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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)

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

**REVISED BASIS OF ASSURED ENTITLEMENT
OF QUALIFYING SHAREHOLDERS IN THE PREFERENTIAL OFFERING**

INTRODUCTION

References are made to the announcements of the Company dated 31 August 2018, 12 February 2019 and 13 February 2019 (the “**Announcements**”) in relation to the Proposed Spin-off. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

REVISED BASIS OF THE ASSURED ENTITLEMENT OF QUALIFYING SHAREHOLDERS IN THE PREFERENTIAL OFFERING

In order to enable the Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Aoyuan Healthy Life Shares on the Main Board of the Stock Exchange and the Proposed Spin-off becoming unconditional, Qualifying Shareholders are being invited to apply for an aggregate of 14,000,000 Aoyuan Healthy Life Shares (the “**Reserved Shares**”) in the Preferential Offering, representing approximately 8.9% and 8% of the Aoyuan Healthy Life Shares available under the International Offering and the Global Offering, respectively (without taking into account of any Aoyuan Healthy Life Shares which may be issued and allotted pursuant to the exercise of the over-allotment option of the Global Offering) as Assured Entitlement. The Assured Entitlement of Qualifying Shareholders to the Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

As set forth in the announcement of the Company dated 13 February 2019, the basis of the Assured Entitlement would be one (1) Reserved Share for every integral multiple of 25 Shares held by Qualifying Shareholders as at 4:30 p.m. on Wednesday, 27 February 2019, being the Record Date.

Subsequent to the date of such announcement, the Board understands from the board of director of Aoyuan Healthy Life (the “**AHL Board**”) that the offering structure of the Global Offering would need to modify for additional flexibility in light of the prevailing capital market condition. The Board has been informed by the AHL Board that the basis of the Assured Entitlement, would be changed to one (1) Reserved Share for every integral multiple of 85 Shares held by Qualifying Shareholders as at 4:30 p.m. on Wednesday, 27 February 2019, being the Record Date. The change would not require any of the Qualifying Shareholders to subscribe for additional number of Reserved Shares, and each Qualifying Shareholder may continue to apply for such number of Reserved Shares which is greater than, equal to or less than their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of the Reserved Shares which is less than or equal to a Qualifying Shareholder’s Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions of the Preferential Offering.

Where a Qualifying Shareholder applies for a number of the Reserved Shares which is greater than the Qualifying Shareholder’s Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to the terms and conditions as mentioned above), but the excess portion of such application will only be satisfied to the extent that there are sufficient available Reserved Shares not taken up by Qualifying Shareholders as their Assured Entitlement under the Preferential Offering. Details of how such excess portion will be satisfied will be further described in the Prospectus.

Qualifying Shareholders who hold less than 85 Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares only. Such application will only be satisfied to the extent that there are sufficient available Reserved Shares not taken up by Qualifying Shareholders as their Assured Entitlement under the Preferential Offering.

If the Preferential Offering proceeds, details of the Preferential Offering, including the terms and conditions for applications (including excess applications) for the Reserved Shares under the Preferential Offering, will be set out in the Prospectus and the accompanying blue application form.

As at the date of this announcement, the Shares are eligible stock for southbound trading under the Shenzhen-Hong Kong Connect but are not eligible stock under Shanghai-Hong Kong Stock Connect. Beneficial owners of Shares who hold the Shares through Shenzhen-Hong Kong Connect should note that pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Program (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》), China Securities Depository and Clearing Corporation Limited does not provide services relating to the subscription of newly issued shares. Accordingly, even if the Preferential Offering proceeds, beneficial owners of Shares who hold the Shares through Shenzhen-Hong Kong Connect cannot participate in the Preferential Offering and will not be able to take up their respective Assured Entitlement to the Reserved Shares under the Preferential Offering through the trading mechanism of Shenzhen-Hong Kong Connect.

As the size and structure of the Global Offering have not yet been finalised, the basis of the Assured Entitlement of Qualifying Shareholders to the Reserved Shares in the Preferential Offering as set out in this announcement is subject to change. In the event that there is a change in the basis of the Assured Entitlement of Qualifying Shareholders to the Reserved Shares in the Preferential Offering, a further announcement will be made by the Company.

GENERAL

Details in respect of the Proposed Spin-off, including the structure and the expected timetable, have not yet been finalised. Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

The Proposed Spin-off is subject to, among other things, the obtaining of an approval from the Listing Committee for listing of, and permission to deal in, the Aoyuan Healthy Life Shares, and the final decisions of the Board and of the AHL Board, which are dependent upon, among others, market conditions. Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Preferential Offering will not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company. Persons who are in doubt about their position or any action to be taken are recommended to consult their own professional advisers.

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

Hong Kong, 20 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.