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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  
BEIJINGSHI XISHUI GARDEN PROPERTY MANAGEMENT CO., LTD.**

**THE ACQUISITION**

The Board wishes to announce that on 23 March 2017 (after trading hours), the Vendor, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interests in the Target Company at the Consideration of RMB658,000,000 (equivalent to HK\$736,960,000) in cash.

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.

**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 of the Acquisition 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 23 March 2017 (after trading hours), the Vendor, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interests in the Target Company at the Consideration of RMB658,000,000 (equivalent to HK\$736,960,000) in cash.

## **THE EQUITY TRANSFER AGREEMENT**

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

Date: 23 March 2017 (after trading hours)

Parties: (a) the Vendor;  
(b) the Purchaser; and  
(c) the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor, the Target Company and each of their ultimate beneficial owners (where applicable) 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 interests in the Target Company. Upon the completion of the Acquisition, (a) the Purchaser will own the entire equity interests in the Target Company, which enables the Purchaser to have a full control and right over 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 Equity Transfer Agreement, the total Consideration is RMB658,000,000 (equivalent to HK\$736,960,000) which shall be settled in accordance with the following manners and conditions:

#### **1. Payment of the Deposit**

Within three days after the date of the Equity Transfer Agreement, the Purchaser shall pay the Deposit of RMB65,800,000 (equivalent to HK\$73,696,000) into the bank account designated by the Vendor. In the event that the Deposit was not paid within the said three days, the Equity Transfer Agreement shall be terminated automatically.

The Vendor undertakes that it shall complete the work process of the strata titles for the Target Property (分戶) within one month upon the Deposit being transferred to the Vendor's designated bank account. In the event that:

- (a) the Vendor fails to complete the work process of the strata titles for the Target Property within the said one-month period, the Purchaser is entitled to terminate the Equity Transfer Agreement and the Deposit shall be refunded to the Purchaser; and
- (b) the Vendor completes the work process of the strata titles for the Target Property within the said one-month period but the Purchaser does not honour its obligations under the Equity Transfer Agreement, the Deposit shall be treated as liquidated damages for breach of the Equity Transfer Agreement by the Purchaser and be forfeited.

## **2. Opening the Joint Bank Account**

On the date where the information of the said strata titles for the Target Property can be retrieved from the system in the Real Estate Registration Centre in Feng Tai District (豐台區不動產登記中心), the Purchaser and the Vendor shall open the Joint Bank Account accordingly.

## **3. First Payment**

An amount of RMB329,000,000 (equivalent to HK\$368,480,000) as the First Payment shall be settled in accordance with the following manners and conditions:

- (a) on the date of or latest, the date after the opening of the Joint Bank Account, the Purchaser shall deposit the First Payment into the Joint Bank Account;
- (b) on the date that the First Payment is deposited into the Joint Bank Account, the Vendor and the Purchaser shall jointly manage the documents and information about the Target Company and the Target Property;
- (c) on the date that the Vendor receives a letter or written confirmation issued by the borrowing bank agreeing the early repayment of the Loan, the Vendor and the Purchaser shall transfer the First Payment from the Joint Bank Account into the bank account designated by the Vendor; and
- (d) the First Payment shall be exclusively used to repay the Loan as such the pledges of the Target Property and the entire equity interests of the Target Company shall be discharged. If the First Payment is not enough to cover the principal and interest of the Loan, the outstanding amount shall be settled by the Vendor entirely.

#### **4. Final Payment**

- (a) On the date (i) where the pledge of the equity interest of the Target Company is discharged, and (ii) of receiving the notice issued by the Real Estate Registration Centre in Feng Tai District stating that the pledge of the Target Property is discharged (whichever is later), the Purchaser shall deposit the Final Payment of RMB263,200,000 (equivalent to HK\$294,784,000) into the Joint Bank Account.
- (b) When the following conditions are all satisfied (the date of satisfaction shall be the date in which all of the conditions are satisfied), the Vendor and the Purchaser shall transfer the Final Payment from the Joint Bank Account into the bank account designated by the Vendor:
  - (i) the entire equity interests in the Target Company have been registered under the name of the Purchaser (subject to the completion of the relevant registration with the industry and commerce administration bureau in the PRC and receipt of the new business licence of the Target Company);
  - (ii) the jointly managed documents and information of the Target Company having been duly handed over by the Vendor to the Purchaser;
  - (iii) the Target Property having been duly transferred by the Vendor to the Purchaser; and
  - (iv) the proof confirming the full settlement of the Loan having been duly issued by the relevant borrowing bank.

#### **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 paid-up registered capital of the Target Company; (b) the aggregated net asset value of the Target Company as at 28 February 2017; 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.

#### **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 COMPANY

The following is the unaudited financial information of the Target Company for the financial years ended 31 December 2015 and ended 31 December 2016:

	<b>For the financial year ended 31 December 2016 (unaudited) (Approximately) RMB</b>	<b>For the financial year ended 31 December 2015 (unaudited) (Approximately) RMB</b>
Net gain/(losses) before taxation	(1,130,120)	37,960
Net gain/(losses) after taxation	(1,130,120)	37,960
Total assets	555,057,181	126,880
Net liabilities	1,489,770	359,650

The unaudited net liabilities of the Target Company as at 28 February 2017 is approximately RMB2,668,740 (equivalent to approximately HK\$2,988,989).

## INFORMATION ABOUT THE TARGET COMPANY AND TARGET PROPERTY

### Target Company

The Target Company is a limited liability company incorporated under the laws of the PRC. It is principally engaged in the businesses of, among other things, property investment and development, and property management.

### Target Property

The Target Property comprises the office at Lot B-2 and Lot B-1, and basement car parking floor at Lot C-10, known as Jianan Building (迦南大廈), located at Building 2, You An Men External Street, Feng Tai District, Beijing, PRC (豐台區右安門外大街2號樓B段-2辦公及B段-1、C段-10地下車庫) with gross floor area of 15,994.88 square meters as integrated use for commodity housing. The period for the permitted land use right under the relevant Title Deed of the PRC Real Property (《中國人民共和國不動產權證書》) is from 30 May 2000 to 29 May 2050. As of the date of this announcement, the Target Property together with the entire equity interests in the Target Company were pledged to secure the Loan.

## **INFORMATION ABOUT THE VENDOR**

The Vendor is a limited liability company established under the laws of the PRC. It is principally engaged in property investment and financial investment.

## **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 and is currently involved in the investment and development of the Target Property in Beijing, the PRC and the provision of property management services.

Having considered, among other things, (a) the Target Property is situated at South 2nd Ring which allows it to quickly stay connected with the city's trunk roads and the subway system with a well-developed network; and (b) the ancillary facilities such as hospitals, school, shopping malls and recreation parks have been properly developed, the Directors are of the view that the Target Property has excellent potential for development and the Acquisition is in line with the development and investment strategies of the Group and the terms of the Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and the entering into of the Equity Transfer 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 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 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 Company as contemplated under the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	China Aoyuan Property Group Limited (中國奧園地產集團股份有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 3883)
“Consideration”	RMB658,000,000 (equivalent to approximately HK\$736,960,000), being the consideration of the Acquisition
“Deposit”	pursuant to the Equity Transfer Agreement, the payment of RMB65,800,000 (equivalent to HK\$73,696,000), representing 10% of the Consideration, by the Purchaser to the Vendor
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 23 March 2017 and entered into among the Vendor, the Purchaser and the Target Company in relation to the Acquisition
“Final Payment”	pursuant to the Equity Transfer Agreement, the deposit of RMB263,200,000 (equivalent to approximately HK\$294,784,000), representing 40% of the Consideration, by the Purchaser into the Joint Bank Account
“First Payment”	pursuant to the Equity Transfer Agreement, the deposit of RMB329,000,000 (equivalent to approximately HK\$368,480,000), representing 50% of the Consideration, by the Purchaser into the Joint Bank Account
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration 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
“Joint Bank Account”	a bank account opened under the name of the Target Company, the name stamp of which shall be provided by the Purchaser and the common seal of Target Company shall be jointly kept by the Vendor and the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan borrowed by Beijing Baohua Shengshi Import and Export Co., Ltd (北京保華盛世進出口有限公司), the Vendor’s associated company, from its borrowing bank, which is secured by the pledge of (a) the Target Property; and (b) the entire equity interests of the Target Company. The maximum amount of such loan was RMB300,000,000 (equivalent to HK\$336,000,000) which had been fully drawn down
“PRC”	the People’s Republic of China, which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	廣東奧園商業地產集團有限公司 (Guangdong Aoyuan Commercial Real Estate Group Co., Ltd.), a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	北京市溪水花園物業管理有限公司 (Beijingshi Xishui Garden Property Management Co., Ltd.), a limited liability company incorporated under the laws of the PRC
“Target Property”	a property comprises the office at Lot B-2 and Lot B-1, basement car parking floor at Lot C-10, known as Jianan Building (迦南大廈), located at Building 2, You An Men External Street, Feng Tai District, Beijing, PRC (豐台區右安門外大街2號樓B段-2辦公及B段-1、C段-10地下車庫) with gross floor area of 15,994.88 square meters as integrated use for commodity housing



“Vendor”	北京翰德文化發展有限公司 (Beijing Hande Culture Development Co., Ltd.), a limited liability company incorporated under the laws of the PRC which wholly-owned the entire equity interests in the Target Company
“HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 23 March 2017

For the purpose of this announcement, the exchange rate at RMB1.00 = HK\$1.12 has been used, where applicable, for the purpose of illustration only.

All of the English titles or names of the PRC entities and individuals, 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; the non-executive Director is Mr. Yang Zhong; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.*