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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)

INSIDE INFORMATION
QUARTERLY UPDATE ON RESUMPTION PROGRESS
AND
DELAY IN PUBLICATION OF 2022 ANNUAL RESULTS
AND DESPATCH OF 2022 ANNUAL REPORT

This announcement is made by China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A 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 and 30 December 2022 in relation to the quarterly update on resumption progress; (vi) 4 October 2022 in relation to the Investigation Reports; (vii) 28 February 2023 in relation to the Proposed Standstill Arrangement (the “**28 February Announcement**”); (viii) 24 March 2023 in relation to the Standstill Agreement (the “**24 March Announcement**”); and (ix) 27 March 2023 in relation to the Standstill Agreement (the “**27 March Announcement**”) (together, the “**Announcements**”). Terms used in this announcement shall have the same respective meanings as those defined in the Announcements unless otherwise stated.

UPDATE INFORMATION

As disclosed in the announcement of the Company dated 30 June 2022, the Stock Exchange has set out the Resumption Guidance for the Company. The Company is still in the process of devising and considering its resumption plan. The Company has continuously been making efforts and working with its professional advisors in taking steps to fulfill the Resumption Guidance. In compliance with Rule 13.24A of the Listing Rules, the board of directors (the “**Board**”) of the Company would like to provide the shareholders (the “**Shareholders**”) and potential investors of the Company with the following updates on the latest resumption progress as at the date of this announcement.

Business Operations

The Group’s accumulated unaudited property contracted sales for January to March 2023 was approximately RMB2.93 billion. As at the date of this announcement, nearly 90% of the Group’s real estate projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its projects while consolidating resources to revitalize the construction and sales of its projects, reduce its operating expenses and make every effort to improve the Group’s liquidity position. From January to March 2023, the Company has entered into branding and project management agreements with Greentown Real Estate Development Group Co. Ltd and CONSULTEC City Investment and Construction Group, in order to revitalize the sales of its projects in Chongqing, Chengdu, Xi’an, Xiamen, etc. in full power.

Debt Restructuring

As noted in the previous quarterly update on resumption progress dated 30 December 2022, the Company is in discussions with the Group’s major offshore creditors on the terms of a proposed standstill arrangement in respect of the material offshore indebtedness of the Group (the “**Proposed Standstill Arrangement**”). 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 are ongoing. 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.

As noted in the 28 February Announcement, 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**”) 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**”). As noted in the 24 March Announcement and the 27 March Announcement, the AHG signed the definitive documentation to implement the Proposed Standstill Arrangement in respect of the Offshore Senior Notes (the “**Standstill Agreement**”) on 24 March 2023 and the effective date of the Standstill Agreement occurred on 27 March 2023 (the “**Effective Date**”). The key terms of the Standstill Agreement entered into with the AHG are set out in the 24 March Announcement and the terms of the Standstill Agreement as at the Effective Date remain the same as those disclosed in the 24 March Announcement.

Under the terms of the Standstill Term Sheet, the effective date of the standstill agreements implementing such separate standstill arrangements must occur by no later than 31 March 2023. Offshore creditors can accede to a standstill agreement in respect of an offshore debt instrument provided that such standstill agreement has come into effect on or before 31 March 2023.

The Company continues to engage in constructive discussions with its onshore and offshore creditors, with a view to stabilize the situation and preserve value for the Group and its creditors. The Company also continues to work closely with its financial and legal advisors to analyze the financial position of the Group and formulate a consensual restructuring proposal. The Company's financial advisor KPMG Advisory (China) Limited (“**KPMG**”) is assisting the Company in its discussion with all relevant stakeholders. As at the date of this announcement, the relevant work in respect of the Group's potential restructuring plan is ongoing.

As at the date of this announcement, the Group has also entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements of over RMB30.7 billion in principal amount. The Group is also in further negotiations with its onshore creditors regarding the extension of the maturity date under other onshore financing arrangements. The Company maintains an ongoing dialogue with potential investors in relation to a recapitalization as part of the implementation of a consensual debt restructuring. 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.

Offshore creditors of the Company are encouraged to contact the following representatives to facilitate the Company's efforts to implement a potential restructuring plan:

KPMG Advisory (China) Limited

Address: 8/F, Prince's Building, 10 Chater Road, Hong Kong

Email: aoyuan.restructuring@kpmg.com

2021 Annual Results, 2022 Interim Results and 2022 Annual Results

The auditor of the Company is still in the course of preparing the audit on the 2021 Annual Results and 2022 Annual Results. The timing for the release of the 2021 Annual Results, the 2022 Interim Results and the Group's preliminary results in respect of the financial year ended 31 December 2022 (the “**2022 Annual Results**”) is yet to be confirmed. The Board and the management of the Company will (i) continue to work with its auditors closely to finalize and publish the 2021 Annual Results and the 2022 Annual Results; (ii) continue to work on and finalise the 2022 Interim Results; and (iii) despatch the 2021 Annual Report, the 2022 Interim Report and the Company's annual report for the year ended 31 December 2022 as soon as practicable.

Investigation Reports

On 3 October 2022, the investigation firm engaged by the AH's Investigation Committee (the **"Investigation Firm"**) issued two investigation reports respectively in relation to the first two issues of the Fund Flows Matters as stated in the letter from the AH's Former Auditor dated 25 March 2022 and the Allegations. The Investigation Reports set out, among other things, the key findings of the Investigation Firm in respect of the relevant Fund Flows Matters and the Allegations, details of which were disclosed in the announcement of Aoyuan Healthy dated 3 October 2022.

An independent investigation committee (the **"Independent Investigation Committee"**), comprising all the independent non-executive directors of the Company, has been established, and has engaged Rainbow Capital (HK) Limited as an independent financial adviser of the Company (the **"Independent Financial Adviser"**) to advise the Independent Investigation Committee on the adequacy of the investigation conducted by the Investigation Firm and the potential concern regarding management integrity of the Company. The Independent Investigation Committee will provide its views on the above issues after reviewing and analyzing the report compiled and issued by the Independent Financial Adviser.

DELAY IN PUBLICATION OF 2022 ANNUAL RESULTS AND DESPATCH OF 2022 ANNUAL REPORT

Pursuant to Rules 13.49(1) and 13.46(2)(a) of the Listing Rules, the Company is required to publish its preliminary results for the year ended 31 December 2022 (the **"2022 Annual Results"**) not later than three months after the end of the financial year, that is, on or before 31 March 2023 and despatch its annual report for the year ended 31 December 2022 (the **"2022 Annual Report"**) to the Shareholders not later than four months after the end of the financial year, that is, on or before 30 April 2023.

As disclosed in the paragraph headed "2021 Annual Results, 2022 Interim Results and 2022 Annual Results" above, the 2021 Annual Results and 2022 Interim Results are still being prepared. In addition, the auditor of the Company, SHINEWING (HK) CPA Limited, is still in the course of performing the audit procedures in relation to the 2022 Annual Results, including the standard audit procedures, assessment of potential provision for impairment and obtaining audit confirmations. Accordingly, the Company is unable to publish the 2022 Annual Results on or before 31 March 2023 and it is expected that the 2022 Annual Report will not be published on or before 30 April 2023 in accordance with Rule 13.49(1) and 13.46(2)(a) of the Listing Rules, respectively.

Further, the Board has decided, after due and careful consideration, that it would not be appropriate for the Company to publish the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the **"2022 Unaudited Management Accounts"**) at this stage in accordance with Rule 13.49(3) of the Listing Rules as the 2022 Unaudited Management Accounts may not be an accurate reflection of the financial performance and position of the Group, and the publication of the 2022 Unaudited Management Accounts might cause confusion and could potentially be misleading to the Shareholders and potential investors of the Company.

The Board and the management of the Company will continue to work closely with its auditor so as to publish all outstanding financial results of the Company as soon as practicable.

The Company will publish further announcement to inform the Shareholders and potential investors of the Company of the date of the meeting of the Board to approve, among others, the 2021 Annual Results, the 2022 Interim Results and the 2022 Annual Results as and when appropriate.

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 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) 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, 31 March 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 Mr. Wong Wai Keung Frederick.