

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**UPDATE ON PROPOSED STANDSTILL ARRANGEMENT**

This announcement is made by China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 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 (i) 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; (ii) 30 June 2022 in relation to, among others, the resumption guidance issued by the Stock Exchange; (iii) 5 August 2022 in relation to, among others, business update of the Group; (iv) 31 August 2022 in relation to the delay in publication of the 2022 Interim Results and despatch of the 2022 Interim Report; (v) 30 September 2022 in relation to the quarterly update on resumption progress; (vi) 4 October 2022 in relation to the Investigation Reports; and (vii) 30 December 2022 in relation to the quarterly update on resumption progress (together, the “**Announcements**”).

Reference is made to the following notes issued by the Company:

- (a) US\$188m 4.2% Senior Notes Due 2022 (ISIN: XS2282587505);
- (b) US\$200m 8.0% Senior Notes Due 2022 (ISIN: XS2264537684);
- (c) US\$500m 8.5% Senior Notes Due 2022 (ISIN: XS1937690128);

- (d) US\$250m 5.375% Senior Notes Due 2022 (ISIN: XS1611005957);
  - (e) US\$50 Million 8.5% Senior Notes due 2022 (ISIN: XS2378476951);
  - (f) US\$475m 7.95% Senior Notes Due 2023 (ISIN: XS1952585112);
  - (g) US\$200m 7.35% Senior Notes Due 2023 (ISIN: XS2014471432);
  - (h) US\$460m 6.35% Senior Notes Due 2024 (ISIN: XS2196807833);
  - (i) US\$200m 7.95% Senior Notes Due 2024 (ISIN: XS2351242461);
  - (j) US\$230m 5.98% Senior Notes Due 2025 (ISIN: XS2258822233);
  - (k) US\$350m 6.2% Senior Notes Due 2026 (ISIN: XS2233109409); and
  - (l) US\$350m 5.88% Senior Notes Due 2027 (ISIN: XS2307633565),
- ((a) to (l) collectively, the “**Offshore Senior Notes**”).

## **OVERVIEW**

As noted in the Announcements, the Company engaged in constructive discussions with the Group’s major offshore creditors on the terms of a proposed standstill arrangement (the “**Proposed Standstill Arrangement**”) in respect of the material offshore indebtedness of the Group (“**Offshore Indebtedness**”).

Further to these discussions, the Company is pleased to announce that an ad hoc group of holders of certain Offshore Senior Notes (representing approximately 20% of the outstanding principal amount of the Offshore Senior Notes) (the “**AHG**”) have provided their in-principle agreement in writing in connection with a non-legally binding term sheet which outlines the key terms of the Proposed Standstill Arrangement (the “**Standstill Term Sheet**”). The Standstill Term Sheet is available for download at <https://projects.morrowsodali.com/Aoyuan>.

## **PROPOSED STANDSTILL ARRANGEMENT**

The Proposed Standstill Arrangement seeks to achieve the following key objectives:

- (a) urgently provide stability to the offshore operations of the Group and to preserve value of the Group for all creditors in the interim whilst negotiations for a Holistic Restructuring (as defined below) are ongoing;
- (b) provide a stable platform to facilitate negotiations with a potential strategic investor based on the expected outcome of the Holistic Restructuring; and

- (c) facilitate transparency and provide an effective platform for creditors to monitor the financial circumstances of the Group and progress of the Holistic Restructuring.

The key terms of the Standstill Term Sheet (which are subject to the execution of definitive documentation by the parties) are as follows:

- (a) during the standstill period, each consenting creditor agrees to, among other things:
  - (i) standstill and forbear from taking any enforcement action in respect of the Offshore Indebtedness; and
  - (ii) support (at the Company's cost) any actions taken by any member of the Group to dismiss any enforcement actions (including commencement of insolvency proceedings) taken or proposed by any other holders of the Offshore Indebtedness; and
- (b) the Company shall pay or procure the payment of the following consent fees:
  - (i) to each consenting creditor who signs/accedes to the Standstill Agreement (as defined below) on or before the date falling on the day which is 15 Business Days from the effective date of the Standstill Agreement (the "**Early-Bird Consent Fee Deadline**"), (A) an early-bird consent fee in an amount equal to 0.25% of the principal amount of the Offshore Indebtedness due to such creditor as at the Early-Bird Consent Fee Deadline and (B) the General Consent Fee (as defined below); and
  - (ii) to each consenting creditor, who signs/accedes to the Standstill Agreement on or before the date falling on the day which is 1 calendar month from the effective date of the Standstill Agreement, a general consent fee in an amount equal to 0.5% of the principal amount of the Offshore Indebtedness due to such creditor as at the date of such execution/accession by the relevant Consenting Creditor (the "**General Consent Fee**"), provided that the Standstill Agreement has not been terminated at the date of such execution/accession.

The Company together with its financial and legal advisors are working closely with the financial and legal advisors of the AHG with a view to agreeing the definitive documentation to implement the Proposed Standstill Arrangement in respect of the Offshore Senior Notes (the "**Standstill Agreement**") in the coming weeks. The Company encourages holders of the Offshore Senior Notes ("**Offshore Senior Noteholders**") to execute the Standstill Agreement once in agreed form, and will publish further announcement(s) to keep the Offshore Senior Noteholders informed of the status and how they may execute the Standstill Agreement.

At the same time, the Company continues to be in discussions with its other major offshore creditors regarding separate standstill arrangements in respect of the other offshore debt instruments of the Company and hopes to agree the terms of such standstill arrangements (on substantially the same terms as the Standstill Term Sheet) with them as soon as possible.

If implemented, the Proposed Standstill Arrangement will provide the Group with a stable platform whilst negotiations with its major offshore creditors on the terms of a holistic restructuring (“**Holistic Restructuring**”) are ongoing. The Company’s financial advisor continues to assist the Company in its discussions with all relevant stakeholders and in formulating the Holistic Restructuring. The Company ultimately aims to implement a holistic financial restructuring that would provide the Group with a sustainable capital structure to deliver long-term value for all of its stakeholders.

If the Company enters into the Standstill Agreement, the Company will make further announcement(s) in accordance with the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and all other applicable laws as and when appropriate.

Other offshore creditors of the Company are encouraged to contact the Company’s financial advisor (KPMG Advisory (China) Limited (“**KPMG**”)) to facilitate the Company’s efforts to implement the Proposed Standstill Arrangement. KPMG’s contact details are set out below:

KPMG Advisory (China) Limited  
Address: 8/F, Prince’s Building, 10 Chater Road, Hong Kong  
Email: aoyuan.restructuring@kpmg.com

## **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 and will continue to be suspended until further notice.

**The implementation of the proposed debt restructuring will be subject to many factors outside of 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) 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, 28 February 2023

*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; and the independent non-executive directors of the Company are Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Wong Wai Keung Frederick.*