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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Aoyuan Healthy Life, a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange constitutes a spin-off of Aoyuan Healthy Life by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

AOYUAN HEALTHY LIFE'S APPLICATION FOR LISTING

On 31 August 2018, Aoyuan Healthy Life submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange. It is currently proposed that the Proposed Spin-off will be effected by way of the Global Offering of the Aoyuan Healthy Life Shares, including the preferential offering. It is intended that the Qualifying Shareholders will be provided with an assured entitlement to the Aoyuan Healthy Life Shares by way of a preferential application for the Aoyuan Healthy Life Shares in the Global Offering, if the Proposed Spin-off proceeds. Details of such assured entitlement and the Global Offering have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate.

Upon completion of the Proposed Spin-off and Listing, the Company is expected to have an interest of not less than 50% in Aoyuan Healthy Life and Aoyuan Healthy Life will remain as a subsidiary of the Company.

The Spin-off Group is a property management service and commercial operational service provider in the PRC, offering diversified property management services for residential and non-residential properties and a full range of commercial operational services for shopping malls, with a focus on mid to high-end properties and mixed-use property developments.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is under 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, and the Proposed Spin-off will not be subject to the approval of the Shareholders.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Aoyuan Healthy Life, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to spin-off and separately list the shares of Aoyuan Healthy Life, a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange constitutes a spin-off of Aoyuan Healthy Life by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 31 August 2018, Aoyuan Healthy Life submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange.

THE PROPOSED SPIN-OFF

It is currently proposed that the Proposed Spin-off will be effected by way of the Global Offering of the Aoyuan Healthy Life Shares, including the preferential offering as explained in the paragraph headed “Assured Entitlement and Further Announcement” below. The details of the Global Offering have yet to be finalised. As at the date of this announcement, Aoyuan Healthy Life is owned as to 75.5% by the Company. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of not less than 50% in Aoyuan Healthy Life and Aoyuan Healthy Life will remain as a subsidiary of the Company.

INFORMATION ON THE SPIN-OFF GROUP

Aoyuan Healthy Life was established in the Cayman Islands on 13 December 2016. The Spin-off Group is a property management service and commercial operational service provider in the PRC, offering diversified property management services for residential and non-residential properties and a full range of commercial operational services for shopping malls, with a focus on mid to high-end properties and mixed-use property developments (the “**Spin-off Businesses**”).

INFORMATION ON THE GROUP

The Group is a property developer in the PRC and is principally engaged in the development and sales of properties, property investment, hotel operation, provision of property management services and sales of goods. Upon completion of the Proposed Spin-off, the Retained Group will continue to focus on its principal businesses of development and sales of properties, property investment, hotel operation and sales of goods.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Spin-off Businesses have grown to a scale which merits a separate listing and that such listing is considered commercially desirable and beneficial to the Company and the Shareholders as a whole for the following reasons:

- (a) **More defined business focus.** The separate listing of the Aoyuan Healthy Life Shares will create a more defined business focus for both the Retained Group, which will focus on the Retained

Businesses, and the Spin-off Group, which will focus on the Spin-off Businesses. As the Retained Group and the Spin-off Group have different growth paths and different business strategies, the Proposed Spin-off will allow separate platforms for the development of the businesses of the two groups.

- (b) **Management focus and efficient resource allocation.** The management focus, expertise and skills which are required for the businesses of the Retained Group and the Spin-off Group are different and the Proposed Spin-off will allow for a clear separation of operations and management, enabling a more focused strategy and efficient resource allocation in the businesses of the two groups. Furthermore, the independent listing of the Aoyuan Healthy Life Shares will lead to a more direct alignment of its management's responsibilities and accountabilities with its operational and financial performance. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making processes, faster response time to market changes and increased operational efficiency. The senior management of the Spin-off Group will be under heightened scrutiny from the investor community more directly and it is possible to measure their performance against the stock market performance of Aoyuan Healthy Life relative to its industry peers listed on the Stock Exchange. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment.
- (c) **Unlocking of value of shareholders and creation of own investor base for the business of the Spin-off Group.** The Proposed Spin-off could unlock the value of the Company's investment in the Spin-off Group and the investors would be able to appraise and assess the performance and potential of the Spin-off Group on a standalone basis and separated from the Retained Group. Moreover, the investors will be provided more details of the operational performance of the businesses of the Spin-off Group and will be given the opportunity to invest specifically in the Spin-off Businesses.
- (d) **Enhancement of access to capital markets for the Spin-off Group and increase in financing flexibility.** The Proposed Spin-off will allow the Spin-off Group to position itself as an independent listed group with direct access to the debt and equity capital markets to finance its future growths. A separate listing of shares in Aoyuan Healthy Life will provide clarity to the credit profile of the Spin-off Group and to the financial institutions who wish to analyse or lend against the credit rating of a company operating in the Spin-off Businesses.
- (e) **Building on the Spin-off Group's own reputation.** A separate listing will enable the Spin-off Group to further build on its reputation and be in a better position to negotiate and solicit more businesses, and the Company will in turn be able to benefit from the growth of the Spin-off Group through its shareholding in Aoyuan Healthy Life.
- (f) **Enhancement of corporate profile of the Spin-off Group.** A separate listing will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, who can produce synergy for the Spin-off Group, for investment in and forming strategic partnerships directly with the Spin-off Group. The Company will benefit from such investments without further capital commitment.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with an assured entitlement to the Aoyuan Healthy Life Shares by way of a preferential application for the Aoyuan Healthy Life Shares in the Global Offering, if the Board and the board of directors of Aoyuan Healthy Life decide to proceed with the Proposed Spin-off and the Global Offering, and the Listing Committee has given its approval to the Listing. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is under 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, and the Proposed Spin-off will not be subject to the approval of the Shareholders.

GENERAL

A redacted form of the application proof of Aoyuan Healthy Life's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of Aoyuan Healthy Life, market conditions and other considerations, the Proposed Spin-off may or may not materialise. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Aoyuan Healthy Life”	Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), formerly known as Aomaijia Group Limited (奧買家集團有限公司) and Aomygod Cross Border E-commerce Group Limited (奧買家跨境電商集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability
“Aoyuan Healthy Life Share(s)”	ordinary share(s) in the share capital of Aoyuan Healthy Life, with a nominal value of HK\$0.01 each
“Board”	the board of directors of the Company
“Company”	China Aoyuan Property Group Limited (中國奧園地產集團股份有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883)
“Global Offering”	the offering to the public in Hong Kong for subscription, and the international offering to institutional and professional investors (which is expected to include a preferential offering to the Qualifying Shareholders), of the Aoyuan Healthy Life Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

“Non-qualifying Shareholders”	Shareholders on the Record Date with registered addresses in, or who are otherwise known by the Company to be residents of, any of the jurisdictions, which the Company and Aoyuan Healthy Life consider it necessary or expedient to exclude from the preferential offering of the Aoyuan Healthy Life Shares in the Global Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Spin-off”	the proposed spin-off and separate listing of the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange
“Qualifying Shareholders”	Shareholders whose names appear in the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the record date for determining the assured entitlement of the Qualifying Shareholders to the Aoyuan Healthy Life Shares in the preferential offering under the Global Offering
“Retained Group”	the Company and its subsidiaries, excluding the Spin-off Group
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Spin-off Group”	Aoyuan Healthy Life and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage.

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

Hong Kong, 31 August 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.