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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE SALE SHARES AND
ASSIGNMENT OF THE SHAREHOLDER'S LOAN

THE DISPOSAL

The Board wishes to announce that on 12 November 2021 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Shareholder's Loan at the Consideration of HK\$900,000,000 in cash.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As Completion is subject to the terms and conditions under the Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board wishes to announce that on 12 November 2021 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Shareholder's Loan at the Consideration of HK\$900,000,000 in cash.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

- Date: 12 November 2021 (after trading hours of the Stock Exchange)
- Parties:
- (a) The Vendor: Aoyuan Property (Hong Kong) Limited (奧園地產(香港)有限公司), a wholly-owned subsidiary of the Company; and
 - (b) The Purchaser: Sharpview Investment Development Limited (新永投資發展有限公司).

Nature of the transaction and assets to be disposed

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Shareholder's Loan. The Sale Shares represent the entire issued share capital of the Target Companies, namely Mingwan Investments, Double Bliss and Prestige Well, and the Shareholder's Loan represents all sum owed by the Target Group to the Vendor as at the date of Completion.

Consideration

The consideration for the disposal of the Sale Shares and the assignment of the Shareholder's Loan are HK\$899,999,900 and HK\$100 respectively and hence the total amount of the Consideration is HK\$900,000,000, which shall be settled in cash in the following manner:

- (a) the Purchaser shall pay an amount of HK\$50,000,000 into the bank account(s) designated by the Vendor as the first payment of the Consideration; and
- (b) within forty-five (45) days from the date of the Agreement (or such other date as the parties may mutually agree), the Purchaser shall pay the remaining balance of the Consideration in the sum of HK\$850,000,000 into the bank account(s) designated by the Vendor, on the condition that the lending bank having given its consent to the Agreement and the transaction contemplated thereunder.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser and on normal commercial terms after taking into consideration the prevailing market value of the similar properties in the vicinity of the Properties and other factors as set out in the paragraph headed "Reasons for and Benefits of the Disposal" below.

Condition Precedent and Completion

Completion shall take place on the date which the Purchaser has duly transferred the first payment of the Consideration into the bank account(s) designated by the Vendor. Upon Completion, the Target Group will cease to be the subsidiaries of the Company and therefore their results will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE TARGET GROUP

The Target Companies, namely, Double Bliss, Mingwan Investments and Prestige Well, are companies established in the British Virgin Islands and are principally engaged in investment holding. As at the date of this announcement, the entire issued share capital of each Target Company is directly owned by the Vendor.

The Project Companies, namely, Lucky Gain, Greatmax International and Gold Dynamic, are companies established in Hong Kong and are wholly owned by Double Bliss, Mingwan Investments and Prestige Well respectively. The Project Companies are principally engaged in property investment holding.

As at the date of this announcement, the Properties are the only asset of the Project Companies and comprise 1/F, 2/F, 3/F, 4/F and 6/F of No.63 Robinson Road (Flat A on 1/F, 2/F, 3/F, 4/F and 6/F), 1/F – 8/F (inclusive) and Roof of No. 65 Robinson Road (Flat C on 1/F – 8/F (inclusive) and Roof), 1/F – 8/F (inclusive) and Roof of No. 65A Robinson Road (Flat D on 1/F – 8/F (inclusive) and Roof), 1/F – 4/F (inclusive) and 6/F – 8/F (inclusive) of No. 67 Robinson Road (Flat B on 1/F – 4/F (inclusive) and 6/F – 8/F (inclusive)) and Car Parking Spaces Nos. 1–15 (inclusive), 18, 19, 22 and 25–32 (inclusive) on Ground Floor, Yin Yee Mansion, Nos 63, 65, 65A and 67 Robinson Road, Hong Kong, representing approximately 86.41% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as respectively as Subsection 3 of Section A of Inland Lot No.1253, the Remaining Portion of Section A of Inland Lot No.1253 and Subsection 1 of Section A of Inland Lot No.1253 and in the messuages, erections and buildings thereon. The Project Companies filed an application to the Land Tribunal pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance, Cap. 545 for an order for sale of the remaining units of Yin Yee Mansion, Nos 63, 65, 65A and 67 Robinson Road, Hong Kong in March 2019. The proceedings have been set down for trial before the Lands Tribunal in February 2022.

Financial information of the Target Group

Target Companies

Based on the unaudited management accounts of each Target Company for the two financial years ended 31 December 2020 and the nine months ended 30 September 2021, each Target Company did not record any revenue or profit during such periods, and the unaudited net liability value as at 30 September 2021 for each of Mingwan Investments, Double Bliss and Prestige Well was approximately HK\$4,438, HK\$1,942 and HK\$1,942 respectively.

Project Companies

The tables below set out the financial information of each Project Company for the two financial years ended 31 December 2020 and the nine months ended 30 September 2021:

(i) Greatmax International

	For the nine months ended 30 September 2021 <i>(unaudited)</i> <i>(approximately)</i> HK\$	For the financial year ended 31 December 2020 <i>(audited)</i> <i>(approximately)</i> HK\$	For the financial year ended 31 December 2019 <i>(audited)</i> <i>(approximately)</i> HK\$
Revenue	63,440	11,798	1,021,849
Net loss before and after taxation	(457,189,655)	(1,512,896)	(1,672,078)

The unaudited net liability value of Greatmax International as at 30 September 2021 was approximately HK\$461,034,290.

(ii) Lucky Gain

	For the nine months ended 30 September 2021 (unaudited) (approximately) HK\$	For the financial year ended 31 December 2020 (audited) (approximately) HK\$	For the financial year ended 31 December 2019 (audited) (approximately) HK\$
Revenue	Nil	Nil	Nil
Net loss before and after taxation	(8,800)	(26,538)	(43,502)

The unaudited net liability value of Lucky Gain as at 30 September 2021 was approximately HK\$92,187.

(iii) Gold Dynamic

	For the nine months ended 30 September 2021 (unaudited) (approximately) HK\$	For the financial year ended 31 December 2020 (audited) (approximately) HK\$	For the financial year ended 31 December 2019 (audited) (approximately) HK\$
Revenue	Nil	Nil	Nil
Net loss before and after taxation	(9,050)	(1,400)	(4,758)

The unaudited net liability value of Gold Dynamic as at 30 September 2021 was approximately HK\$17,297.

INFORMATION OF THE GROUP AND THE VENDOR

The Group is principally engaged in the businesses of property development and investment, urban redevelopment, property management, cultural tourism, technology, etc.

The Vendor is a limited liability company incorporated in Hong Kong. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of the Company and principally engaged in property investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a limited liability company incorporated in the British Virgin Islands and principally engaged in investment holding. As at the date of this announcement, The Purchaser is wholly-owned by Mr. Ng, a private investor who is experienced in private equity, real estate development and property management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and Mr. Ng is an Independent Third Party.

FINANCIAL EFFECT OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The Group is expected to recognise an estimated loss of approximately HK\$176,647,000 from the Disposal, representing the difference between the net proceeds from the Disposal and the carrying value of the Target Group as at 30 September 2021, which is subject to audit. The net proceeds from the Disposal are intended to be applied for repayment of the Loan Facility and general working capital of the Group.

Shareholders and potential investors should note that the above figures are for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Companies on the date of Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to the Shareholders. Having regard to the prevailing market conditions, the Directors consider that the Disposal represents a good opportunity to realise the value of the Properties, enhance the liquidity of the Group and generate additional working capital for the Group.

The Board (including the independent non-executive Directors) is of the view that terms and conditions (including the Consideration) of the Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Agreement and the transaction contemplated thereunder and none of them abstained from voting on the relevant Board resolutions.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As Completion is subject to the terms and conditions under the Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement dated 12 November 2021 entered into by and between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	China Aoyuan Group Limited (中國奧園集團股份有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock code: 3883)
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Agreement
“Consideration”	HK\$900,000,000, being the aggregate consideration of the disposal of the Sale Shares and the Shareholder’s Loan
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and assignment of the Shareholder’s Loan by the Vendor to the Purchaser pursuant to terms and conditions of the Agreement
“Double Bliss”	Double Bliss Investments Limited (雙福投資有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Gold Dynamic”	Gold Dynamic Development Limited (帝港發展有限公司), a company incorporated in Hong Kong and wholly-owned by Prestige Well
“Greatmax International”	Greatmax International Limited (益明國際有限公司), a company incorporated in Hong Kong and wholly-owned by Mingwan Investments
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the loan facility in the principal amount of HK\$600,000,000 granted by the lending bank to the Company
“Lucky Gain”	Lucky Gain Holdings Limited (利裕集團有限公司), a company incorporated in Hong Kong and wholly-owned by Double Bliss
“Mingwan Investments”	Mingwan Investments Limited (名萬投資有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Mr. Ng”	Mr. Ng Norman Tang Fai (伍登輝先生), an Independent Third Party
“PRC”	the People’s Republic of China
“Prestige Well”	Prestige Well Investments Limited (裕康投資有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor
“Project Company(ies)”	Greatmax International, Lucky Gain and Gold Dynamic
“Properties”	the properties beneficially owned by the Vendor, details of which are set out in the paragraph headed “Information of the Target Group” of this Announcement
“Purchaser”	Sharpview Investment Development Limited (新永投資發展有限公司), a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party, which is wholly-owned by Mr. Ng
“Sale Shares”	the entire issued share capital of the Target Companies beneficially owned by Vendor
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	the loan owed by the Target Group to the Vendor as of the date of Completion

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company(ies)”	Mingwan Investments, Double Bliss and Prestige Well
“Target Group”	the Target Companies and the Project Companies
“Vendor”	Aoyuan Property (Hong Kong) Limited (奧園地產(香港)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 14 November 2021

As at the date of this announcement, the executive Directors are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun, Mr. Chen Zhi Bin and Mr. Chan Ka Yeung Jacky; the non-executive Director is Mr. Zhang Jun; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.