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中國奧園集團股份有限公司
China Aoyuan Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

DISCLOSEABLE TRANSACTION
ACQUISITION OF CERTAIN SHARES IN
AEON LIFE INSURANCE COMPANY, LTD.*

THE ACQUISITION

The Board wishes to announce that on 19 July 2019 (after trading hours), the Vendors and the Purchaser, which is a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreements, pursuant to which the Purchaser has agreed to acquire and the Vendors have agreed to sell the Target Shares, representing an aggregate of approximately 13.86% of the total shares of the Target Company as at the date of this announcement, at the Consideration of RMB3,261,600,000.

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 is subject to the terms and conditions under the Share Transfer Agreements, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board wishes to announce that on 19 July 2019 (after trading hours), the Vendors and the Purchaser, which is a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreements, pursuant to which the Purchaser has agreed to acquire and the Vendors have agreed to sell the Target Shares, representing an aggregate of approximately 13.86% of the total shares of the Target Company as at the date of this announcement, at the Consideration of RMB3,261,600,000.

THE SHARE TRANSFER AGREEMENTS

Summarised below are the principal terms of the Share Transfer Agreements:

Date: 19 July 2019 (after trading hours)

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

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

Nature of the transaction and assets to be acquired

The Purchaser has agreed to acquire and the Vendors have agreed to sell the Target Shares, representing an aggregate of approximately 13.86% of the total shares of the Target Company as at the date of this announcement.

Consideration

The aggregate Consideration is RMB3,261,600,000, which shall be settled by the Purchaser in cash in the following manner:

- (a) Regarding the amount of RMB2,416,000,000 payable to Vendor A, the whole amount shall be paid upon signing of the relevant Share Transfer Agreement;
- (b) Regarding the amount of RMB604,000,000 payable to Vendor B, the whole amount shall be paid within seven working days after the relevant Share Transfer Agreement becomes effective; and
- (c) Regarding the amount of RMB241,600,000 payable to Vendor C, the whole amount shall be deposited to an escrow account jointly managed by Vendor C and the Purchaser within seven working days after the relevant Share Transfer Agreement becomes effective. The whole amount shall be released to Vendor C upon granting of approval of the Acquisition by CBIRC.

The Consideration shall be funded by internal financial resources of the Group.

Basis of Consideration

The Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser and was determined having taken into account (a) the audited net asset value of the Target Company; (b) the prospect of the insurance industry in the PRC; (c) the business prospects of the Target Company; and (d) other factors as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below.

CONDITIONS PRECEDENT

Completion is subject to and conditional upon the satisfaction in full or (where appropriate) the waiver of the following conditions:

- (a) the approval of CBIRC having been obtained and update of business registration having been completed in respect of the change of shareholders of the Target Company under the Acquisition;
- (b) all necessary procedures, consent or approval as required on the part of the Vendors in relation to the Acquisition having been completed or obtained (as the case may be);
- (c) all necessary procedures, consent or approval as required on the part of the Purchaser in relation to the Acquisition having been completed or obtained (as the case may be);
- (d) the warranties given by the Vendors in the Share Transfer Agreements remain true and accurate in all material aspects; and
- (e) the warranties given by the Purchaser in the Share Transfer Agreements remain true and accurate in all material aspects.

The Purchaser may at any time at its absolute and sole discretion waive in writing conditions (b) and/or (d), whereas the Vendors may at any time at their absolute and sole discretion waive in writing conditions (c) and/or (e). Condition (a) is incapable of being waived.

COMPLETION

Completion shall take place on the date of fulfilment or waiver (as the case may be) of the conditions set out in the paragraph headed "Conditions Precedent" above. Upon Completion, (i) the Target Company will be owned as to approximately 13.86% by the Company through the Purchaser, and as to approximately 86.14% by other shareholders who are Independent Third Parties; and (ii) each of Vendor A and Vendor B will cease to hold any shares in the Target Company, while Vendor C will still hold approximately 0.81% of the Target Company's total shares.

TERMINATION

Each of the Share Transfer Agreements may be terminated in the following circumstances:

- (a) By mutual written consent of the Purchaser and the respective Vendors;
- (b) If without any fault on the part of the Purchaser, CBIRC issues an administrative non-approval (“**Non-Approval**”) regarding the Acquisition or CBIRC has not issued its approval regarding the Acquisition within 180 days after the payment of the Consideration by the Purchaser under the respective Share Transfer Agreements, the Purchaser is entitled to terminate the relevant Share Transfer Agreement(s) by written notice to the relevant Vendor(s) within five days after (i) the expiry of the aforesaid 180-day period or (ii) the date on which the Target Company receives the Non-Approval, whichever is earlier, and the relevant Vendor(s) shall refund the received amount of the Consideration to the Purchaser within five working days after the receipt of such termination notice from the Purchaser; or
- (c) Occurrence of force majeure circumstances without default of any parties of the relevant Share Transfer Agreement(s).

FINANCIAL INFORMATION OF THE TARGET COMPANY

The following table sets forth certain audited financial information of the Target Company for the years ended 31 December 2017 and 2018 prepared under generally accepted accounting principles in the PRC:

	For the year ended 31 December 2018 <i>(Approximately)</i> <i>RMB'000</i>	For the year ended 31 December 2017 <i>(Approximately)</i> <i>RMB'000</i>
Revenue	41,136,797	32,007,571
Net profit before taxation	667,785	353,246
Net profit after taxation	697,144	350,519

	As at 31 December 2018 <i>(Approximately)</i> <i>RMB'000</i>	As at 31 December 2017 <i>(Approximately)</i> <i>RMB'000</i>
Total assets	95,289,533	68,733,869
Net assets	3,998,988	6,587,337

The unaudited net assets of the Target Company as at 30 June 2019 is approximately RMB5,685,583,000.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability in June 2009. It is an entity regulated by CBIRC which operates life insurance business in the PRC. It is primarily engaged in the provision of life insurance, health insurance, personal accident insurance, re-insurance, permitted usage of proceeds generated from insurance premium and other businesses as approved by CBIRC.

INFORMATION ABOUT THE VENDORS

Prior to the Acquisition, Vendor A, Vendor B and Vendor C hold 800,000,000 shares, 200,000,000 shares and 142,800,000 shares in the Target Company, respectively, representing approximately 10.26%, 2.57% and 1.83% of the Target Company's total shares, respectively.

The Vendors are companies established under the laws of the PRC with limited liability. Vendor A is principally engaged in investment and property management, Vendor B is principally engaged in property development and management, while Vendor C is principally engaged in property development and leasing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is committed to proactively innovate and diversify its business model. It has developed into a conglomerate enterprise which covers various business segments, including property development, health and wellness, cultural tourism and cross-border e-commerce. Following the spin-off and separate listing of Aoyuan Healthy Life Group Company Limited (Stock Code: 3662) on the Main Board of the Stock Exchange in March 2019, the Group has enhanced its business strategy of "One Core Business with Vertical Development".

The investment in a life insurance company provides unique value due to the great development potential and high entry barriers in the PRC life insurance market, as well as stable income streams that the business can generate. The Target Company has been one of the fastest growing company in terms of the compound annual growth rate of premium in the PRC life insurance market. It has expanded into 20 provinces and cities. The Target Company is starting to reap the benefits from its robust growth and it is expected to generate stable and sizeable investment return. On the other hand, the Group's abundant resources and competitive advantages in the Guangdong-Hong Kong-Macao Greater Bay Area will contribute to the business expansion of the Target Company.

With the improvement in the PRC economic development and the increasing aging population, the PRC Government has implemented favourable policies in the health and wellness industry to satisfy the demand for enhancing quality of life. Considering that the Group's business in health and wellness is closely tied with insurance services, the Acquisition will provide an ideal potential opportunity and platform for the Group to cooperate with the Target Company in the health and wellness industry. Hence, the Acquisition will allow the Group and the Target Company to achieve strategic synergies and complementarities in terms of business development, customer resources, customer experience, etc..

Having considered the above, the Board is of the view that the Acquisition is in line with the Group's business strategy, and that the terms of the Share Transfer Agreements, including the Consideration, are on normal commercial terms, which are fair and reasonable and are in the best interest 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 is subject to the terms and conditions under the Share Transfer Agreements, the Acquisition may or may not proceed. Shareholders and potential investors of the Company 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 Target Shares as contemplated under the Share Transfer Agreements
“Board”	the board of Directors
“CBIRC”	the China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會)
“Company”	China Aoyuan Group Limited (中國奧園集團股份有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock code: 3883)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Transfer Agreements
“Consideration”	RMB3,261,600,000, being the total consideration of the Acquisition
“Director(s)”	the director(s) of the Company
“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
“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
“Purchaser”	奧園集團有限公司 (Aoyuan Corporation (Group) Limited*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreements”	the Share Transfer Agreements dated 19 July 2019 and entered into between the Purchaser and each of the Vendors in relation to the Acquisition, and “Share Transfer Agreement” means any one of them
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	百年人壽保險股份有限公司 (Aeon Life Insurance Company, Ltd.*), a company established under the laws of the PRC with limited liability
“Target Shares”	1,080,000,000 shares of the Target Company, representing approximately 13.86% of the total shares of the Target Company as at the date of this announcement
“Vendors”	collectively, Vendor A, Vendor B and Vendor C
“Vendor A”	大連城市建設集團有限公司 (Dalian City Construction Group, Ltd.*), a limited liability company established under the laws of the PRC
“Vendor B”	大連乾豪坤實置業有限公司 (Dalian Qianhao Kunshi Property Co., Ltd.*), a limited liability company established under the laws of the PRC

“Vendor C” 大連國泰房地產開發有限公司 (Dalian Guotai Property Development Co., Ltd.*), a limited liability company established under the laws of the PRC

“%” per cent.

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

Hong Kong, 19 July 2019

** All of the English titles or names of the PRC entities, as well as certain items contained in this announcement have been included 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 of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun and Mr. Chan Ka Yeung Jacky; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.