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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)**

**CONNECTED TRANSACTION IN RELATION TO  
SUBSCRIPTION OF NEW SHARES BY JOY PACIFIC  
UNDER GENERAL MANDATE**

**THE SUBSCRIPTION**

On 27 September 2021 (after trading hours), the Company and Joy Pacific entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Joy Pacific has conditionally agreed to subscribe for, 161,813,000 Subscription Shares in cash under the General Mandate at the Subscription Price of HK\$3.708 per Subscription Share.

Assuming that, save for the Subscription and the Successful Lotus Subscription, there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the Subscription Shares represent (i) approximately 6.00% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 5.46% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Shares to be allotted and issued under the Successful Lotus Subscription.

The gross proceeds of the Subscription is expected to be approximately HK\$600 million. After deducting related fees and expenses, the net proceeds of the Subscription will amount to approximately HK\$599 million. The Company intends to utilise the net proceeds principally for the Group's working capital and general corporate purposes.

## **Implication under the Listing Rules**

As at the date of this announcement, Joy Pacific is interested in approximately 55.61% of the total issued share capital of the Company, of which approximately 51.75% is registered in the name of Ace Rise and approximately 3.86% is registered in its name. Joy Pacific is wholly-owned by Sturgeon Limited, which is in turn wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. holding such interests on trust for the beneficiaries of The Golden Jade Trust, a discretionary family trust. The settlors of The Golden Jade Trust are (i) Mr. Guo Zi Wen, an executive Director, the Chairman of the Company and a controlling Shareholder, and (ii) Ms. Jiang Miner, spouse of Mr. Guo Zi Wen. Each of Mr. Guo Zi Wen and Joy Pacific is a controlling Shareholder and thus a connected person of the Company under the Listing Rules. Accordingly, the Subscription Agreement constitutes a non-exempt connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **General**

The Company will seek approval from the Independent Shareholders at the EGM in relation to the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder.

By virtue of the interests of Mr. Guo Zi Wen in the Subscription Agreement, Mr. Guo Zi Wen and Mr. Guo Zi Ning, brother of Mr. Guo Zi Wen, had abstained from voting in respect of the relevant Board resolutions relating to the Subscription Agreement. Save for the aforesaid, no other Directors has a material interest in the Subscription Agreement and was required to abstain from voting on the Board resolutions approving the Subscription Agreement.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription Agreement shall abstain from voting on the resolutions to approve the Subscription Agreement at the EGM. As at the date of this announcement, Mr. Guo Zi Wen and his close associates, namely Ace Rise and Joy Pacific, who together are interested in 1,499,112,625 Shares, representing approximately 55.61% of the total issued share capital of the Company, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the Subscription Agreement and will be required to abstain from voting on the relevant resolutions to approve the Subscription Agreement at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder. FUTECH Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be dispatched by the Company to the Shareholders on or before 8 November 2021.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment (or waiver) of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board announces that on 27 September 2021 (after trading hours), the Company and Joy Pacific entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Joy Pacific has conditionally agreed to subscribe for, 161,813,000 Subscription Shares in cash under the General Mandate at the Subscription Price of HK\$3.708 per Subscription Share.

The principal terms of the Subscription Agreement are set out below.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

27 September 2021 (after trading hours)

### **Parties**

- (i) the Company (as the issuer); and
- (ii) Joy Pacific (as the subscriber).

As at the date of this announcement, Joy Pacific is interested in approximately 55.61% of the total issued share capital of the Company, of which approximately 51.75% is registered in the name of Ace Rise and approximately 3.86% is registered in its name. Joy Pacific is a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding and wholly-owned by Sturgeon Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are (i) Mr. Guo Zi Wen, an executive Director, the Chairman of the Company and a controlling Shareholder, and (ii) Ms. Jiang Miner, spouse of Mr. Guo Zi Wen. Each of Mr. Guo Zi Wen and Joy Pacific is a controlling Shareholder and thus a connected person of the Company under the Listing Rules.

## **The Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Joy Pacific has conditionally agreed to subscribe for, 161,813,000 Subscription Shares in cash at the Subscription Price.

The Subscription Shares represent:

- (i) approximately 6.00% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Shares to be allotted and issued under the Successful Lotus Subscription, subject to completion of the Subscription and assuming there will be no other changes in the total number of issued Shares between the date of this announcement and the Completion Date.

## **Subscription Price**

The Subscription Price of HK\$3.708 per Subscription Share:

- (i) represents a discount of approximately 4.43% over the closing price of HK\$3.88 per Share as quoted on the Stock Exchange as at 24 September 2021, being the last trading date immediately preceding the date of the Subscription Agreement; and
- (ii) is equal to the average closing price of HK\$3.708 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and Joy Pacific with reference to the recent market prices of the Shares, recent trading volume of the Shares and recent market conditions.

The Directors, after excluding (a) Mr. Guo Zi Wen, who is interested in the entire issued share capital of Joy Pacific; (b) Mr. Guo Zi Ning, who is the brother of Mr. Guo Zi Wen; and (c) the independent non-executive Directors whose views will be subject to the advice from the Independent Financial Adviser, consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent to the Subscription**

Pursuant to the Subscription Agreement, completion of the Subscription is conditional upon the fulfillment (or waiver) of the following conditions:

- (i) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before completion (save for any temporary suspension or halt in trading pending the release of an announcement or circular in connection with the Subscription Agreement), the Stock Exchange or the SFC not having expressed that it will raise any objection against the listing status of the Shares or require the trading of Shares to be suspended due to the transaction contemplated under the Subscription Agreement or any reasons in connection with the transaction contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been revoked before completion of the Subscription;
- (iii) all necessary consents, approvals, authorisations and/or waivers required to be obtained on the part of the Company to effect the execution, completion and performance of the obligations and other terms of the Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (iv) the Independent Shareholders having passed all necessary resolutions in the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares;
- (v) the representations and warranties given by the Company under the Subscription Agreement being true, correct, complete in all material aspects and not misleading in any aspects when made and remaining true, correct, complete in all material aspects and not misleading in any aspects as at the Completion Date;
- (vi) there shall be no material breach by the Company of its obligations or undertakings under the Subscription Agreement; and
- (vii) Joy Pacific being satisfied that there has not been any material adverse change or effect since the date of the Subscription Agreement.

If the above conditions have not been fulfilled or waived (save for conditions (i) to (iv) which are not waivable) before the Completion Date, the Subscription Agreement shall terminate and be null and void and of no further effect and neither the Company and Joy Pacific shall have any liability to one another, save for any antecedent breach(es) of any obligation under the Subscription Agreement.

### **Completion of the Subscription**

Completion of the Subscription shall take place within five (5) Business Days after satisfaction or waiver of the conditions set out above, or such other date as the Company and Joy Pacific may agree in writing. The Subscription Shares will not be subject to lock-up.

## **RANKING OF SUBSCRIPTION SHARES**

The Subscription Shares shall rank, upon issue, *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the Successful Lotus Subscription set out below, the Company did not conduct any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Proposed use of the net proceeds</b>
27 September 2021	Proposed subscription of 107,875,000 new Shares by Successful Lotus under the General Mandate at an issue price of HK\$3.708 per share.	Approximately HK\$399 million	As working capital and general corporate purposes of the Group.

## **EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has issued 2,695,883,354 Shares, and there is no Share Option outstanding. Save for the aforesaid, the Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription and the Successful Lotus Subscription, assuming that there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date:

	As at the date of this announcement		Immediately after completion of the Subscription and the Successful Lotus Subscription	
	No. of Shares	Approximate%	No. of Shares	Approximate%
<b>Non-public Shareholders</b>				
Ace Rise	1,395,201,062 <sup>(Note)</sup>	51.75%	1,395,201,062	47.05%
Joy Pacific	103,911,563 <sup>(Note)</sup>	3.86%	265,724,563	8.96%
<b>Public Shareholders</b>				
Successful Lotus	–	–	107,875,000	3.64%
Other public Shareholders	1,196,770,729	44.39%	1,196,770,729	40.35%
<b>Total</b>	<b>2,695,883,354</b>	<b>100.00%</b>	<b>2,965,571,354</b>	<b>100.00%</b>

*Note:*

The 1,395,201,062 shares are registered in the name of Ace Rise, while 103,911,563 ordinary shares are registered in the name of Joy Pacific. Ace Rise is owned as to 90% by Joy Pacific (which in turn is wholly-owned by Sturgeon Limited) and as to 10% by Hopka Investments Limited (a company wholly-owned by Ms. Su Chaomei who is the wife of Mr. Guo Zi Ning, an executive Director). Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust, a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen.

## REASONS FOR AND USE OF PROCEEDS FROM THE SUBSCRIPTION

The Company is one of the leading property developers in the PRC and is principally engaged in the businesses of property development and investment, urban redevelopment, property management, technology, cultural tourism, etc.

The Company considers that the Subscription will (i) strengthen the collaboration between the Company and the controlling Shareholder, (ii) demonstrate the commitment of the controlling Shareholder to the Company and the confidence of the controlling Shareholder towards the prospects of the Group, (iii) strengthen the Group's capital base and (iv) improve the Group's credit indicators.

Having considered the above, the Directors, after excluding (i) Mr. Guo Zi Wen, who is interested in the entire issued share capital of Joy Pacific; (ii) Mr. Guo Zi Ning, who is the brother of Mr. Guo Zi Wen; and (iii) the independent non-executive Directors whose views will be subject to the advice from the Independent Financial Adviser, consider that the Subscription Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription is expected to be approximately HK\$600 million. After deducting related fees and expenses, the net proceeds of the Subscription will amount to approximately HK\$599 million. The Company intends to utilise the aforesaid net proceeds from the Subscription for working capital and general corporate purposes.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, Joy Pacific is interested in approximately 55.61% of the total issued share capital of the Company, of which approximately 51.75% is registered in the name of Ace Rise and approximately 3.86% is registered in its name. Joy Pacific is wholly-owned by Sturgeon Limited, which is in turn wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. holding such interests on trust for the beneficiaries of The Golden Jade Trust, a discretionary family trust. The settlors of The Golden Jade Trust are (i) Mr. Guo Zi Wen, an executive Director, the Chairman of the Company and a controlling Shareholder, and (ii) Ms. Jiang Miner, spouse of Mr. Guo Zi Wen. Each of Mr. Guo Zi Wen and Joy Pacific is a controlling Shareholder and thus a connected person of the Company under the Listing Rules. Accordingly, the Subscription Agreement constitutes a non-exempt connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL MANDATE**

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 539,176,670 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares.

## **GENERAL**

The Company will seek approval from the Independent Shareholders at the EGM in relation to the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder.

By virtue of the interests of Mr. Guo Zi Wen in the Subscription Agreement, Mr. Guo Zi Wen and Mr. Guo Zi Ning, brother of Mr. Guo Zi Wen, had abstained from voting in respect of the relevant board resolutions relating to the Subscription Agreement. Save for the aforesaid, no other Directors has a material interest in the Subscription Agreement and was required to abstain from voting on the Board resolutions approving the Subscription Agreement.



In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription Agreement shall abstain from voting on the resolutions to approve the Subscription Agreement at the EGM. As at the date of this announcement, Mr. Guo Zi Wen and his close associates, namely Ace Rise and Joy Pacific, who together are interested in 1,499,112,625 Shares, representing approximately 55.61% of the total issued share capital of the Company, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder has a material interest in the Subscription Agreement and will be required to abstain from voting on the relevant resolutions to approve the Subscription Agreement at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder. FUTEC Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, details of the Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement is expected to be dispatched by the Company to the Shareholders on or before 8 November 2021.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment (or waiver) of the condition(s) as set out in the Subscription Agreement, and the Subscription may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Ace Rise”	Ace Rise Profits Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 90% by Joy Pacific and 10% by Hopka Investments Limited
“AGM”	the annual general meeting of the Company held on 25 May 2021
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (except Saturday, Sunday and public holiday) on which banks in Hong Kong and the PRC are open for business

“Company”	China Aoyuan Group Limited (中國奧園集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3883)
“Completion Date”	date of completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be held by the Company to approve the Subscription Agreement, the allotment and issue of the Subscription Shares and the transaction contemplated thereunder
“General Mandate”	the general mandate granted to the Directors at the AGM subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, namely Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor, which will be formed to advise the Independent Shareholders on the Subscription Agreement, the allotment and issue of the Subscription Shares and transaction contemplated thereunder
“Independent Financial Adviser”	FUTECH Financial Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, the allotment and issue of the Subscription Shares and transaction contemplated thereunder.

“Independent Shareholders”	for the purpose of the Subscription, shareholders of the Company other than (i) Mr. Guo Zi Wen and his associates, including Joy Pacific and Ace Rise; and (ii) any other Shareholders who have a material interest in the Subscription
“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
“Joy Pacific”	Joy Pacific Group Limited, a company incorporated in the British Virgin Islands with limited liability, being the subscriber under the Subscription Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission
“Share(s)”	the ordinary share(s) of HK\$0.01 in the issued share capital of the Company
“Share Option(s)”	the share option(s) to subscribe for Share(s) under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 29 May 2018
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of the Subscription Shares by Joy Pacific pursuant to the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and Joy Pacific on 27 September 2021 in respect of the Subscription
“Subscription Price”	HK\$3.708 per Subscription Share

“Subscription Share(s)”	161,813,000 new Shares to be allotted and issued to Joy Pacific pursuant to the Subscription Agreement
“Successful Lotus”	Successful Lotus Limited, a company incorporated in the British Virgin Islands with limited liability
“Successful Lotus Subscription”	the proposed subscription of 107,875,000 new Shares by Successful Lotus pursuant to a subscription agreement dated 27 September 2021 at an issue price of HK\$3.708 per Share, details of which are disclosed in the Company’s announcement dated 27 September 2021
“%”	per cent.

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

Hong Kong, 27 September 2021

*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, Mr. Chen Zhi Bin and Mr. Chan Ka Yeung Jacky; the non-executive director of the Company is Mr. Zhang Jun; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.*