaser; and
(c) the Target Company.

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

Nature of the transaction and assets to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interests in the Target Company. Upon the completion of the Acquisition, (a) the Purchaser will own the entire equity interests in the Target Company, which enables the Purchaser to develop and engage in the Project Land; and (b) the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

Consideration

Subject to the terms and conditions of the Equity Transfer Agreement, the Consideration is RMB783,615,800 (equivalent to HK\$908,994,328), which shall be settled in accordance with the following manners and conditions:

1. Payment of the deposit

Within ten working days after the date of the Equity Transfer Agreement, the Purchaser shall pay the deposit of RMB80,000,000 into the bank account designated by the Vendors. The said deposit shall be applied by the Vendors for the purposes of settling all the debts of the Target Company and discharging the mortgage over one of the parcels of the Project Land.

2. Opening the Joint Bank Account

Within three working days after the date of the Equity Transfer Agreement, the Purchaser and the Vendors shall open the Joint Bank Account accordingly.

3. First Payment

Within ten working days after the date of the Equity Transfer Agreement, an amount of RMB673,615,800 as the first payment (“**First Payment**”) shall be deposited by the Purchaser into the Joint Bank Account. The Vendors shall, on the next day, conduct the update and registration in the relevant industrial and commercial administration bureau and taxation administration authorities with respect to the Acquisition. Upon completion of the above procedures, the First Payment shall be released from joint control and vested in the Vendors. In the event that the Vendors fail to complete the above procedures, the Equity Transfer Agreement shall be terminated and the First Payment, together with any interest accrued in the Joint Bank Account, shall be returned to the Purchaser.

4. Final payment

Within ten working days after the following conditions are satisfied, the Purchaser shall deposit the final payment of RMB30,000,000 to the bank accounts designated by the Vendors:

- (a) 100% equity interests in the Target Company having been legally owned by the Purchaser;
- (b) the company seal, company stamp and all documents, including but not limited to books and records, contracts, and governmental licenses and permits of the Target Company and the Project Land, having been transferred from the Vendors to the Purchaser;
- (c) an application having been made to the government authority for extending the notices of planning conditions in relation to the Project Land for one year, and approval having been granted by the government authority;
- (d) site clearance of the Project Land having been completed by the Vendors within six months upon the Purchaser’s request and the Project Land having been handed over to the management team of the Purchaser;
- (e) all mortgage, pledge and guarantee of the Target Company having been released and discharged; and
- (f) all debts of the Target Company having been fully settled.

Basis of Consideration

The Consideration was arrived at after arm’s length negotiations between the Vendors and the Purchaser and was determined with reference to (a) the paid-up registered capital of the Target Company; (b) the estimated market value of the Project Land with the prevailing market prices of the property developments nearby; and (c) other factors as set out in the paragraph headed “Reasons for and Benefits of the Acquisition” below.

Based on the foregoing, the Directors are of the view that the Consideration is fair and reasonable. The Consideration shall be funded by the Group’s internal resources.

COMPLETION

Following the completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

TERMINATION OF THE ACQUISITION

If the Vendors breach their representations and warranties, or fail to observe their obligations under the Equity Transfer Agreement, the Purchaser is entitled to (a) terminate the Equity Transfer Agreement and claim against the Vendors for any loss therefrom; or (b) request the Vendors to continue to perform the Equity Transfer Agreement and claim against the Vendors for any loss therefrom. If the Equity Transfer Agreement cannot be performed due to default of any party, the party in default shall make compensation to the other party at the amount equivalent to 20% of the Consideration.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the unaudited financial information of the Target Company for the financial years ended 31 December 2015 and ended 31 December 2016:

	For the financial year ended	
	31 December	
	2016	2015
	(unaudited)	(unaudited)
	(Approximately)	(Approximately)
	RMB	RMB
Net losses before taxation	266,730	268,931
Net losses after taxation	266,730	268,931
Total assets	220,723,091	220,062,655
Net assets	69,998,359	70,265,088

The unaudited net assets of the Target Company as at 30 June 2017 is approximately RMB68,192,306 (equivalent to approximately HK\$79,103,075).

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of the PRC. It is principally engaged in the businesses of, among other things, property development, installation of water and electricity system and sale of building materials, which involve the property development and construction of the Project Land comprising two parcels of land located in Tongqiao Town in HZZK Hi-tech Industrial Development Zone, Huizhou, Guangdong Province (廣東省惠州仲愷高新區潼僑鎮) with State-owned Land Use Rights Certificate (國有土地使用證) of Hui Fu (2014) No. 13021550302* (惠府(2014)第13021550302號) and Real Property Ownership Certificate (不動產權證書) of Yue (2017) Huizhou Real Property No. 5006052* (粵(2017)惠州市不動產權第5006052號) for residential, wholesale and retail uses.

INFORMATION ABOUT THE VENDORS

The Vendors are individual investors who together owned the entire equity interests in the Target Company prior to the Acquisition and are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group comprise property development and property investment in the PRC. The Target Company involves in the development of the Project Land with a total site area of approximately 128,340 square meters and total gross floor area of approximately 356,189 square meters for residential, wholesale and retail uses. Considering that the Project Land is located in HZZK Hi-tech Industrial Development Zone, the core area of Shenzhen-Dongguan-Huizhou District (深莞惠區域), where it is easily accessible to various trunk roads and railway systems and adjacent to a number of communal facilities, the Directors believe that the Acquisition will provide an opportunity to the Group to consolidate and strengthen the Group's land bank in Guangdong Province with a convenient location. The Directors are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5%, but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As completion of the Acquisition is subject to the terms and conditions under the Equity Transfer Agreement, the Acquisition 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:

“Acquisition”	the acquisition of the entire equity interests in the Target Company as contemplated under the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	China Aoyuan Property Group Limited (中國奧園地產集團股份有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock code: 3883)
“Consideration”	RMB783,615,800 (equivalent to HK\$908,994,328), being the consideration of the Acquisition
“Directors”	the directors of the Company

“Equity Transfer Agreement”	the equity transfer agreement dated 7 August 2017 and entered into among the Vendors, the Purchaser and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“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
“Joint Bank Account”	a bank account opened under the name of the Vendors pursuant to the Equity Transfer Agreement, the personal stamp of which shall be kept by the Vendors and the financial stamp of which shall be kept by the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Project Land”	two parcels of land located in Tongqiao Town in HZZK Hi-tech Industrial Development Zone, Huizhou, Guangdong Province (廣東省惠州仲愷高新區潼僑鎮) with State-owned Land Use Rights Certificate (國有土地使用證) of Hui Fu (2014) No. 13021550302* (惠府(2014)第13021550302號) and Real Property Ownership Certificate (不動產權證書) of Yue (2017) Huizhou Real Property No. 5006052* (粵(2017)惠州市不動產權第5006052號)
“Purchaser”	廣東奧園商業地產集團有限公司 (Guangdong Aoyuan Commercial Real Estate Group Co., Ltd.*), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of the Company with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	惠州市鴻泰昌實業有限公司 (Huizhou Hongtaichang Industrial Co., Ltd.*), a limited liability company incorporated under the laws of the PRC

“Vendors”	Mr. Rong Guoqiang* (容國強先生) and Mr. Yao Lixin* (姚立新先生), who owned 75% and 25% of the equity interests in the Target Company prior to entering into the Equity Transfer Agreement, respectively
“HK\$”	the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 7 August 2017

For the purpose of this announcement, the exchange rate at RMB1.00 = HK\$1.16 has been used, where applicable, for the purpose of illustration only.

** for identification purpose only. If there is any inconsistency, the Chinese titles or names shall prevail.*

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.