



## **Australia China Holdings Limited**

**ARBN 067 993 506**

**28 Bangalla Road, Rose Bay, NSW 2029, Australia**

**Email: [sec@aakch.com](mailto:sec@aakch.com)**

Company Announcement Office  
Australian Stock Exchange Limited

By e-Lodgement

10 May, 2016

Dear Shareholders,

### **Re: Memorandum of Understanding with Metropolis Enterprises Group Limited to acquire hotel project in Cambodia**

The Board of Australia China Holdings Limited (ASX: AAK) is pleased to announce the signing of a Memorandum of Understanding (MOU) by its wholly owned subsidiary Australia China Development Limited (ACD) with Metropolis Enterprises Group Limited (MEG) to acquire up to 51% shareholding in Lido Entertainment Limited (LEL), a company incorporated in Hong Kong. LEL currently owns a 51% share in a 200-room hotel in Cambodia which is currently being converted into a casino hotel.

MEG has agreed to sell up to 51% of its share in the issued capital of LEL to ACD. Under the MOU, ACD has the option to progressively acquire up to 51% shares in LEL.

LEL is developing a Real Estate Investment Trust (REIT) and had entered into a REIT Agency Agreement with BVMalls (HK) Limited for the REIT placement to raise a total of USD120 million within the next 12 months.

The hotel as a casino is valued at USD200 million by an independent valuer, Asset Appraisal Limited. Based on the valuation and allowing a 10% discount, the value of 100% of LEL would be USD91.8 million, if ACD purchases the full 51% of LEL, the total consideration for acquisition would be USD46.818 million, which will be settled in either cash or AAK's shares, at ACD's discretion, based on the latest 10 days average trading price from the period from 26 April 2016 to 9 May 2016, immediately prior to the MOU.

MEG will in turn provide a profit guaranty of 10% per annum to ACD for the first two years of operation from the grand opening of the casino hotel.

The acquisition is subject to the following conditions:



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- satisfactory due diligence to be completed;
- the parties executing a formal Share Purchase Agreement (SPA);
- AAK obtaining all necessary shareholders approvals pursuant to the ASX Listing Rules or any other law;
- AAK obtaining ASX approval;
- AAK obtaining all necessary third party approvals or consents to give effect to the matters set out in the MOU to allow AAK to lawfully complete the matters as set out in the MOU;

Under the MOU, the both companies will work towards preparing a formal SPA within 60 days of signing the MOU. The Vendor of the transaction is a current shareholder of AAK holding 11.72% of AAK and therefore is a substantial shareholder under Listing Rule 10.1. AAK will seek shareholders approvals and carry out an independent experts report as part of the shareholders approval process.

AAK is pleased to announce the entering of this new property venture in Cambodia, this is in line with the Group property development and management operation and the Group's direction in riding on the "One Belt One Road" program in South East Asia.

AAK is confident that the new venture will generate increased revenue and profits to the Group.

AKK will keep shareholders updated on the timing of the implementation of the transaction as it progresses.

Yours faithfully,

For and on behalf of

**Australia China Holdings Limited**

Stonely Sek

Company Secretary