

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**CLARIFICATION ANNOUNCEMENT**

This announcement is made by the board of directors (the “**Board**”) of China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board noted that on 3 March 2020, there was a short selling report published by someone anonymous on a social media platform (the “**Report**”). The Board hereby clarifies that the allegations in the Report are false. This announcement is made to refute such allegations or comments about the Group in the Report.

**ALLEGATIONS OR COMMENTS ABOUT THE GROUP IN THE REPORT**

1. In relation to non-controlling interests

The Company has introduced non-controlling shareholders (who are usually the original shareholders of projects) at project level and leverage the advantages of such shareholders to create synergies. Based on the properties delivered and project profit carried forward over the past few financial years, according to the existing information of the Company, the return from non-controlling interests of the Company are gradually achieved, and the management also believes that with increasing delivery in 2019 and the next two years, the earnings for non-controlling shareholders will be more visible. On the other hand, real estate projects of the Company generally take approximately two to three years from acquisition to completion and delivery. The project cycle of some projects, such as urban redevelopment projects, can be five years or more. Therefore, there is time lag between recognition of non-controlling interests in the consolidated income statement and the consolidated statement of financial position. As the projects are carried forward, the profits distributable to non-controlling shareholders will be gradually achieved according to the relevant delivery schedule of the projects.

2. In relation to contracted sales and collection amounts

The contracted sales information cited in the Report is the contract amount (tax inclusive), while the income data carried forward from property development in the consolidated financial statements of the Group is the net sales (tax exclusive). There are differences between them and cannot be compared directly. According to the information of the Company, as of the date of this announcement, the relevant property sales value added tax rate in China is 9%.

According to information of the Company, projects of the Group usually take one and a half year to two years from contracted sales to delivery. The carried forward income from property development over the past few years also reflect this trend. The cash collection ratio of the Company has been maintained at approximately 80%. The balance of receivables after the income carried forward from property development from the end of 2017 to the middle of 2019 was only RMB277 million, RMB442 million and RMB514 million, respectively, accounting for only 1.5%, 1.5% and 2.3% of the then income carried forward from property development of the Group. The above information have clearly reflected that all contracted sales of the Group have substantive return.

3. In relation to the project investment of financial platform

廣州奧園股權投資基金管理有限公司 (“**Aoyuan Fund**”) is a market-oriented operation private equity investment institution under the Group. To the best of the Company’s knowledge, information and belief, and having made all reasonable enquiries: (a) all personnel have qualifications for fund practice and their operations are in accordance with relevant regulatory requirements and industry norms; (b) all equity fund products issued by Aoyuan Fund are managed/supervised by custodian in accordance with the requirements and filed with Asset Management Association of China. Some of these products involve projects under Aoyuan. These transactions have been fully disclosed to Asset Management Association of China and investors. The projects are liquidated and exited in accordance with the terms of the relevant fund documents. All products are non-fixed return equity products; and (c) for other fixed income products issued by Aoyuan Fund (奧園基金) mentioned in the Report, the actual issuers are the project companies, while Aoyuan Fund is the servicer, and the products were filed and registered on each of the local government exchanges, which are legal and compliant products, and issued fixed income products have been included in the project company debts and included in the interest-bearing debt balance of the Company and not non-controlling shareholder’s equity.

Save as disclosed above, the Board confirms that it is not aware of any other information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and potential investors of the Company should note that the Report may be intended to deliberately undermine shareholders' confidence in the Company and its management and damage reputation of the Company. Therefore, shareholders and potential investors of the Company must exercise extreme caution when reading and using the information in the Report and pay attention to the announcements published by the Company on the website of the Stock Exchange and the relevant information in the investor relations section of the Company's official website. The Company is consulting with its legal advisers and reserves its right to take legal action against the author and organization of the Report and/or those responsible for the relevant allegations.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 5 March 2020

*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.*