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中國奧園集團股份有限公司
China Aoyuan Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

ISSUANCE OF USD225,000,000 7.95% SENIOR NOTES DUE 2023

Reference is made to the Announcement in respect of the Notes Issue. Unless otherwise defined, terms that are defined in the Announcement shall have the same meaning in this announcement.

The Board is pleased to announce that on 11 February 2019, the Company and the Subsidiary Guarantors entered into a Purchase Agreement with AMTD, Bank of America Merrill Lynch, The Bank of East Asia, Limited, DBS Bank Ltd., Deutsche Bank, Goldman Sachs (Asia) L.L.C., J.P. Morgan, Morgan Stanley and UBS in connection with the issue of the Notes. The Offer Price of the Notes will be 100% of the principal amount of the Notes.

The estimated net proceeds of the issue of the Notes, after deduction of the underwriting commission and other estimated expense payable in connection with this offering, will amount to approximately USD221 million; and the Company intends to use the net proceeds mainly to refinance the Group's existing offshore indebtedness and for general working capital.

Application will be made to the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval for the listing and quotation of the Notes on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries (if any). The issue of the Notes is subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

THE PURCHASE AGREEMENT

Date: 11 February 2019

Parties to the Purchase Agreements

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) AMTD, Bank of America Merrill Lynch, The Bank of East Asia, Limited, DBS Bank Ltd., Deutsche Bank, Goldman Sachs (Asia) L.L.C., J.P. Morgan, Morgan Stanley and UBS as the initial purchasers for the issue of the Notes.

AMTD, Bank of America Merrill Lynch, The Bank of East Asia, Limited, DBS Bank Ltd., Deutsche Bank, Goldman Sachs (Asia) L.L.C., J.P. Morgan, Morgan Stanley and UBS are the joint lead managers, the joint bookrunners and initial purchasers in respect of the offer and sale of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of AMTD, Bank of America Merrill Lynch, The Bank of East Asia, Limited, DBS Bank Ltd., Deutsche Bank, Goldman Sachs (Asia) L.L.C., J.P. Morgan, Morgan Stanley and UBS is an independent third party and not a connected person of the Company.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States. Accordingly, the Notes are being offered and sold only outside the United States in reliance on Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of USD225,000,000 which will mature on 19 February 2023, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 19 February 2019 at the rate of 7.95% per annum, payable semi-annually in arrears on 19 February and 19 August of each year, beginning 19 August 2019.

Ranking of the Notes

The Notes are general obligations of the Company and are guaranteed by certain Subsidiary Guarantors on a senior basis, subject to certain limitations described in the Indenture. The Notes (1) are senior in right of payment to any future obligations of the Company expressly subordinated in right of payment to the Notes, (2) rank and will rank at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), (3) are effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor, and (4) are effectively subordinated to all existing and future obligations of the subsidiaries of the Company that are not Subsidiary Guarantors.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest or additional amounts and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a first priority lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice; (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of USD20.0 million; (f) one or more final judgments or orders for the payment of money in excess of USD20.0 million are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor or any JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) any default by the Company or any Subsidiary Guarantor pledgor in the performance of any of its obligations under the security provided under the Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of

the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor pledgor denying or disaffirming its obligations under the security documents provided under the Notes, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the collateral agent ceasing to have a first priority security interest in the collateral given under the Notes (subject to any permitted liens and the intercreditor agreement).

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

The Notes, the Indenture and the Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict the ability of certain of its subsidiaries to pay dividends and transfer assets or make intercompany loans;
- (j) enter into transactions with equity holders or affiliates; or
- (k) effect a consolidation or merger.

Optional Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time on or after 19 February 2022, the Company may on any one or more occasions redeem all or any part of the Notes, at a redemption price of 102% plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date.
- (2) At any time prior to 19 February 2022, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.
- (3) At any time and from time to time prior to 19 February 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107.95% of the principal amount of the Notes, plus accrued and unpaid interest, if any, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Repurchase of Notes upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture), the Company must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

Reasons for the Notes Issue

The Company intends to use the net proceeds of the Notes mainly to refinance the Group's existing offshore indebtedness and for general working capital. The Company may adjust the foregoing plan in response to changing market conditions and reallocate the use of proceeds.

Listing

Application will be made to the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval for the listing and quotation of the Notes on the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries (if any).

DEFINITIONS

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

“AMTD”	AMTD Global Markets Limited, one of the joint lead managers and the joint bookrunners in respect of the offer and sale of the Notes
“Announcement”	the announcement of the Company dated 11 February 2019 in respect of proposed issue of USD senior notes
“The Bank of East Asia, Limited”	The Bank of East Asia, Limited, one of the joint lead managers and the joint bookrunners in respect of the offer and sale of the Notes
“Holder”	Person whose name is registered in the Notes register
“Indenture”	the written agreement among the Company (as the issuer of the Notes), the Subsidiary Guarantors (as guarantors) and DB Trustees (Hong Kong) Limited (as trustee) that specifies the terms of the Notes, including the interest rate of the Notes and the maturity date
“JV Subsidiary Guarantors”	certain of the Company’s future joint venture subsidiaries guaranteeing the Notes
“Notes”	the USD225,000,000 7.95% senior notes due 2023 to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“Purchase Agreement”	as applicable, the agreement dated 11 February 2019 entered into by and among the Company, the Subsidiary Guarantors, AMTD, Bank of America Merrill Lynch, The Bank of East Asia, Limited, DBS Bank Ltd., Deutsche Bank, Goldman Sachs (Asia) L.L.C., J.P. Morgan, Morgan Stanley and UBS in connection with the issue of the Notes

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

Hong Kong, 11 February 2019

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.