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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)

**RESUMPTION GUIDANCE
AND UPDATE INFORMATION**

This announcement is made by China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries (excluding the Aoyuan Healthy Group (as defined below)), the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 25 March 2022, 31 March 2022 and 29 April 2022 in relation to, among others, the delay in publication of the 2021 Annual Results and despatch of the 2021 Annual Report (together, the “**Announcements**”). Terms used in this announcement shall have the same respective meanings as those defined in the Announcements unless otherwise stated.

RESUMPTION GUIDANCE

On 27 June 2022, the Company received the following resumption guidance (the “**Resumption Guidance**”) from The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”):

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence;
- (c) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (d) inform the market of all material information for the Shareholders and investors of the Company to appraise the Company’s position.

As stated in the Resumption Guidance, the Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. Whilst the Company may seek the Stock Exchange's guidance on its resumption plan, its resumption plan is not subject to the prior approval from the Stock Exchange before implementation. The Stock Exchange further states that it may modify or supplement the Resumption Guidance if the Company's situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 30 September 2023. If the Company fails to remedy the issues causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 30 September 2023, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Resumption Guidance further stated that the Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

The Company is taking appropriate steps to comply with the Resumption Guidance and the relevant Listing Rules and will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Fund flows matters of and allegations against subsidiary

The Board wishes to inform the Shareholders and potential investors of the Company that the audit committee (the "**AH's Audit Committee**") of Aoyuan Healthy Life Group Company Limited ("**Aoyuan Healthy**", together with its subsidiaries, the "**Aoyuan Healthy Group**"), an indirect non wholly-owned subsidiary of the Company and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662), received a letter dated 25 March 2022 from the former auditor of Aoyuan Healthy, Deloitte Touche Tohmatsu (the "**AH's Former Auditor**"), setting out certain fund flows with the related parties of the Aoyuan Healthy Group (the "**Fund Flows Matters**") and suggesting certain recommendations and actions for the AH's Audit Committee in connection with the Fund Flows Matters. Details of the Fund Flows Matters in the said letter are set out in Aoyuan Healthy's announcement dated 3 May 2022.

The AH's Audit Committee further received another letter from the AH's Former Auditor dated 13 April 2022 setting out certain allegations (the "**Allegations**") pursuant to an anonymous report received by the AH's Former Auditor. Details of the Allegations as set out in the said letter are set out in the paragraph headed "Allegations" in Aoyuan Healthy's announcement dated 2 June 2022.

The board of directors of Aoyuan Healthy has formed an independent investigation committee (the “**AH’s Investigation Committee**”) comprising all three independent non-executive Directors of Aoyuan Healthy to undertake the investigations to assess the Fund Flows Matters. The AH’s Investigation Committee has engaged an international forensic accounting firm as the investigation firm to conduct an independent investigation into some circumstances of the Fund Flows Matters and each of the Allegations. The AH’s Investigation Committee has also engaged a senior counsel in Hong Kong as an independent legal adviser to issue a legal opinion and provide legal advice on the Fund Flows Matters as requested by the AH’s Former Auditor and/or the AH’s Investigation Committee from time to time.

The Board wishes to emphasise that the above investigations are still in progress. Given the above and pending the findings of the AH’s Investigation Committee, the Board and the Audit Committee of the Company have not decided to conduct any further investigation or work in connection with the Fund Flows Matters as at the date of this announcement. Further, to the best knowledge, information and belief of the Board after making reasonable enquiries, all amounts involved in the Fund Flows Matters between the Group and the Aoyuan Healthy Group have been settled in full as at Aoyuan Healthy’s announcement dated 3 May 2022.

UPDATE INFORMATION

Operational update

The Group’s accumulated unaudited property contracted sales for January to May 2022 was approximately RMB11.91 billion. As at the date of this announcement, the development and progress in respect of the majority of the Group’s property projects have remained on schedule, and the Group continues to focus on completing and delivering its projects and reducing its operational expenses, so as to improve the operational performance of the Group.

Debt restructuring

The Company continues to work closely with its financial and legal advisors to evaluate the liquidity position of the Group and formulate a restructuring plan that provides for a consensual resolution for all its stakeholders. The Company has also engaged KPMG Advisory (China) Limited (“**KPMG**”) to conduct an independent business review on the Group. KPMG will evaluate and analyse the potential restructuring plan in light of the Group’s current situation under different scenarios, as well as to assist the Company in the negotiations and communications among the Company’s financial advisors, legal advisors and relevant stakeholders. As at the date of this announcement, the relevant work in respect of the Group’s potential restructuring plan is ongoing. The Company also continues to engage in constructive dialogues with its onshore and offshore creditors, with a view to stabilize the situation and preserve value for the Group. Furthermore, the discussions between the Company and potential investors in relation to a recapitalisation as part of the implementation of a debt restructuring are ongoing. As at the date of this announcement, the Group has not entered into any legally binding agreement with any such investor. Further announcement(s) will be made in accordance with the Listing Rules and applicable laws as and when appropriate.

Delay in publication of 2021 Annual Results and despatch of 2021 Annual Report

The auditor of the Company is still in the course of preparing the 2021 Annual Results. The timing for the release of the 2021 Annual Results is yet to be confirmed. The Board and the management of the Company will continue to work with its auditor closely to publish the 2021 Annual Results and despatch the 2021 Annual Report as soon as practicable.

The Company will announce updated information on the above matters in due course. The Company will make quarterly update announcement and continue to comply with the Listing Rules requirements as stated in the Resumption Guidance.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022, pending the publication of the 2021 Annual Results.

The implementation of the proposed debt restructuring will be subject to many factors not within the control of the Company. As there is no assurance that the proposed debt restructuring will be successfully implemented, Shareholders, holders of securities of the Company and other investors of the Company are (i) advised not to rely solely on the information contained in this announcement and (ii) are reminded to consider the related risks and exercise caution when dealing in the shares and other securities of the Company. When in doubt, Shareholders, holders of securities of the Company and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.

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

Hong Kong, 30 June 2022

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. Chen Zhi Bin; 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.