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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 ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

THE ACQUISITION

The Board wishes to announce that on 8 June 2018 (after trading hours), the Vendor and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company at the Consideration in cash. Upon completion, the Purchaser will own the entire issued share capital in the Target Company, which in turn indirectly owns the Target Property.

Following completion of the Acquisition, the Target Company will become an indirect subsidiary of the Company and its 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.

INTRODUCTION

The Board wishes to announce that on 8 June 2018 (after trading hours), the Vendor and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company from the Vendor at the Consideration in cash.

THE SHARE TRANSFER AGREEMENT

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

Date: 8 June 2018 (after trading hours)

Parties: (a) the Vendor: Great Plan Global Limited

(b) the Purchaser: Fine Wisdom Global Limited

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

Nature of the transaction and assets to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company. Upon completion of the Acquisition, (a) the Purchaser will own the entire issued share capital in the Target Company, which in turn indirectly owns the Target Property; 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 Share Transfer Agreement, the total Consideration is initially HK\$950,000,000, subject to adjustment by reference to the Net Current Assets (if any) and the outstanding balance of mortgage of the Target Company payable to the financing bank as at the completion date of the Acquisition, which shall be settled in accordance with the following manners and conditions:–

1. Payment of the Deposits

According to the Share Transfer Agreement, the Purchaser shall pay a total amount of HK\$94,000,000 as deposits, HK\$10,000,000 of which shall be payable to the Vendor's solicitors as stakeholder (the "**First Deposit**") and HK\$84,000,000 of which shall be payable to the Purchaser's solicitors as the stakeholder (the "**Second Deposit**") (collectively, the "**Deposits**"). The Second Deposit shall be released and transferred to the Vendor's solicitors as the stakeholder upon the confirmation from the Vendor and the Purchaser in relation to the fulfilment of the condition precedent (a) as referred to in the paragraph headed "Conditions precedent to the Acquisition" of this announcement. As of the date of this announcement, the Purchaser has paid the Deposits, which shall form and be applied as partial payments of the Consideration upon completion of the Acquisition.

2. Final Payment

At the date of completion, subject to the satisfaction of all conditions precedent and the due execution and delivery of all completion documents, the Purchaser shall, upon the Vendor's instruction, pay the remaining balance of the Consideration to discharge the outstanding mortgage or charge in respect of the Target Property and to the Vendor respectively. The Deposits shall be released and transferred to the Vendor as a part of consideration.

Conditions precedent to the Acquisition

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 Vendor and the Target Group having completed the reorganisation such that the Project Company becomes a wholly-owned subsidiary of the Target Company and the Target Property will be indirectly owned by the Target Company, which is in turn held as to 100% by the Vendor (the “**Reorganisation**”);
- (b) the Purchaser being reasonably satisfied that the Project Company has fully settled all loans, payables due to and receivables due from its original pre-transaction fellow subsidiaries, and all current liabilities have been settled and discharged;
- (c) the Project Company having cancelled its original bank account with the Hongkong and Shanghai Banking Corporation;
- (d) the Vendor having delivered a letter of confirmation signed by Top China Investment Limited, its wholly-owned subsidiary, and Fruit Design & Build Ltd. as contractor of the Renovation Contract, to confirm and acknowledge that all obligations and duties under the Renovation Contract would be undertaken by the Vendor or its nominee, and the Project Company had not owed, does not owe and shall not owe any liability to the contractor thereunder;
- (e) the Vendor and/or the Project Company having provided the draft audited financial statements for the financial year ended 31 March 2018 of the Project Company (the “**2018 Financial Statements**”) to the Purchaser by 27 June 2018;
- (f) the warranties provided by the Vendor under the Share Transfer Agreement remaining true, accurate and complete in all material respects; and
- (g) the Purchaser being satisfied that there has not been any material adverse change or effect in respect of the Target Group and/or the Target Property since the date of the Share Transfer Agreement.

In the event that (i) the Reorganisation is unable to complete on or before the Long Stop Date; (ii) the draft 2018 Financial Statements is not provided to the Purchaser by 27 June 2018; or (iii) any of the conditions precedent (other than item (a)) is not fulfilled (or waived as the case may be), on or before 7 days prior to the date of completion, the Purchaser shall have no obligation to acquire the entire issued share capital in the Target Company and the Share Transfer Agreement shall terminate and be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any liability to any other party, save for any antecedent breaches or accumulated rights. After deduction of the expenses and fees borne by the Purchaser as agreed under the Share Transfer Agreement, the Vendor’s solicitor shall return remaining balance of the Deposits in its possession to the Purchaser forthwith.

BASIS OF CONSIDERATION

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser and was determined with reference to (a) the estimated market price of the Target Property with the prevailing market prices of the property developments nearby; (b) the varied land use of the Target Property approved by the government authorities; 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 and external financing including but not limited to bank borrowings or other alternative means as the Directors may deem appropriate.

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.

FINANCIAL INFORMATION OF THE TARGET GROUP

The following are the audited financial information on the Project Company for the financial year ended 31 March 2017 and the unaudited financial information on the Project Company for the financial year ended 31 March 2018:

	For the financial year ended 31 March 2018 (unaudited) HK\$	For the financial year ended 31 March 2017 (audited) HK\$
Turnover	–	–
Net profit (losses) before taxation	47,762,309	225,900,968
Net profit (losses) after taxation	47,762,309	225,900,968
Total assets	815,453,341	733,606,478
Net Assets (liabilities)	229,079,246	181,316,936

As the Target Company was incorporated on 12 February 2018, no audited financial information can be provided.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is a company incorporated in the BVI on 12 February 2018 with limited liability and is principally engaged in investment holding. The Project Company was incorporated on 3 May 2011 and is currently engaged in investment holding. As at the date of this announcement, the Target Company and the Project Company are both wholly-owned subsidiaries of the Vendor. After the Reorganisation is completed, the Target Company will own the entire issued share capital of the Project Company, which in turn holds the Target Property and the Target Company will continue to be a wholly-owned subsidiary of the Vendor.

INFORMATION ABOUT THE VENDOR

The Vendor is a limited liability company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company and the Project Company are both wholly-owned subsidiaries of the Vendor.

INFORMATION ABOUT THE TARGET PROPERTY

The Target Property consists of the parcel of land registered in the Land Registry as Kwai Chung Town Lot No. 46 (the “**Lot**”) and a 12-storey building (including two-storey carparks) erected on the Lot which composes of, among other things, car parks and ordinary units for non-residential use. The total gross floor area of the building is approximately 117,233 square feet (approximately 10,891 square meters). Save as the ninth and tenth floors, the building was completed in 1973, whereas the ninth floor and the tenth floor together with alteration and addition works of the whole building were completed in 2017. As at the date of this announcement, all units in the Target Property are vacant.

The Lot is held under a Government Lease for a term of 99 years less the last 3 days thereof commencing from 1 July 1898 (as extended until 30 June 2047 under Section 6 of the New Territories Leases (Extension) Ordinance).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are comprised of property development and property investment in the PRC. The Target Company is a limited liability company established under the laws of the BVI, and will hold the entire issued share capital of the Project Company after the Reorganisation. The Project Company is the sole registered owner of the Target Property, which is located in Kwai Chung, an urban area in the New Territories of Hong Kong.

In view of the above, the Directors are of the view that the terms of the Share Transfer Agreement are on normal commercial terms, which are fair and reasonable. The Acquisition will provide opportunities for the Group to expand property portfolio and develop its property development business in Hong Kong. It is expected that the development of the Target Property will bring synergies to the Group’s property development business, and thereby expanding the Group’s operating income, which is in the interest of the Company and its 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.

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 issued share capital in the Target Company as contemplated under the Share Transfer Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“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)
“Consideration”	HK\$950,000,000, being the initial total consideration of the Acquisition, subject to adjustment by reference to the Net Current Assets (if any) and the outstanding balance of mortgage of the Target Company payable to the financing bank as at the completion date of the Acquisition
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Land Registry”	the Land Registry of the Government of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	8 June 2018 or a later date as agreed by the Vendor and the Purchaser
“Net Current Assets”	the total current assets of the Target Company (other than the value of the Target Property and deferred tax assets (if any)) minus total current liabilities of the Target Company (other than deferred tax liabilities) as at the completion date of the Acquisition
“PRC”	the People’s Republic of China
“Project Company”	Capital Benefit Limited (益本有限公司), a limited liability company incorporated under the laws of Hong Kong
“Purchaser”	Fine Wisdom Global Limited, a company incorporated under the law of the BVI and an indirect wholly-owned subsidiary of the Company

“Renovation Contract”	a contract entered into in December 2015 between Top China Investment Limited, a wholly-owned subsidiary of the Vendor and Fruit Design & Build Ltd. in relation to the renovation work of the building erected on the Target Property
“Share Transfer Agreement”	the share transfer agreement dated 8 June 2018 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“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”	Finest Gold Global Limited, a limited liability company incorporated under the laws of the BVI
“Target Group”	the Target Company and the Project Company
“Target Property”	Kwai Chung Town Lot No. 46 together with all messuages, erections and buildings thereon
“Vendor”	Great Plan Global Limited, a limited liability company incorporated under the laws of the BVI
“%”	per cent.

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

Hong Kong, 8 June 2018

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; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.