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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**

**THE DISPOSAL**

The Board wishes to announce that on 16 February 2023 (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 at the Consideration of HK\$256,000,000 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 16 February 2023 (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 at the Consideration of HK\$256,000,000 in cash.

Prior to entering into the Agreement, the Group underwent a public tender process by publication of a tender document (the “**Tender Document**”) to invite prospective tenderers (who must be “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) and entities owned or controlled by the state or government, whether in Hong Kong, PRC or elsewhere or whether wholly or partially (not less than 30%), or whether directly or indirectly) to purchase the Sale Shares on 5 December 2022. According to the Tender Document, the tender period was from 5 December 2022 to 19 December 2022 (both days inclusive) (the “**Tender Period**”) and the acceptance period is from 19 December 2022 to 19 February 2023 (both days inclusive) (the “**Acceptance Period**”), and the prospective tenderers may submit their tenders within the Tender Period according to the procedures and requirements setting out therein and were required to pay a preliminary deposit in the sum of HK\$5,000,000 in the form of cashier’s order(s) made payable to the Vendor upon submission of their tenders. If a tender is accepted, the cashier’s order(s) submitted therewith shall be honoured as the preliminary deposit for purchase of the Sale Shares. All other cashier’s orders will be returned to the unsuccessful tenderers within a period of fourteen (14) days from the expiry of the Acceptance Period. The successful tenderer shall become the final purchaser of the Sale Shares who will be notified of the acceptance of its tender by a letter of acceptance (the “**Acceptance Letter**”) from the Vendor on or before the end of the Acceptance Period. The final purchaser shall sign the formal agreement for sale and purchase of the Sale Shares within five (5) Business Days after the date of the Acceptance Letter.

During the Tender Period, the Vendor received one tender submission, which was submitted by the Purchaser on 19 December 2022. After considering the purchase price in the sum of HK\$256,000,000 offered by the Purchaser together with the investment experience and financial resources of the Purchaser Group, the Vendor accepted the Purchaser’s tender on 15 February 2023 and the Parties therefore entered into the Agreement.

## **THE AGREEMENT**

Summarised below are the principal terms of the Agreement:

- Date: 16 February 2023 (after trading hours of the Stock Exchange)
- Parties: (a) The Vendor: Main Trend Limited (明興有限公司), a wholly-owned subsidiary of the Company; and
- (b) The Purchaser: Best Discovery International Limited

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Members of the Purchaser Group and their respective ultimate beneficial owners as at the date of this announcement is an Independent Third Party.

### **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. The Sale Shares, representing 29.9% of the entire issued share capital of the Target Company as at the date of this announcement, will be disposed of free from any encumbrances and together with all rights attaching thereto from the Completion, including any dividend or other distribution to be declared, made or paid upon or after Completion.

## **Consideration**

The Consideration in the sum of HK\$256,000,000 shall be settled in cash in the following manner:

- (a) upon signing the Agreement, the Purchaser has paid a sum of HK\$5,000,000 to the Vendor (the “**Deposit**”) as preliminary deposit;
- (b) within fifteen (15) Business Days upon signing the Agreement, the Purchaser shall deposit with the Escrow Agent a sum of HK\$51,200,000 (the “**Escrow Amount**”); and
- (c) upon Completion, (i) the Parties shall jointly instruct the Escrow Agent to release the full amount of the Escrow Amount to the Vendor; and (ii) the Purchaser shall pay the remaining balance of the Consideration in the sum of HK\$199,800,000 into the bank account(s) designated by the Vendor.

The consideration per Sale Share is approximately HK\$1.179 representing a discount of approximately 35.29% to the average closing price of HK\$1.822 per AHL Share for its five consecutive trading days up to and including 31 March 2022, the last trading day of AHL Shares prior to its suspension of trading on the Stock Exchange on 1 April 2022.

In the event that (a) any of the Conditions Precedent cannot be satisfied or waived (as the case may be) on or before the Long Stop Date, or (b) all Conditions Precedent have been satisfied or waived (as the case may be) on or before the Long Stop Date but the Disposal cannot proceed for the reasons attributable to the Vendor; or (c) the Parties have mutually agreed to terminate the Agreement according to its terms, the Vendor shall return the full amount of the Deposit and the full amount of the Escrow Amount shall be released to the Purchaser in accordance with the terms of the Escrow Agreement.

However, if all Conditions Precedent have been satisfied or waived (as the case may be) on or before the Long Stop Date but the Disposal cannot proceed for the reasons attributable to the Purchaser, the full amount of the Deposit shall be forfeited by the Vendor.

In circumstances where the Target Company conducts consolidation or subdivision of AHL Shares or similar events resulting in any alternation of the number of its issued AHL Shares during the period from the date of the Agreement to the Completion Date (both dates inclusive), the number of the Sale Shares shall be adjusted proportionally such that the Sale Shares shall remain at 29.9% of the entire issued share capital of the Target Company.

## **Basis of the Consideration**

The Consideration was determined with reference to (i) the valuation on the market value of the Sale Shares as at 30 June 2022 carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and qualified valuer engaged by the Company; and (ii) other factors as set out in the paragraph headed “Reasons for and Benefits of the Disposal” below.

## Conditions Precedent

Completion is conditional upon the following Conditions Precedent being satisfied or waived (as the case may be):

- (a) trading of AHL Shares having been resumed on the Stock Exchange;
- (b) the Target Company having published its annual reports for the year ended 31 December 2021 and the year ended 31 December 2022 respectively;
- (c) the Target Company having made necessary changes to its management to satisfy the compliance requirements for the resumption of trading of AHL Shares on the Stock Exchange and the Purchaser being satisfied with the outcome thereof;
- (d) Nanyue Star Bridge having completed its internal reorganisation as set out in the paragraph headed “Cooperation Agreement and Reorganisation” under the section headed “Information of the Purchaser Group”;
- (e) the Purchaser having entered into a PRC law governed strategic cooperation agreement with the Company or its designated member(s) of the Group in relation to the urban redevelopment projects on terms to the satisfaction of the Company;
- (f) the Company having consulted its material creditors on the terms of the Agreement and the transaction contemplated thereunder;
- (g) the Company having complied with all relevant disclosure requirements and obtained Shareholders’ approval (if applicable) under the Listing Rules in relation to the Disposal and having obtained the approval from regulatory authorities (if required); and
- (h) all the representations, warranties and undertakings made by the Vendor remaining true and accurate in all material respects up to Completion Date.

Save as the Conditions Precedent referred to in paragraphs (d) and (e) both of which may be waived by the Vendor and paragraph (g) which may not be waived, the Purchaser may waive any of the Conditions Precedent above at any time by prior written notice to the Vendor. All Conditions Precedent shall be satisfied or waived on or before the Long Stop Date, failing which all rights and obligations of the Parties under the Agreement shall cease and terminate immediately (save for the provisions in relation to the Deposit and the Escrow Amount, confidentiality, miscellaneous, notices and governing law and jurisdiction which shall remain in full force and effect), and no Party shall have any claim against the other save for claims (if any) in respect of such continuing provisions or any antecedent breach thereof. Save that the Conditions Precedent referred to in paragraph (f) has been satisfied, none of the other Conditions Precedent have been satisfied or waived as of the date of this announcement.

## Completion

Completion shall take place within the thirty (30) Business Days from the satisfaction or waiver (as the case may be) of all Conditions Precedent, or such later date as the Parties may mutually agree in writing.

Immediately after Completion, assuming there will be no change in the total number of issued AHL Shares between the date of this announcement and the Completion, the Purchaser and the Vendor shall hold 29.9% and 24.68% of the entire issued share capital of the Target Company respectively, and therefore the Purchaser shall become the single largest shareholder of the Target Company and the Vendor together with the Company will cease to be the controlling shareholders of the Target Company but shall remain as the substantial shareholders of the Target Company. The Target Company and its subsidiaries will cease to be accounted as the subsidiaries of the Group by virtue of the Completion.

## INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is a renowned property management services and commercial operational services provider in the PRC and the Target Group is principally engaged in the provision of the property management services and commercial operational services for properties developed or owned by the property developers. Meanwhile, the Target Group is providing its users with general health and wellness services in order to build a healthy living and social environment and a comprehensive healthy life platform. At the request of the Target Company, trading of AHL Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will continue to be suspended until further notice. The tables below set out the unaudited financial information of the Target Company for the two financial years ended 31 December 2022:

	<b>For the financial year ended 31 December 2022 <i>(unaudited)</i> <i>(approximately)</i> RMB'000</b>	<b>For the financial year ended 31 December 2021 <i>(unaudited)</i> <i>(approximately)</i> RMB'000</b>
Revenue	1,453,640	1,941,747
Profit/(loss) before taxation	156,698	(144,929)
Profit/(loss) after taxation	100,366	(167,929)

The unaudited net assets value of the Target Company as at 31 December 2022 was approximately RMB925,816,000.

The above unaudited financial information of the Target Company for the two financial years ended 31 December 2022 do not represent the financial information or financial position of the Target Company to be included in the consolidated financial statements of the Target Group which are subject to final audit and still in the process as at the date of this announcement.

## 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 the British Virgin Islands and principally engaged in investment holding. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of the Company and a controlling shareholder of the Target Company, directly holding an aggregate of 396,375,000 AHL Shares, representing 54.58% of the entire issued share capital of the Target Company.

## INFORMATION OF THE PURCHASER GROUP

### The Purchaser

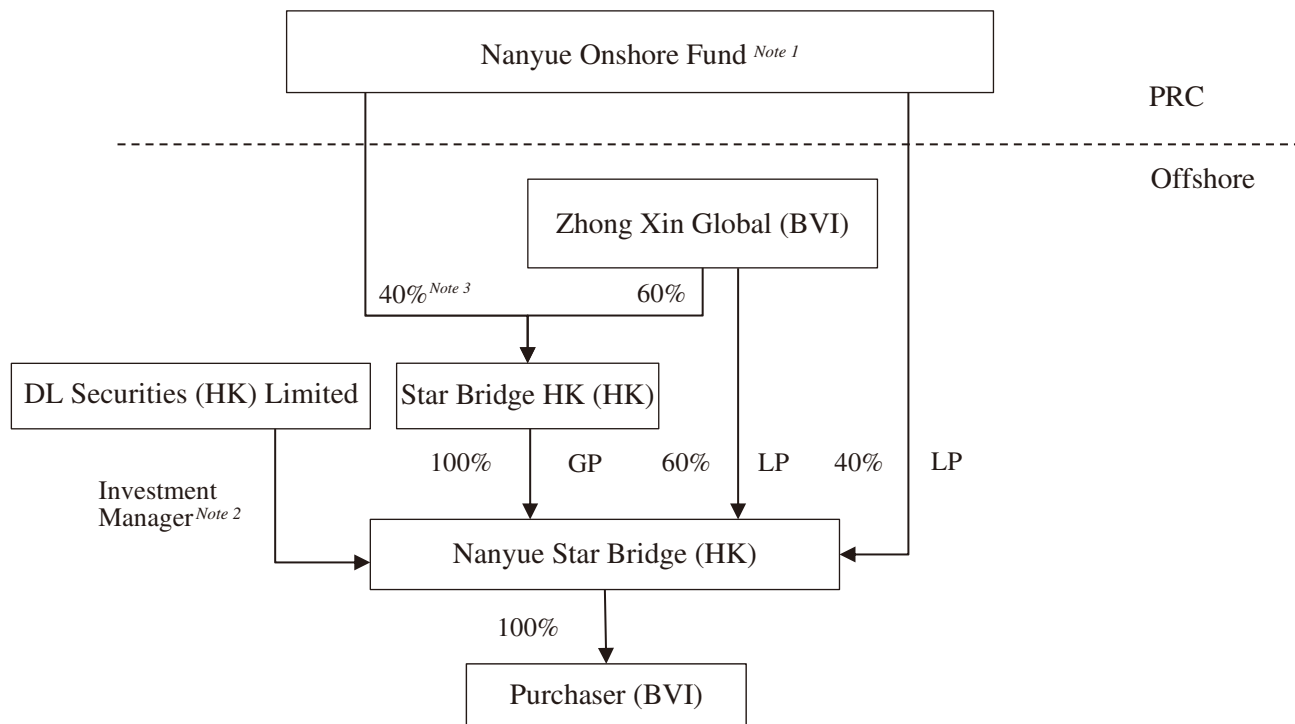
The Purchaser is a limited liability company incorporated under the laws of the British Virgin Islands and principally engaged in investment holding. As at the date of this announcement, the Purchaser is wholly-owned by Nanyue Star Bridge, a limited partnership fund incorporated under the Limited Partnership Fund Ordinance (Chapter 637 of the laws of Hong Kong) whose investment scope is investing in companies having their main business operations in the PRC. The GP of Nanyue Star Bridge is Star Bridge HK, a limited liability company incorporated under the laws of Hong Kong and an investment holding company wholly-owned by Zhong Xin Global as at the date of this announcement. Zhong Xin Global, as the LP of Nanyue Star Bridge as at the date of this announcement, is a limited liability company incorporated under the laws of the British Virgin Islands and an investment holding company wholly-owned by Mr. Li Huiqiang (李惠强先生), an Independent Third Party.

### Cooperation Agreement and Reorganisation

Based on the information provided by the Purchaser Group, having considered the conditions of the Tender Document and after mutual discussion, on 16 December 2022, Nanyue City Development and Star Bridge HK entered into a cooperation agreement (the “**Cooperation Agreement**”) in relation to the acquisition of the Sale Shares and investment in the Target Company, pursuant to which (i) Nanyue City Development and Star Bridge HK will cooperate to acquire the Sale Shares from the Vendor through the Purchaser; and (ii) Nanyue Star Bridge will undergo an internal reorganisation (the “**Reorganisation**”) upon completion of which:

- (a) the LPs of Nanyue Star Bridge will be Zhong Xin Global and Nanyue Onshore Fund. The total capital of Nanyue Star Bridge will be contributed by Zhong Xin Global and Nanyue Onshore Fund as to 60% and 40%, respectively;
- (b) Nanyue Onshore Fund will be a limited partnership to be established by Nanyue City Development in the PRC and an equity fund to be managed by Nanyue City Development (as its GP); and
- (c) Star Bridge HK will remain as the GP of Nanyue Star Bridge and will be owned as to 60% by Zhong Xin Global and 40% by Nanyue Onshore Fund (or its wholly-owned subsidiary) respectively.

The following chart sets forth the corporate and shareholding structure of the Purchaser Group upon completion of the Reorganisation:



Notes:

1. As at the date of this announcement, Nanyue Onshore Fund is yet to be established by its GP, namely Nanyue City Development, and there is no information of its limited partner(s) available to be disclosed herein.
2. According to the Purchaser, it is expected that DL Securities (HK) Limited (德林證券(香港)有限公司) (the “**Investment Manager**”), a company incorporated in Hong Kong and a licensed corporation to carry out Type 4 (Advising on securities) and Type 9 (Asset management), will be appointed as the investment manager of Nanyue Star Bridge.
3. Upon completion of the Reorganisation, 40% of the Star Bridge HK shall be held by Nanyue Onshore Fund (or by its wholly-owned subsidiary).

## Nanyue City Development

As at the date of this Announcement, Nanyue City Development is a wholly-owned subsidiary of Guangzhou Nanyue Fund Group Co., Ltd.\* (廣州南粵基金集團有限公司) (“**Nanyue Fund**”). Based on the information provided by the Purchaser Group, Nanyue Fund is a state-owned innovative fund management platform established to amplify the leverage effect of government financial funds, activate social capital investment, promote industrial transformation and upgrading, and promote social and economic development, and the pioneer of government investment funds in South China and the leader of industrial financial innovation.

Based on the public information available and as at the date of this announcement, (i) Nanyue Fund is owned as to approximately 71.74% by Guangzhou Zengcheng District State-owned Assets Supervision and Administration Bureau\* (廣州市增城區國有資產監督管理局) and 28.26% by Guangzhou Huiyintianyue Equity Investment Fund Management Co., Ltd.\* (廣州匯垠天粵股權投資基金管理有限公司) (“**Huiyintianyue**”) respectively and its business scope includes equity investment, investment management, investment consultancy and fund management service (the specific operation projects of which are subject to the approval or license issued by the relevant financial management department or authorities); (ii) Huiyintianyue is a company established in the PRC and principally engaged in equity investment, fund management as well as management and investment consultancy, and it is ultimately beneficially owned as to 90% by the General Office of Guangzhou Municipal People’s Government\* (廣州市人民政府辦公廳) and 10% by Guangdong Department of Finance\* (廣東省財政廳) respectively.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Members of the Purchaser Group and their respective ultimate beneficial owners as at the date of this announcement is an Independent Third Party. Based on the undertaking made by the Purchaser in the Agreement, each of the Members of the Purchaser Group and their respective ultimate beneficial owners as at the Completion Date shall remain as an Independent Third Party.

## FINANCIAL EFFECT OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

Subject to final audit, it is expected that the Group will realise an estimated loss of approximately HK\$44,766,000 from the Disposal, which is calculated by reference to the unaudited carrying value of the Target Group as at 31 December 2022. The net proceeds from the Disposal are intended to be applied for reducing the Group’s indebtedness.

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 Group on the date of Completion.



## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group has been affected by the negative real estate market in the PRC, the relevant national macro-control policies and the difficulty in accessing typical financing channels since 2021. To improve its liquidity and obtain financing to meet the financial needs of the Group, the Company has been actively seeking for potential purchasers in respect of its PRC and offshore assets on terms which are in the best interests of the Company and its stakeholders taken as a whole. The Disposal is a part of such initiatives.

Having regard to the prevailing market conditions, the Directors consider that the Disposal would benefit the Group by realising a part of its non-real estate investments in the Target Company, reducing the indebtedness of the Group and facilitating the offshore debt restructuring the Group. The Board (including the independent non-executive Directors) is further 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.**

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will continue to be suspended until further notice.

## 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 16 February 2023 entered into by and between the Vendor and the Purchaser in relation to the Disposal
“AHL Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Target Company
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday or Sunday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which commercial banks in Hong Kong are open for general banking business
“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
“Conditions Precedent”	the conditions precedent to the Completion as set out in the paragraph headed “Conditions Precedent” under the section headed “The Agreement” in this announcement
“Consideration”	HK\$256,000,000, being the total consideration of the Disposal
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to terms and conditions of the Agreement

“Escrow Agent”	the escrow agent jointly appointed by the Parties
“Escrow Agreement”	the escrow agreement entered into by and between the Parties and the Escrow Agent
“GP(s)”	general partner(s) of a partnership
“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, as amended from time to time
“Long Stop Date”	30 June 2023, or such other date as the Parties may mutually agree in writing
“LP(s)”	limited partner(s) of a partnership
“Nanyue City Development”	Guangzhou Nanyue City Development Investment Fund Management Co., Ltd.* (廣州南粵城市發展投資基金管理有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party
“Nanyue Onshore Fund”	a limited partnership to be established by Nanyue City Development in the PRC and an equity fund to be managed by Nanyue City Development pursuant to the Cooperation Agreement
“Nanyue Star Bridge”	NanYue StarBridge LPF (南粵星橋有限合夥基金) (registration certificate number: 72665529), a limited partnership fund incorporated under the Limited Partnership Fund Ordinance (Chapter 637 of the laws of Hong Kong)
“Parties”	the parties to the Agreement, and “Party” means any one of them
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement)

“Purchaser”	Best Discovery International Limited, a limited liability company incorporated under the laws of British Virgin Islands and an Independent Third Party
“Purchaser Group”	means the following entities from time to time: the Purchaser, Nanyue Star Bridge, Star Bridge HK, Zhong Xin Global, Nanyue Onshore Fund, Nanyue Fund, Nanyue City Development, any of the subsidiaries (direct or indirect) and any holding company (direct or indirect) of the above entities and “ <b>Member(s) of the Purchaser Group</b> ” shall be construed accordingly
“Sale Shares”	217,148,750 AHL Shares, representing 29.9% of the entire issued share capital of the Target Company as at the date of this announcement and beneficially owned by the Vendor
“Shareholder(s)”	the shareholder(s) of the Company
“Star Bridge HK”	StarBridge Hong Kong Limited (香港星橋有限公司), a limited liability company incorporated under the laws of Hong Kong and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock code: 3662)
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Main Trend Limited (明興有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Zhong Xin Global”

Zhong Xin Global Limited (眾鑫國際有限公司), a limited liability company incorporated under the laws of the British Virgin Islands and an Independent Third Party

“%”

per cent.

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

Hong Kong, 16 February 2023

\* *For identification purpose only*

*As at the date of this announcement, the executive Directors are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun and Mr. Chen Zhi Bin; and the independent non-executive Directors are Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.*