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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 THE ENTIRE EQUITY INTERESTS OF  
THE TARGET COMPANY**

**THE ACQUISITION**

The Board wishes to announce that on 21 December 2018 (after trading hours), the Vendors and the Purchaser entered into the Equity Transfer Agreements, pursuant to which (a) the Purchaser has agreed to acquire and the Vendors have agreed to sell the entire equity interests in the Target Company at the Consideration of RMB146,321,516; and (b) the Purchaser has agreed to settle the shareholders' loan of the Target Group of RMB584,431,500.

Following completion of the Acquisition, the Target Company and the Project Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

**IMPLICATIONS UNDER THE LISTING RULES**

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 Agreements, 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 21 December 2018 (after trading hours), the Vendors and the Purchaser entered into the Equity Transfer Agreements, pursuant to which (a) the Purchaser has agreed to acquire and the Vendors have agreed to sell the entire equity interests in the Target Company at the Consideration of RMB146,321,516 in cash; and (b) the Purchaser has agreed to settle the shareholders' loan of the Target Group of RMB584,431,500.

## **THE EQUITY TRANSFER AGREEMENTS**

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

Date: 21 December 2018 (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 (where applicable) and the Target Company are Independent Third Parties.

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

Pursuant to the Equity Transfer Agreements, (a) the Purchaser has agreed to acquire and the Vendors have agreed to sell the entire equity interests in the Target Company; and (b) the Purchaser has further agreed to settle the shareholders' loan of the Target Group. Upon 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 Projects through the Project Companies; and (b) the Target Company and the Project Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

### **Consideration**

Subject to the terms of the Equity Transfer Agreements, the Purchaser shall settle the Consideration of RMB146,321,516 and the shareholders' loan of RMB584,431,500 in full prior to 31 May 2019.

### **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 Group paid by the Vendors; (b) the estimated market value of the Project Lands (as defined below) 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.

## CONDITIONS PRECEDENT

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

- (a) the Purchaser having been satisfied with the due diligence on the financial, tax, operation, legal and other aspects of the Target Company, the Project Companies and the Project Lands;
- (b) the existing shareholders of Project Company B having entered into an agreement in relation to their cooperative arrangement on Project Company B; and
- (c) a resolution approving the transfer of the equity interests of the Target Company owned by Vendor A having been unconditionally passed by the board of directors of Vendor A's shareholder.

As at the date of this announcement, all conditions have been fulfilled.

## COMPLETION

Completion shall take place on the date which the conditions set out in the paragraph headed "Conditions precedent" having been completed and in any event, not later than 28 December 2018.

Following completion of the Acquisition, the Target Company and the Project Companies will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements. The Purchaser will also provide a corporate guarantee for Project Company A to secure an outstanding loan with a principal amount of RMB442.6 million upon completion.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

The following is the unaudited combined financial information of the Target Group for the financial year ended 31 December 2017:

	<b>For the financial year ended 31 December 2017</b> (unaudited) <i>(Approximately)</i> RMB
Net loss before taxation	377,000
Net loss after taxation	377,000
Total assets	597,008,000
Net assets	49,623,000

The unaudited net assets of the Target Group as at 30 September 2018 is approximately RMB27,688,000. As both the Target Company and Project Company A were incorporated on 7 November 2017, and Project Company B was incorporated on 6 December 2017, no audited financial information can be provided.

## **INFORMATION OF THE TARGET GROUP**

### ***Target Company***

The Target Company is a limited liability company established under the laws of the PRC on 7 November 2017. It owns 95% of equity interests in each of the Project Companies, through which it engages in property development and construction of the Projects on four parcels of lands (the “**Project Lands**”) located in Huzhou, Zhejiang Province, PRC (中國浙江省湖州市).

### ***Project Companies***

Project Company A is a limited liability company established under the laws of the PRC, which is owned as to 95% by the Target Company and as to 5% by an Independent Third Party. Its main assets are two parcels of land located at South to Wangshan Road and East to Feng Huang Road for commercial and residential uses, with total site area of approximately 148,332 square meters. The project lands owned by Project Company A are under construction for apartments, high-rise and low-rise residential properties.

Project Company B is a limited liability company established under the laws of the PRC, which is owned as to 95% by the Target Company and as to 5% by an Independent Third Party. Its main assets are two parcels of land located at West to Hang Chang Expressway and North to Shi Ma Gang for residential use, with total site area of approximately 124,354 square meters.

## **INFORMATION ABOUT THE VENDORS**

Prior to the Acquisition, the equity interests in the Target Company are owned as to approximately 66.47% by Vendor A, 13.53% by Vendor B and 20% by Vendor C, respectively.

Vendor A is a company established under the laws of the PRC with limited liability, which is principally engaged in property development. Vendor B is a limited partnership established under the laws of the PRC, which is principally engaged in investment and investment management. Vendor C is an individual investor.

## **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 locations of the Project Lands are convenient as they are easily accessible to highway and trunks roads; (b) the Project Lands are close to each other which may create synergetic effects; (c) the project lands owned by the Project Companies are close to major attractions in Huzhou, Zhejiang Province; (d) the potential of the Projects for residential and/or commercial development; and (e) the Acquisition can expand the Group’s land bank in Zhejiang Province, the Directors are of the view that the Acquisition is in line with the business plan of the Company, the terms of the Equity Transfer Agreements 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.

## IMPLICATIONS UNDER THE LISTING RULES

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 Agreements, 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 Agreements
“Board”	the board of Directors
“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)
“Consideration”	RMB146,321,516, being the consideration of the Acquisition
“Directors”	the directors of the Company
“Equity Transfer Agreements”	the equity transfer agreements dated 21 December 2018 and entered into between the Purchaser and each of the Vendors 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

“PRC”	the People’s Republic of China, which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Project Companies”	collectively, Project Company A and Project Company B
“Project Company A”	安吉銀凱置業有限公司 (Anji Yinkai Property Co., Ltd.*), a limited liability company established under the laws of the PRC
“Project Company B”	安吉銀盛置業有限公司 (Anji Yinsheng Property Co., Ltd.*), a limited liability company established under the laws of the PRC
“Projects”	property development of the four parcels of land held by the Project Companies, details of which have been set out in the paragraph headed “Information of the Target Group” of this announcement
“Purchaser”	上海奧譽置業有限公司 (Shanghai Aoyu Property Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) of the Company with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	安吉銀瑞房地產開發有限公司 (Anji Yinrui Property Development Co., Ltd.*), a limited liability company established under the laws of the PRC
“Target Group”	collectively, the Target Company and the Project Companies
“Vendor A”	寧波銀恒房地產開發有限公司 (Ningbo Yinheng Property Development Co., Ltd.*), a limited liability company established under the laws of the PRC
“Vendor B”	寧波亨隆投資管理合夥企業 (Ningbo Henglong Investment Management Limited Partnership*), a limited partnership established under the laws of the PRC

“Vendor C”	Mr. Huang Xingmin (黃興民)
“Vendors”	collectively, Vendor A, Vendor B and Vendor C
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 21 December 2018

*\* 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 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.*