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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)

**COMPLETION OF DISCLOSEABLE TRANSACTION
IN RELATION TO DISPOSAL OF THE SALE SHARES
AND FURTHER INFORMATION**

References are made to the announcements of China Aoyuan Group Limited (the “**Company**”) dated 16 February 2023 (the “**First Announcement**”) and 30 June 2023 (the “**Second Announcement**”) (together, the “**Announcements**”) in relation to the disposal of 29.9% of the issued share capital of Aoyuan Healthy Life Group Company Limited (the “**Disposal**”). Terms used in this announcement shall have the same respective meanings as those defined in the Announcements unless otherwise stated.

COMPLETION

The Board wishes to announce that all the Conditions Precedent under the Agreement have been fulfilled and Completion took place on 17 July 2023. Immediately after Completion, the Purchaser and the Vendor hold 29.9% and 24.68% of the entire issued share capital of the Target Company as at the date of this announcement respectively, and therefore the Purchaser becomes the single largest shareholder of the Target Company, and the Vendor together with the Company cease to be the controlling shareholders of the Target Company but shall remain as substantial shareholders of the Target Company. The Target Company and its subsidiaries cease to be accounted as subsidiaries of the Group by virtue of Completion.

FURTHER INFORMATION

The Board wishes to provide further information in relation to the Disposal as follows.

Adjustment to the payment terms

As disclosed in the Second Announcement, pursuant to the Supplemental Agreement entered into between the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser on 30 June 2023, the Parties have agreed to adjust the payment terms in respect of the Disposal (the “**Amendments**”).

Reasons for the Amendments

As disclosed in the First Announcement, Nanyue Star Bridge, being the immediate shareholder of the Purchaser, will undergo an internal reorganisation, pursuant to which, among others, the total capital of Nanyue Star Bridge will be contributed by the LPs, namely Zhong Xin Global and Nanyue Onshore Fund as to 60% and 40%, respectively.

As advised by Nanyue City Development, for the purpose of making an offshore investment in the Target Company through Nanyue Onshore Fund and Nanyue Star Bridge, it has submitted an application to the Guangzhou Municipal Local Financial Supervision and Administration Bureau (廣州市地方金融監督管理局) (the “**GZ FSAB**”) under the Interim Measures of Guangdong Province on Pilot Work of Overseas Investment of Qualified Domestic Limited Partners (《廣東省開展合格境內有限合夥人境外投資試點工作暫行辦法》) for the establishment of a pilot fund management company and pilot fund (the “**Application**”). According to the Application, the proposed investment amount is RMB100,000,000, which shall be exclusively used for investments in the acquisition of the Sale Shares through Nanyue Onshore Fund and Nanyue Star Bridge.

As of the date of this announcement, HK\$153,600,000, being 60% of the Consideration, has already been contributed by Zhong Xin Global and paid to the Vendor in accordance with the terms of the Agreement (as amended by the Supplemental Agreement). The remaining 40% of the Consideration, being HK\$102,400,000, is expected to be contributed by Nanyue Onshore Fund and paid to the Vendor through the Purchaser once the aforesaid investment amount has been approved under the Application.

Given the Parties intended to facilitate Completion, the Parties entered into the Supplemental Agreement (including the Amendments) after arm’s length negotiations. The Board has evaluated the following factors in respect of the Amendments:

- (i) By allowing the Purchaser to settle the remaining balance of the Consideration in the sum of HK\$102,400,000 within three months from the date of Completion, the Board has taken into account: (a) the expected time required for the review process of GZ FSAB (a subsequent inquiry has been made by the Parties with GZ FSAB); and (b) the additional time required for incidental foreign exchange approval from the relevant PRC regulatory authorities, completion of the Purchaser Group’s Reorganisation, injection of the relevant funds into the Nanyue Onshore Fund and Nanyue Star Bridge and subsequent payment arrangement of the Purchaser.
- (ii) As advised by the Purchaser, if the approval from GZ FSAB cannot be obtained within three months from the date of Completion, the Purchaser Group may arrange for settlement of the remaining Consideration by its other offshore resources.
- (iii) The Board has diligently considered, and is confident of, the background and capabilities of Nanyue City Development.
- (iv) After reviewing the Application materials and discussing with the representative of Nanyue City Development, the Board has gained a clear understanding of the nature and purpose of the Application. The Board recognises that the Application is a procedural requirement under the relevant laws of the PRC for the purposes of offshore investment.

- (v) The Board has reviewed the Application materials and understands that the investor (as limited partner) of Nanyue Onshore Fund has sufficient financial resources for investing in Nanyue Star Bridge upon approval by the relevant PRC regulatory authorities.

Based on the above, and provided that all Application materials are in place and the relevant regulations have been met, the Board is of the view that, barring unforeseeable events, the risk of the Application being rejected by GZ FSAB and the Purchaser defaulting on payment is relatively low.

In assessing whether the terms of the Supplemental Agreement are in the interests of the Company and its Shareholders as a whole, the Board has considered the following:

- (i) The Supplemental Agreement was entered into after arm's length negotiations between the Parties and are on normal commercial terms.
- (ii) The Supplemental Agreement furnishes the Company with more flexibility as it strikes a balance between an expeditious Completion and the financial needs of the Company.
- (iii) As disclosed above, the Board has taken all reasonable steps to confirm the authenticity and progress of the Application before concluding that the risk of the Application being rejected by GZ FSAB and default by the Purchaser on payment is relatively low.
- (iv) The factors evaluated by the Board in respect of the Amendments as disclosed above, and the reasons for other amendments to the Agreement which have been disclosed in the Second Announcement.
- (v) The Supplemental Agreement is beneficial for the Target Company to promptly improve its shareholders' structure and resume trading on the Stock Exchange. This may aid the Target Company in restoring normal operations and market confidence. Based on the Directors' understanding, this may in turn expedite the approval of the Application by the relevant PRC regulatory authorities.

Based on the above, the Board believes that the terms of the Supplemental Agreement are fair and reasonable, in the interests of the Company and its Shareholders as a whole.

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.

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

Hong Kong, 18 July 2023

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Ma Jun, Mr. Chen Zhi Bin and Mr. Tan Yi; and the independent non-executive directors of the Company are Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick.