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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 PROJECTS IN ZHEJIANG, THE PRC**

THE ACQUISITION

The Board wishes to announce that on 30 December 2016 (after trading hours), the Vendor, the Purchaser, the Vendor Guarantors, the Purchaser Guarantor and the Target Companies entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Companies and the Shareholder's Loan from the Vendor at the total Consideration of RMB710,000,000 in cash. Upon Completion, the Purchaser will own the entire equity interest in each of the Target Companies, which enables the Purchaser to develop and engage in the Projects.

Each of the Vendor Guarantors has agreed to provide guarantee to the due performance of the obligations of the Vendor under the Equity Transfer Agreement.

The Completion is subject to the terms and conditions under the Equity Transfer Agreement as more particularly set out in the section headed "Completion".

Following Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated by the Group.

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 reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As Completion 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 30 December 2016 (after trading hours), the Vendor, the Purchaser, the Vendor Guarantors, the Purchaser Guarantor and the Target Companies entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Companies and the Shareholder's Loan from the Vendor at the total Consideration of RMB710,000,000 in cash.

THE EQUITY TRANSFER AGREEMENT

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

Date: 30 December 2016 (after trading hours)

Parties:

- (a) the Vendor
- (b) the Purchaser
- (c) the Vendor Guarantors
- (d) the Purchaser Guarantor
- (e) the Target Companies

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Vendor, the Vendor Guarantors, the Target Company and their ultimate beneficial owners 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 Vendor has conditionally agreed to sell the entire equity interest in the Target Companies and the Shareholder's Loan. Upon Completion, (a) the Purchaser will own the entire equity interest in the Target Companies, which enables the Purchaser to develop and engage in the Projects; and (b) the Target Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated by the Group.

Consideration

The total Consideration payable by the Company is RMB710,000,000 which shall be satisfied in the following manners and conditions:

- (a) within three working days after the date of the Equity Transfer Agreement, the Purchaser shall deposit a sum of RMB680,000,000 (the “**Deposit**”) into an escrow bank account jointly maintained by the Vendor and the Purchaser (“**Escrow Bank Account**”). The Deposit shall be released and transferred to the designated bank account of the Vendor if the conditions set out in the paragraph headed “Conditions precedent” below having been fulfilled upon Completion; and
- (b) within three working days after three months from the date on which the filing procedures in respect of the registration of the transfer of 100% equity interest in each of the Target Companies with the relevant industry and commerce administration bureau having been completed, and provided that no debts (including contingent, hidden or guaranteed liability) incurred by any Target Company before Completion have failed to be disclosed, the Purchaser shall then transfer a sum of RMB30,000,000, being the remaining balance of the Consideration, to the designated bank account of the Vendor.

Basis of Consideration

The Consideration was arrived at after arm’s length negotiations between the parties to the Equity Transfer Agreement and was determined with reference to (a) the paid-up registered capital of the Target Companies; (b) the aggregated net asset value of the Target Companies as at 31 July 2016; (c) the land costs paid by each Target Company; (d) the total amount of Shareholder’s Loan of approximately RMB213,820,000 to be assigned by the Vendor to the Purchaser; and (e) 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 and/or financing through bank borrowing as the Directors may deem appropriate.

Conditions precedent

The obligations of the parties to effect the Completion shall be conditional upon the following conditions being fulfilled within 60 days from the date on which the Deposit having been transferred to the Escrow Bank Account:

- (a) 100% equity interest in each of the Target Companies having been transferred from the Vendor to the Purchaser, and the update and registration with the relevant industry and commerce administration bureau having been completed (subject to receipt of the new business license);

- (b) the State-owned Land Use Rights Certificate of each parcel of land held under the Projects having been obtained, the relevant procedures having been completed, including settlement of the payment of land costs, all relevant taxes, costs and expenses, and each parcel of land is free from any charge or mortgage;
- (c) on the date on which the condition (a) above being completed, the old company seals and company stamps of each Target Company having been destroyed and new ones having been engraved;
- (d) within three working days from the date on which the condition (a) above having been completed, the originals of the following having been transferred to the Purchaser from the Vendor, *inter alia*:
 - (i) company seals, company stamps, books and records, and licenses and permits of each Target Company;
 - (ii) financial information including supporting documents of each Target Company; and
 - (iii) agreements, documents, licenses, permits and approvals in relation to the four parcels of land under the Projects;
- (e) within three working days from the date on which the condition (a) above having been completed, the clearance of the four parcels of land under the Projects and the hand-over work of the Projects having been completed; and
- (f) the information of the bank account(s) maintained by each Target Company having been transferred to the Purchaser and the authorised signatories of the bank account(s) having been changed with the assistance of the Vendor.

Guarantee

The Vendor Guarantors have agreed to provide several guarantee to the due performance of the obligations of the Vendor under the Equity Transfer Agreement. The Vendor Guarantors guarantee that the representation and warranties given by the Vendor are true and accurate, and save as disclosed, the Target Companies do not have any hidden or contingent liabilities, or legal disputes which will cause adverse impact on their own financial condition.

The Purchaser Guarantor has agreed to provide guarantee to the due performance of the obligations of the Purchaser under the Equity Transfer Agreement.

COMPLETION

Completion shall take place within three working days on the date which the conditions set out in the paragraph headed “Conditions precedent” having been completed.

Upon Completion, the Target Companies will become indirect wholly-owned subsidiaries of the Group and their financial results will be consolidated into the Group.

If the Vendor fails to transfer equity interest of any of the Target Companies or any parcel of land under the Projects and such failure is not caused by the Purchaser, the Purchaser shall have the right to terminate the acquisition of the equity interest of such Target Company and have no obligation to complete the transfer of the equity interest of other Target Companies. The Vendor shall further compensate any loss, damages and costs incurred by the Purchaser.

TERMINATION OF THE ACQUISITION

If (a) there are undisclosed debts of any Target Company which will cause or has caused loss or damage to the Purchaser or such Target Company; or (b) the Vendor fails to observe its obligation(s) under the Equity Transfer Agreement and rectify the relevant mistake(s) within 10 days from the date of the notice, the Purchaser is entitled to terminate the Equity Transfer Agreement, have the refund of the total Consideration together with the premium from the Vendor calculated based on the formula provided in the Equity Transfer Agreement and claim against the Vendor for any loss therefrom.

INFORMATION ABOUT THE TARGET COMPANIES

Ningbo Haituo

Ningbo Haituo is a company incorporated under the laws of the PRC and is wholly owned by the Vendor as at the date of this announcement. Its principal business is property development and property management, comprising the property development and construction of a parcel of land known as (Lot No. 5, Qingdunpian District, Xiaogang Road) the intersection of Huangshan Road West, Xiaogang Street and Jijing Road South, Beilun Xiaogang, Ningbo, Zhejiang Province, the PRC* (中國浙江省寧波市北侖小港季景路南黃山路(西小港街道青墩片區5號地塊)) with a maximum plot ratio-based gross floor area of approximately 119,470 square meters for residential use. As of the date of this announcement, the land cost of the above project land was settled and the application for State-owned Land Use Rights Certificate in relation to the project land was in progress.

Ningbo Tianpai

Ningbo Tianpai is a company incorporated under the laws of the PRC and is wholly owned by the Vendor as at the date of this announcement. Its principal business is property development and property management, comprising the property development and construction of a parcel of land known as (Lot No. 6-1 of Qingdunpian District, Xiaogang Road) the intersection of Huangshan Road West, Xiaogang Street and Jijing Road South, Beilun Xiaogang, Ningbo, Zhejiang Province, the PRC* (中國浙江省寧波市北崙小港季景路南黃山路西(小港街道青墩片區6-1號地塊)) with State-owned Land Use Rights Certificate Number of Lun Guo Yong (2016) 06361* (國有土地使用證：崙國用(2016)第06361號) and the State-owned Planning Permit for Construction Land (國有建設用地規劃許可證). The maximum plot ratio-based gross floor area of the project land is approximately 96,165 square meters for residential use for town.

Ningbo Disai

Ningbo Disai is a company incorporated under the laws of the PRC and is wholly owned by the Vendor as at the date of this announcement. Its principal business is property investment and property development, and property management, comprising the property development and construction of two parcels of land located at:

- (a) South side of Guihua Road Zaishui Yifang, Haishu District, Ningbo, Zhejiang Province, the PRC (Houwang River on the west, Guihua Road on the southeast)* (中國浙江省寧波市海曙區北臨在水一方南側規劃道路(東、南臨規劃道路，西臨后王河)) with State-owned Land Use Rights Certificate Number of Yong Guo Yong (2013) 0100367* (國有土地使用證：甬國用(2013)第0100367號); and
- (b) Guihua Road on the northeast, Haishu District, Ningbo, Zhejiang Province, the PRC (Houwang River on the west and Zhoujiang Road on the south)* (中國浙江省寧波市海曙區東北臨規劃道路(南臨周江路，西臨后王河) with State-owned Land Use Rights Certificate Number of Yong Guo Yong (2013) 0100363* (國有土地使用證：甬國用(2013)第0100363號).

The total maximum plot ratio-based gross floor area of the above parcels of land is approximately 71,969 square meters for financial and commercial uses.

FINANCIAL INFORMATION OF THE TARGET COMPANIES

The following is the unaudited combined financial results of the Target Companies for the two financial years ended 31 December 2014 and 2015:

	For the financial year ended 31 December	
	2014	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net profit (losses) before taxation	(1,265)	(965)
Net profit (losses) after taxation	(1,265)	(965)
Total assets	599,262	700,942
Total liabilities	32,246	184,035
Net assets	567,016	516,907

The unaudited net assets of the Target Companies in aggregate as at 31 July 2016 is approximately RMB516,158,835.

INFORMATION ABOUT THE VENDOR

The Vendor is a limited liability company established under the laws of the PRC and its principal business is investment holding. As at the date of this announcement, the Vendor beneficially owns 100% equity interest in the Target Companies.

INFORMATION ABOUT THE VENDOR GUARANTORS

Ningbo Haitian Shiji Industrial Company Limited (寧波海天世紀實業有限公司) is a limited liability company established under the laws of the PRC and its principal businesses are property development consultancy, and trading of raw materials. Ningbo Paise Real Estate Company Limited* (寧波派舍置業有限公司) is a limited liability company established under the laws of the PRC and its principal business is property development of the project land held by itself. Nanchang Municipal Public Housing Group Company Limited* (南昌市政公用房地產集團有限公司) is a limited liability company established under the laws of the PRC and its principal business is property development and investments.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendor Guarantors is the shareholder of the Vendor.

INFORMATION ABOUT THE PURCHASER GUARANTOR

The Purchaser Guarantor is a limited liability company established under the laws of the PRC and its principal business is investment holding. The Purchaser is a subsidiary of the Purchaser Guarantor.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group comprise property development and property investment in the PRC. Having considered that (a) the location of the respective parcels of the project land; (b) the potential for development of the Projects for residential and financial and commercial uses; and (c) the Group's previous experience of property development projects in Zhejiang Province, the Directors are of the view that the Acquisition is in line with the business plan of the Company and is in the best interest of the Company and the terms of the Equity Transfer Agreement are in normal commercial terms, which are fair and reasonable and in the interests of 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 reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As Completion 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 Companies and the entire Shareholder’s Loan
“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
“Completion”	completion of the Acquisition
“Consideration”	RMB710,000,000, being the total consideration of the Acquisition
“Equity Transfer Agreement”	the equity transfer agreement dated 30 December 2016 and entered into between the Vendor, the Purchaser, the Vendor Guarantors, the Purchaser Guarantor and the Target Companies 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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Disai”	Ningbo Disai Qianfeng Real Estate Company Limited* (寧波迪賽前豐置業有限公司), a company incorporated under the laws of the PRC
“Ningbo Haituo”	Ningbo Haituo Real Estate Company Limited* (寧波海拓置業有限公司), a company incorporated under the laws of the PRC
“Ningbo Tianpai”	Ningbo Tianpai Real Estate Company Limited* (寧波天派置業有限公司), a company incorporated under the laws of the PRC
“PRC”	the People’s Republic of China
“Projects”	property development of the four parcels of land held by the Target Companies respectively, details of which have been set out in the paragraph headed “Information of the Target Companies” of this announcement
“Purchaser”	Ningbo Aoguan Real Estate Company Limited* (寧波奧冠置業有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Purchaser Guarantor”	Aoyuan Group Limited* (奧園集團有限公司) is a limited liability company established under the laws of the PRC and its principal business is investment holding
“Shareholders”	shareholders of the Company
“Shareholder’s Loan”	The shareholder’s loan of a total amount of approximately RMB213,820,000 provided by the Vendor in favour of the Target Companies
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company(ies)”	Ningbo Haituo, Ningbo Tianpai and Ningbo Disai
“Vendor”	Ningbo Haipai Real Estate Company Limited* (寧波海派置業有限公司), a limited liability company incorporated under the laws of PRC. As at the date of this announcement, it holds the entire equity interest in each of the Target Companies

“Vendor Guarantors”	Ningbo Haitian Shiji Industrial Company Limited (寧波海天世紀實業有限公司), Ningbo Paise Real Estate Company Limited* (寧波派舍置業有限公司) and Nanchang Municipal Public Housing Group Limited* (南昌市政公用房地產集團有限公司), being the Vendor’s guarantors under the Equity Transfer Agreement
“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, 30 December 2016

For the purpose of this announcement, the exchange rate at RMB1.00 = HK\$1.124 has been used, where applicable, for the purpose of illustration only.

* 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, Ms. Zhong Ping and Mr. Ma Jun; the non-executive director of the Company is Mr. Yang Zhong, and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.