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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 US\$200,000,000 7.35% SENIOR NOTES DUE 2023**

The Board is pleased to announce that on 14 June 2019, the Company and the Subsidiary Guarantors entered into a Purchase Agreement with Morgan Stanley in connection with the issue of US\$200,000,000 7.35% senior notes due 2023. An internationally renowned institutional investor is expected to be the investor 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 Notes Issue, after deduction of the underwriting commission and other estimated expense payable in connection with this issue, will amount to approximately US\$198 million and the Company intends to use the net proceeds to refinance the Group's existing offshore indebtedness.

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: 14 June 2019

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) Morgan Stanley as the initial purchaser for the issue of the Notes.

Morgan Stanley is the initial purchaser and an internationally renowned institutional investor is expected to be the investor for the issue of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Morgan Stanley and the investor 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 US\$200,000,000 and the Notes will mature on 21 June 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 21 June 2019 at the rate of 7.35% per annum, payable semi-annually in arrears on 21 June and 21 December of each year, beginning 21 December 2019.

## *Ranking of the Notes*

The Notes are general obligations of the Company and are guaranteed by the 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 of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets (other than assets securing the Notes) 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 a put 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 US\$30.0 million; (f) one or more final judgments or orders for the payment of money in excess of US\$30.0 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 certain 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, or 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.

### *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 and from time to time on or after 21 June 2022, the Company may redeem the Notes, in whole or in part, at a redemption price of 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to 21 June 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 21 June 2022, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107.35% of the principal amount of the Notes plus accrued and unpaid interest, if any, with the 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*

- (1) Upon occurrence of a change of control (as defined in the Indenture), the Company will 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.
- (2) On or after 21 June 2022, upon written notice by a holder, the Company will repurchase within 30 business days of such notice all outstanding Notes of such Holder at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase.

#### **Reasons for the Notes Issue**

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

#### **Listing**

The Notes will not be listed.

#### **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	China Aoyuan Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the HKSE
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“HKSE”	The Stock Exchange of Hong Kong Limited
“Indenture”	the written agreement to be dated 21 June 2019 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 (if any) guaranteeing the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“Morgan Stanley”	Morgan Stanley & Co. International plc, the sole bookrunner and sole lead manager in respect of the offered sale of the Notes
“Notes”	the US\$200,000,000 7.35% senior notes due 2023 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Purchase Agreement”	the agreement dated 14 June 2019 entered into by and among the Company, the Subsidiary Guarantors and Morgan Stanley in relation to the Notes Issue
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes Issue
“Subsidiary Guarantors”	certain of the Company’s subsidiaries that will guarantee the payments of the Notes
“Subsidiary Guarantor Pledgor”	any Subsidiary Guarantor which pledges collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$”	United States dollars

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

Hong Kong, 14 June 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun and Mr. Chan Ka Yeung Jacky; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.*