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中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1282)

MAJOR ACQUISITION

ACQUISITION OF LAIHUA TAISHENG LIMITED

THE ACQUISITION

On 4 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Interest at the Consideration.

The Sale Interest represents 100% of the equity interest in the Target Company. The Target Company holds the Project.

LISTING RULES IMPLICATIONS

Rule 14.06(3)

As certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% and all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Rule 14.44

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or its associates has any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Acquisition.

As at the date of this announcement, the Relevant Shareholders control an aggregate of 15,027,363,600 shares of the Company, representing approximately 67.85% interest in the Company. Written shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Agreement under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details about the Acquisition will be despatched to the Shareholders. As the Company expects that it will need more time to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 31 August 2017.

THE ACQUISITION

On 4 August 2017, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor with respect to the Acquisition.

The principal terms of the Agreement are set out below.

Assets to be acquired:

The Sale Interest represents 100% of the equity interest in the Target Company. The Target Company holds the Project.

Consideration:

The consideration for the Acquisition is RMB1,720,000,000 (equivalent to approximately HK\$1,997,659,600), it was determined by the parties after arm's length negotiations with reference to, among other factors:

- (1) unaudited net assets value of the Target Company as of 30 June 2017;
- (2) appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as of 30 June 2017, less construction costs payable to be assumed;
- (3) unrealized profits of pre-sale properties;
- (4) the prevailing property market conditions in the PRC;
- (5) the remaining proceeds from pre-sale properties;
- (6) future tax liabilities which will be payable upon the sale of properties; and
- (7) benefits to the Group following Completion.

The consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (a) an amount of RMB100,000,000 within 10 Business Days (as defined in the Agreement) after the date of the Agreement;

- (b) an amount of RMB100,000,000 within 10 Business Days (as defined in the Agreement) after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM (or if no EGM will be convened, the date upon which the registration and notarization procedure in respect of the transfer of the Sale Interest is completed);
- (c) an amount of RMB185,000,000 within 10 Business Days (as defined in the Agreement) after the date of completion of registration of the transfer of the Sale Interest by the local Administration for Industry and Commerce of the PRC;
- (d) an amount of RMB400,000,000, within 60 calendar days after the date of Completion; and
- (e) an amount of RMB935,000,000 within 180 calendar days after the date of Completion.

The Group intends to fund the Acquisition by its internal financial resources and/or bank borrowings and/or the placing of new Shares to investors.

Conditions precedent:

Completion will be conditional upon the satisfaction or waiver of the following conditions:

- (a) the Purchaser having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, operations and financial position of the Target Company by the Purchaser;
- (b) the Purchaser and/or the Company having obtained all necessary approvals in respect of the Acquisition from the Shareholders and/or the Stock Exchange in accordance with the Listing Rules and other applicable laws;
- (c) since the date of the Agreement, there have been no events or circumstances which have a material adverse effect on the business, financial, operation or assets of the Target Company; and
- (d) all declarations, warranties and undertakings made by the Vendor remaining true, accurate and not misleading in material respect.

The Purchaser is entitled to waive all of the foregoing conditions (save for condition (b)). The Company has no present intention to waive any of the conditions precedent.

Completion:

Completion shall take place on the third (3rd) Business Day (as defined in the Agreement) after the fulfilment or waiver of the above conditions precedent, or such other date as agreed in writing between the Vendor and the Purchaser. If any of the above conditions precedent (save for condition (b)) cannot be fulfilled or waived as to condition (b) on or before 31 December 2017, the Agreement shall lapse without any obligations and liabilities for each party.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results will be consolidated with the accounts of the Group.

Reasons for the Acquisition

The Target Company holds the Project. The board of the Company considers that the Group will benefit from the sale and leasing of the properties in the Project and the anticipated growth in the value of the Project.

With the implementation of a diversified development strategy in recent years, the Group looks for appropriate property investment opportunities in major cities and regions with development potential, so as to seize the business opportunities in the booming real estate market. The Group has acquired a number of properties since 2016. The board of the Company considers that the Acquisition is a good investment opportunity. Having considered the prospects of the property market in the PRC in general, the board of the Company considers that the Acquisition will contribute positively to the Group.

Based on the factors as disclosed above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors is considered to have a material interest in the Acquisition and therefore no Director was required to abstain from voting on the relevant resolutions for approving the Acquisition.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The Project

The Target Company is principally engaged in real estate property sale and development, and holds the Project in the PRC.

The Project is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC covering a site area of 128,461.2 sqm, of which the saleable area is 635,071.78 sqm. The Target Company anticipates to hold the land construction area of 40,983.03 sqm for commercial use, 23,261.87 sqm for hotel use, 41,164.71 sqm for parking space of commercial office and the remaining part of the land under the Project will be for sale or leased out.

Financial information

According to the financial statements of the Target Company which are prepared on a basis consistent with the PRC accounting standards, its unaudited financial results for the two years ended 31 December 2016 and the period from 1 January 2017 to 30 June 2017 are as follows:

	For the year ended 31 December		For the period from 1 January 2017 to
	2015 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	30 June 2017 (Unaudited) RMB'000
Net (loss)/profit before tax	(15,880)	51,237	(3,877)
Net (loss)/profit after tax	(11,338)	12,243	(3,877)
Net assets	1,632,478	1,644,721	1,640,844

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in automation equipment trading and related services, financial services, securities investment, high-tech and new energy product manufacturing, and property investment and development.

The Vendor

The Vendor is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent third parties and not connected with the Company and its connected person.

LISTING RULES IMPLICATIONS

Rule 14.06(3)

As certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% and all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Rule 14.44

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of its associates have any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Acquisition. As at the date of this announcement, the total number of Shares in issue is 22,148,598,100 and the Relevant Shareholders control an aggregate of 15,027,363,600 shares of the Company, representing approximately 67.85% interest in the Company. Written shareholders' approval may be accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Agreement upon Rule 14.44 of the Listing Rules.

The details of the shareholding of the Relevant Shareholders in the Company are as follows:

	Total number of Shares beneficially held	Approximate percentage of shareholding (%)
Mr. Yao	35,968,000	0.16
Tinmark (Note 1)	10,771,835,600	48.64
Foresea Life (Note 2)	<u>4,219,560,000</u>	<u>19.05</u>
Total	<u><u>15,027,363,600</u></u>	<u><u>67.85</u></u>

Notes:

1. Tinmark is wholly and beneficially owned by Mr. Yao.
2. Mr. Yao Zhenhua (姚振華) is the actual controller of 深圳市鉅盛華股份有限公司 (Shenzhen Jushenhua Company Limited*), a joint stock company established in the PRC with limited liability. 深圳市鉅盛華股份有限公司 (Shenzhen Jushenhua Company Limited*) in turn holds a 51% interest in Foresea Life. Mr. Yao Zhenhua (姚振華) is the elder brother of Mr. Yao.

Circular

A circular containing, among other things, further details about the Acquisition will be despatched to the Shareholders. As the Company expects that it will need more time to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 31 August 2017.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Interest by the Purchaser from the Vendor in accordance with the terms of the Agreement;
“Agreement”	the agreement dated 4 August 2017 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Interest;
“associate”	has the meanings ascribed to it under the Listing Rules;
“Company”	China Goldjoy Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1282);
“Completion”	completion of the Acquisition;
“connected person”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Foresea Life”	前海人壽保險股份有限公司 (Foresea Life Insurance Co., Ltd.*), a joint stock company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Yao”	Mr. Yao Jianhui (姚建輝), the chairman of the board of the Company and an executive Director of the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Project”	the property development project in the name of “世紀城” (Century Plaza*), which is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC (江西省贛州市章江新區) with a total gross area of 128,461.2 sqm;

“Purchaser”	Shenzhen Bao Kai Assets Holdings Limited* (深圳寶開實業有限公司), a company established in the PRC and is an indirect wholly-owned subsidiary of the Company;
“Relevant Shareholders”	Mr. Yao, Tinmark and Foresea Life, who are together interested in 15,027,363,600 Shares (representing approximately 67.85% of the total number of Shares in issue) as at the date of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interest”	the 100% equity interest in the Target Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sqm”	square meter;
“Target Company”	Laihua TaiSheng Limited (萊華泰盛有限公司), a company established in the PRC with limited liability;
“Tinmark”	Tinmark Development Limited, a company incorporated in the British Virgin Islands with limited liability;
“Vendor”	Lai Hua Properties and Investment Limited (萊華商置有限公司), a company established in the PRC with limited liability; and
“%”	per cent.

Note: For the purpose of illustration only, RMB is translated to HK\$ at the illustrative rate of RMB1.00 = HK\$1.16143.

By Order of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 4 August 2017

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Li Minbin and Mr. Zhang Chi; one non-executive director, namely Mr. Huang Wei; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.

* *for identification purpose only*