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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF LAIHUA TAIFENG LIMITED

THE ACQUISITION

On 23 April 2018, 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 a consideration of RMB660,000,000 (equivalent to approximately to HK$825,000,000).

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

LISTING RULES IMPLICATIONS

Although there is no connected relationship between the Vendor, Mr. Zhang, the Company and the connected persons of the Company, given the past business relationships between the Vendor, Mr. Zhang and the Baoneng group (the ultimate controlling shareholder of which is Mr. Yao Zhenhua (姚振華) who is the elder brother of Mr. Yao) as set out on pages 13 to 15 of the circular of the Company dated 8 December 2017, the Company considers the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee will be formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Mr. Yao and his associates who hold together, directly or indirectly, approximately 58.12% of the entire issued share capital of the Company, no Shareholder has any material interest in the Agreement and the transactions contemplated thereunder. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

As additional time is required to prepare and finalise the financial information of the Target Company for inclusion in the circular, the circular containing, among other things, (i) further details of the Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable but not later than 11 May 2018.

THE ACQUISITION

On 23 April 2018, 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. The Vendor completed its acquisition of the Target Company in July 2014 at a consideration of RMB600,000,000 (equivalent to approximately HK$750,000,000).

Consideration:

The consideration for the Acquisition is RMB660,000,000 (equivalent to approximately HK$825,000,000), 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 28 February 2018, adjusted by expected major movements of net asset value;

(2) appreciation of properties attributable to the Target Company based on the preliminary valuation of the properties held by the Target Company as of 28 February 2018, less construction costs payable to be assumed;

(3) the prevailing property market conditions in the PRC;

(4) future tax liabilities which will be payable upon the sale of properties; and

(5) the 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 RMB188,000,000 (equivalent to approximately HK$235,000,000), which represents the amount of outstanding indebtedness due by the Vendor to the Target Company, will be assigned by the Target Company to the Purchaser and netted off and deducted from the consideration before Completion;

(b) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Agreement;

(c) an amount of RMB100,000,000 (equivalent to approximately HK$125,000,000) within 10 business days after the date of the Shareholders approving the transactions contemplated under the Agreement at the EGM; and

(d) an amount of RMB272,000,000 (equivalent to approximately HK$340,000,000) within 90 business days 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.

The board of Directors considers that the net-off arrangement in (a) above is in the interest of the Company and the Shareholders as a whole given there will not be any outstanding indebtedness owing by the Vendor to the Target Company after Completion. The deferred payment of the remaining balance of the consideration amount for the Acquisition after the date of Completion and completion of the relevant procedures in respect of the transfer of Sale Interest is to the benefit of the Company.

The Group intends to fund the Acquisition by its internal financial resources and/or bank borrowings.

Conditions precedent:

Completion is conditional upon 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 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 on or before Long Stop Date, the Agreement shall terminate and lapse without any obligations and liabilities for each party.

The Vendor shall refund all the cash considerations having paid by the Purchaser (together with the interests calculated based on 1% per annum accrued commencing from the relevant dates of payment) within 5 business days after termination of the Agreement, provided that such termination is caused by non-fulfilment of the conditions precedent of the Agreement on or before the Long-Stop Date or the Agreement is unilaterally terminated by one of the parties due to the failure of proceeding to Completion.

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

As disclosed in the Company's annual results announcement for the year ended 31 December 2017, the Group will continue to capture investment and development opportunities in the property market of both Hong Kong and the PRC, and position the development of property investment and development business as one of its major focuses. The Group completed the Previous Acquisition which holds a property development project in the same city as the Project. Together with the Acquisition, the board of Directors believes that the Group will benefit from the economies of scale in developing and managing both projects in the same city.

Based on the factors as disclosed above, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) 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.

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 275,896 sqm, of which the saleable area is 239,646 sqm. The Target Company anticipates to hold the land construction area of 22,727 sqm for commercial use, 29,669 sqm for hotel use 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 were prepared by the directors of the Target Company in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China ("CAS") issued by the China Ministry of Finance and were audited by 中聯會計師事務所有限公司, its audited financial results under CAS for the two years ended 31 December 2016 and 2017 are as follows:

	For the year ended 31 December	
	2016	**2017**
	(Audited under CAS)	(Audited under CAS)
	RMB'000	*RMB'000*
Revenue	363,980	236,082
Net profit before tax	59,600	76,637
Net profit after tax	31,359	62,299
Net assets	665,204	727,503

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the trading and provision of services with respect to automation related equipment, financial services, the manufacturing of a range of high-technology and new energy products, property investment and development and securities investment.

The Purchaser

The Purchaser is an indirect wholly owned subsidiary of the Company, and is principally engaged in real estate property sale and development in the PRC.

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, save as disclosed in this announcement, the Vendor and its ultimate beneficial owner are independent third parties and not connected with the Company and its connected person.

LISTING RULES IMPLICATIONS

Although there is no connected relationship between the Vendor, Mr. Zhang, the Company and the connected persons of the Company, given the past business relationships between the Vendor, Mr. Zhang and the Baoneng group (the ultimate controlling shareholder of which is Mr. Yao Zhenhua (姚振華) who is the elder brother of Mr. Yao) as set out on pages 13 to 15 of the circular of the Company dated 8 December 2017, the Company considers the Acquisition as a connected transaction for good corporate governance under Chapter 14A of the Listing Rules. Save for Mr. Yao, none of the other Directors had a material interest in the Acquisition on the date of passing the board resolutions for approving the Acquisition and abstained from voting on the relevant resolutions for approving the Acquisition.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee, comprising all independent non-executive Directors, will be established to provide recommendations to the Independent Shareholders on the terms of the Agreement.

GENERAL

An Independent Board Committee will be formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Save for Mr. Yao and his associates who hold together, directly or indirectly, approximately 58.12% of the entire issued share capital of the Company, no Shareholder has any material interest in the Agreement and the transactions contemplated thereunder. Mr. Yao and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for the foregoing, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder at the EGM.

As additional time is required to prepare and finalise the financial information of the Target Company for inclusion in the circular, the circular containing, among other things, (i) further details of the Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable but not later than 11 May 2018.

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 23 April 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition;
"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;

"EGM"	an extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder;
"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;
"Independent Board Committee"	the independent committee of the board of Directors, comprising Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, all of whom are independent non-executive Directors, will be formed to advise the Independent Shareholders as to the Agreement and the transactions contemplated thereunder;
"Independent Financial Adviser"	an independent financial adviser to be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Agreement and the transactions contemplated thereunder;
"Independent Shareholders"	with respect to the Agreement and the transactions contemplated thereunder, the Shareholders excluding Mr. Yao and his associates;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	31 October 2018;
"Mr. Yao"	Mr. Yao Jianhui (姚建輝), the chairman of the board of the Company and an executive Director of the Company;
"Mr. Zhang"	Mr. Zhang Zhenchun (張振純), a Hong Kong resident and the ultimate beneficial owner of the Vendor;
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
"Previous Acquisition"	the acquisition of Laihua TaiSheng Limited (萊華泰盛有限公司) by a wholly-owned subsidiary of the Company from the Vendor in December 2017;
"Project"	the property development project in the name of "太古城" (Taigu Plaza*), which is located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC with a total gross area of 275,896 sqm;

"Purchaser"	Laihua TaiSheng Limited (萊華泰盛有限公司), a company established in the PRC and is an indirect wholly owned subsidiary of the Company;
"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 TaiFeng Limited (萊華泰豐有限公司), a company established in the PRC 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$1.25.

By Order of the Board
China Goldjoy Group Limited
Chai Sai Yan
Company Secretary

Hong Kong, 23 April 2018.

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*