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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 INTEREST OF**  
**CHENGDU QIDA PROPERTY DEVELOPMENT CO., LTD.**

**THE ACQUISITION**

The Board wishes to announce that on 8 June 2016 (after trading hours), the Vendor and the Purchaser entered into the Co-operation Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company from the Vendor at the Consideration of RMB200,000,000 (equivalent to approximately HK\$237,000,000) in cash. Upon Completion, the Purchaser will own as to 70% equity interest in the Project Company through the Target Company, which enables the Purchaser to develop and engage in Project Land.

The Completion is subject to and conditional upon the fulfillment (or waiver, where applicable) of the conditions precedent as more particularly set out in the section headed “Conditions Precedent” on or before the Long Stop Date.

Following the Completion, the Target Group will become indirect subsidiaries of the Company and their financial results will be consolidated into 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 the Completion is conditional upon satisfaction of the conditions precedent as set out under the section headed “Conditions Precedent” in this announcement, 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 8 June 2016 (after trading hours), the Purchaser and the Vendor entered into the Co-operation Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company from the Vendor at the Consideration of RMB200,000,000 (equivalent to approximately HK\$237,000,000) in cash.

## **THE CO-OPERATION AGREEMENT**

Summarised below are the principal terms of the Co-operation Agreement:

**Date:** 8 June 2016 (after trading hours)

**Parties:** (a) the Purchaser: Guangdong Aoyuan Commercial Property Group Limited\*  
(b) the Vendor: Sichuan Trust Co., Ltd.\*

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

### **Nature of the transaction and assets to be acquired**

Pursuant to the Co-operation Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in the Target Company. Upon Completion, the Purchaser will own as to 70% equity interest in the Project Company through the Target Company, which enables the Purchaser to develop and engage in the Project Land.

Upon Completion, all the creditor's rights of the Target Group (including but not limited to accounts receivable and current accounts) arising from the payment on behalf of the Vendor, if any, will be extinguished. The Purchaser will not and ensure that the Target Group will not claim against the Vendor with respect to the said payment.

The Acquisition comprises the following procedures:

- (a) Following the satisfaction of the conditions precedent (or waiver, where applicable) as set out under the section headed "Conditions Precedent" in this announcement, the Vendor shall transfer the entire equity interest in the Target Company to the Purchaser at the Consideration; and
- (b) Chengdu Jianrong shall acquire the 10% equity interest in the Target Company from Zhongtang Group. Following the completion of such transfer, the Target Company and Chengdu Jianrong will own as to 70% and 30% equity interest in the Project Company respectively. The Vendor undertakes that completion of such transfer and the updating and registration procedures with the industrial and commercial administration authorities shall not be later than 31 October 2016.

## **Consideration**

Subject to the terms and conditions of the Co-operation Agreement, the total Consideration is RMB200,000,000 (equivalent to approximately HK\$237,000,000) which shall be payable in cash either (a) within 10 working days of the date of the Co-operation Agreement; or (b) on the 10th working day after the satisfaction of all conditions precedent (or waiver, where applicable) as referred to in the section headed “Conditions Precedent”, whichever is later.

## **Basis of Consideration**

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Company and was determined with reference to (a) the paid-up registered capital of the Target Company; (b) the net assets value of the Project Company as at 31 March 2016; 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.

## **Conditions Precedent**

The obligations of the parties to effect the Completion shall be conditional upon the following conditions being fulfilled:

- (a) the Vendor having provided to the Purchaser a written undertaking that the entire equity interest of the Target Company is free of legal risks and incumbrances, and declares and warrants, *inter alia*, that
  - (i) the registered capital of the Target Company is RMB200,000,000 and has all been paid up;
  - (ii) the Target Company is legally incorporated and validly subsisting, and has operated in full compliance with the laws of the PRC;
  - (iii) the Vendor owns the entire equity interest of the Target Company free from any guarantee or other encumbrances;
  - (iv) the Target Company is not required to pay Zhongtang Group any consideration or compensation arising from the Acquisition;
  - (v) the approval of other shareholders of the Project Company or their ultimate owners for the Acquisition is not required;
  - (vi) prior to the Completion, the Target Company legally and beneficially owns as to 70% equity interest of the Project Company, and through the Project Company owns as to 70% of the land use right of the Project Land; and

- (vii) prior to the Completion, the Vendor shall be responsible for all the debts (including but not limited to contingent or hidden liability) incurred by the Target Company;
- (b) the Vendor and the Target Company has duly signed and prepared all the documents with respect to the Acquisition, change in management of the Target Company and the amendment of its articles of association, which have been reviewed and confirmed by the Purchaser and the industrial and commercial administration authorities to update and register accordingly; and
- (c) the Vendor has procured and ensured that the Target Company, Chengdu Jianrong, Zhongtang Group (if necessary) have duly signed and prepared all the documents with respect to the change in management of the Project Company and the amendment of its articles of association, which have been reviewed and confirmed by the Purchaser and the industrial and commercial administration authorities to update and register accordingly. The amended articles of association of the Project Company shall provide that (i) the directors nominated by the Target Company shall become the absolute majority in the board of the Project Company; (ii) the legal representative shall be a director nominated by the Target Company; and (iii) the general manager shall be employed based upon the recommendation of the Target Company.

The conditions precedent set out above shall be fulfilled (or waived, where applicable) on or before the Long Stop Date (or such later date agreed by the Vendor and the Purchaser), failing which the Purchaser is entitled to terminate the Co-operation Agreement pursuant to the termination clause therein.

## **COMPLETION**

Completion shall take place on the date which, following the Acquisition, the update and registration with the industrial and commercial administration authorities with respect to the Target Company takes effect as well as all the conditions precedent set out above in section “Conditions Precedent” have been fulfilled (or waived, where applicable). Following the Completion, the Target Group will become subsidiaries of the Group and their financial results will be consolidated into the Group. The Group will own as to 70% equity interest in the Project Company and consequently, 70% of the land use right of the Project Land.

## TERMINATION OF THE ACQUISITION

In the event that (a) on or before 31 October 2016, Chengdu Jianrong fails to complete the change and registration in the industrial and commercial administration authorities with respect to the transfer of 10% equity interest of the Project Company from Zhongtang Group; or (b) the Vendor fails to procure Zhongtang Group to unconditionally cooperate with the Purchaser and Vendor to go through the update and registration in the industrial and commercial administration authorities with respect to the Acquisition and such update and registration fails to complete within 5 days after the payment of the Consideration, the Purchaser is entitled to terminate the Co-operation Agreement, have the refund of the Consideration together with the premium from the Vendor calculated based on the formula provided in the Co-operation Agreement and claim against the Vendor for any loss therefrom.

## OPERATION OF THE PROJECT COMPANY

Pursuant to the Co-operation Agreement, after the Completion, (a) approval by a two-thirds majority of the voting rights of the Project Company is required for the following important resolutions: (i) financing or guarantees to other companies; (ii) distribution of profits, increase or decrease in capital, mergers or dissolution of the Project Company; and (iii) amendment of its articles of association; (b) the board of directors of Project Company will consist of three members, two of them will be nominated by the Purchaser and the remaining director by the Vendor through Chengdu Jianrong. A director nominated by the Purchaser will also be appointed as the chairman as well as legal representative of the Project Company; (c) the Vendor will, through Chengdu Jianrong, nominate a financial controller to the Project Company to monitor the finance of the Project Company; and (d) the general manager, finance manager and other members of the management and employees shall be nominated by the Purchaser or employed by the general manager.

## FINANCIAL INFORMATION OF THE PROJECT COMPANY

The following are the unaudited financial information on the Project Company for the two financial years ended 2014 and 2015:

	<b>For the financial year ended 31 December 2015 (unaudited) RMB'000</b>	<b>For the financial year ended 31 December 2014 (unaudited) RMB'000</b>
Turnover	—	3
Net profit (losses) before taxation	(36,581)	(18,790)
Net profit (losses) after taxation	(36,581)	(18,790)
Net Assets (liabilities)	(41,052)	(4,471)

The unaudited net liabilities of the Project Company as at 30 April 2016 is approximately RMB45.2 million.

## **INFORMATION ABOUT THE TARGET GROUP**

The Target Company is an investment holding company incorporated under the laws of the PRC and is wholly-owned by the Vendor as at the date of this announcement.

The Project Company is a company incorporated under the laws of the PRC and its principal businesses are project investment and property development and operation, which involve the property development and construction of the Project Land located in 18, Tiaodeng Henan Road, Chenghua District, Chengdu City\* (成都市成華區跳蹬河南路18號) with State-owned Land Use Rights Certificate Numbers of Cheng Guo Yong (2014) Di 247\*, Cheng Guo Yong (2014) Di 248\*, Cheng Guo Yong (2014) Di 249\* and Cheng Guo Yong (2014) Di 250\* (國有土地使用證分別為：成國用(2014)第247號、成國用(2014)第248號、成國用(2014)第249號及成國用(2014)第250號) for residential and commercial uses (with communal and supporting facilities).

## **INFORMATION ABOUT THE VENDOR**

The Vendor is a limited liability company established under the laws of the PRC and is a trust company approved by China Banking Regulatory Commission. The Vendor is principally engaged in trust on funds, movable and fixed assets and other assets, fiduciary and custody, asset restructure, project financing and financial consultancy. As at the date of this announcement, the Vendor beneficially owns 70% equity interest in the Project Company through the Target Company and 20% through Chengdu Jianrong.

## **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 is a limited liability company established under the laws of the PRC holding as to 70% equity interest in the Project Company, which involves in the development of Project Land in Chengdu, the PRC with a total gross floor area of approximately 643,830 square meters for residential and commercial uses (with communal and supporting facilities). The Directors consider that Project Land is located in the core area of Chengdu, adjacent to Cui Jia Dian subway station. In view of the above, the Acquisition will provide an opportunity to the Group to consolidate and strengthen the Group's land bank in Central and Western China with a convenient location.

The Directors are of the view that the terms of the Co-operation Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Co-operation 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 reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**As Completion is conditional upon satisfaction of the conditions precedent as set out under the section headed “Conditions Precedent” in this announcement, 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 interest in the Target Company as contemplated under the Co-operation Agreement
“Board”	the board of Directors
“Chengdu Jianrong”	Chengdu Jianrong Property Development Co., Ltd.* (成都建蓉房地產開發有限公司) (formerly known as Chengdu Jianrong Investment Co., Ltd.*, 成都建蓉投資有限公司), a limited liability company incorporated under the laws of the PRC, wholly-owned by the Vendor and an Independent Third Party. As at the date of this announcement, it owns as to 20% equity interest in the Project Company
“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 (Stock code: 3883)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Co-operation Agreement
“Co-operation Agreement”	the co-operation agreement dated 8 June 2016 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Consideration”	RMB200,000,000 (equivalent to approximately HK\$237,000,000), being the consideration of the Acquisition
“Group”	the Company and its subsidiaries
“Directors”	the directors of the Company

“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
“Long Stop Date”	30 June 2016 or such later date as agreed by the Vendor and the Purchaser
“PRC” or “China”	the People’s Republic of China
“Project Company”	Chengdu Yihua Property Co., Ltd.* (成都宜華置業有限公司), a limited liability company incorporated under the laws of the PRC and an Independent Third Party, and is owned as to 70% equity interest by the Target Company; 20% by Chengdu Jianrong and 10% by Zhongtang Group as at the date of this announcement
“Project Land”	four parcels of land under the project located in 18, Tiaodeng Henan Road, Chenghua District, Chengdu City* (成都市成華區跳蹬河南路18號) with State-owned Land Use Rights Certificate Numbers of Cheng Guo Yong (2014) Di 247*, Cheng Guo Yong (2014) Di 248*, Cheng Guo Yong (2014) Di 249* and Cheng Guo Yong (2014) Di 250* (國有土地使用證分別為：成國用(2014)第247號、成國用(2014)第248號、成國用(2014)第249號及成國用(2014)第250號)
“Purchaser”	Guangdong Aoyuan Commercial Property Group Limited* (廣東奧園商業地產集團有限公司), a company incorporated under the law of the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of the Company of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chengdu Qida Property Development Co., Ltd.* (成都齊達房地產開發有限公司) (formerly known as Chengdu Qida Investment Co., Ltd.*, 成都齊達投資有限公司), a limited liability company incorporated under the laws of the PRC and an Independent Third Party
“Target Group”	The Target Company and the Project Company



“Vendor”	Sichuan Trust Co., Ltd.* (四川信托有限公司), a limited liability company incorporated under the laws of the PRC. As at the date of this announcement, it owns the entire equity interest in the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Zhongtang Group”	China Tangjiu Group Chengdu Co., Ltd.* (中國糖酒集團成都有限責任公司), a limited liability company incorporated under the laws of the PRC and an Independent Third Party. As at the date of this announcement, it owns as to 10% equity interest in the Project Company
“%”	per cent.

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

For the purpose of this announcement, the exchange rate at RMB1.00 = HK\$1.185 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.

Hong Kong, 8 June 2016

*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.*