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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)

FULFILMENT OF RESUMPTION GUIDANCE
RESUMPTION OF TRADING
AND
UPDATE ON OFFSHORE DEBT RESTRUCTURING

FULFILMENT OF ALL RESUMPTION GUIDANCE

The Board is pleased to inform the Shareholders and potential investors of the Company that the Company has fulfilled the Resumption Guidance.

RESUMPTION OF TRADING

Trading in shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 1 April 2022 at the request of the Company. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 25 September 2023.

UPDATE ON OFFSHORE DEBT RESTRUCTURING

The Company and its subsidiary Add Hero continue to make significant progress in respect of the proposed offshore debt restructuring as set out in the Offshore Debt Restructuring Announcement. The Company is making good progress on agreeing the form of the relevant documentation and is preparing the relevant court filings. It is anticipated that the Company will soon begin the process of making applications to the relevant courts to commence the schemes of arrangement referred to in the Offshore Debt Restructuring Announcement.

This information is made by China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of 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 (a) the announcement of the Company dated 30 June 2022 in relation to, among other things, the resumption guidance issued by the Stock Exchange; (b) the inside information announcements of the Company dated 25 March 2022, 31 March 2022, 31 August 2022, 4 October 2022, 31 March 2023 and 22 September 2023; and (c) the quarterly update announcements of the Company dated 30 September 2022, 30 December 2022, 31 March 2023 and 30 June 2023 in relation to the Company's resumption progress as at the respective dates of such update announcements (collectively, the "**Announcements**").

Unless otherwise stated, terms used in this announcement shall have the same respective meanings as those defined in the Announcements.

BACKGROUND

As a result of the reasons set out in the announcement of the Company dated 25 March 2022, the audit of the annual results for the year ended 31 December 2021 was delayed. Due to such delay, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 1 April 2022.

In addition, as disclosed in the Announcements, on 25 March 2022, the AH's Audit Committee received the AH's Former Auditor's Letter from the AH's Former Auditor setting out concerns over the Fund Flows Matters and suggesting recommendations and actions to be taken by the AH's Audit Committee. Please refer to the announcement of Aoyuan Healthy dated 3 May 2022 for details of the Fund Flows Matters as set out in the AH's Former Auditor's Letter. It was understood that certain Directors were involved in the Fund Flows Matters.

RESUMPTION GUIDANCE

On 27 June 2022 and 27 January 2023, the Company received from the Stock Exchange a total of five guidance for the resumption of trading in the shares of the Company on the Stock Exchange (the "**Resumption Guidance**") as follows:

- (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;
- (d) inform the market of all material information for the Shareholders and investors of the Company to appraise the Company's position; and
- (e) re-comply with Rules 3.10(1) and 3.21 of the Listing Rules.

FULFILMENT OF RESUMPTION GUIDANCE

Resumption Guidance 1 – Publish all outstanding financial results required under the Listing Rules and address any audit modifications

The Company published all the then outstanding financial results and reports on the following dates:

- (a) the annual results for the year ended 31 December 2021 on 3 July 2023;
- (b) the 2021 annual report for the year ended 31 December 2021 on 27 July 2023;
- (c) the interim results for the six months ended 30 June 2022 on 3 July 2023;
- (d) the 2022 interim report for the six months ended 30 June 2022 on 27 July 2023;
- (e) the annual results for the year ended 31 December 2022 on 3 July 2023;
- (f) the 2022 annual report for the year ended 31 December 2022 on 27 July 2023;
- (g) the interim results for the six months ended 30 June 2023 on 30 August 2023; and
- (h) the 2023 interim report for the six months ended 30 June 2023 on 21 September 2023.

During the audit of consolidated financial statements of the Group for each of the two years ended 31 December 2022 by SHINEWING (HK) CPA LIMITED (“SHINEWING”), SHINEWING performed the following additional audit procedures in light of the Fund Flows Matters:

- (a) assessing procedures performed by Zhonghui Anda CPA Limited, the auditor of Aoyuan Healthy and discussing with personnel responsible for the audit of the consolidated financial statements of the Aoyuan Healthy Group;
- (b) cross checking the fund flows against the ledgers of the China Aoyuan Group, bank statements and bank slips;
- (c) reviewing the investigation reports prepared by Ernst & Young (China) Advisory Limited, the independent forensic accounting firm engaged by Aoyuan Healthy;
- (d) conducting interviews with key personnel of the Group as well as the controlling shareholder of the third party intermediaries involved in the Fund Flows Matters 2 and 3;
- (e) discussing and understanding the works performed by the Independent Investigator up to the report date of the respective consolidated financial statements of the Group and assessing their impact on the audit of the consolidated financial statements of the Group; and
- (f) reviewing the Group’s accounting entries relating to elimination of intercompany transactions.

In respect of the consolidated financial statements of the Group for each of the two years ended 31 December 2022, SHINEWING expressed a disclaimer of opinion due to multiple uncertainties related to going concern. In this regard, as disclosed in the announcements of the Company dated 2 July 2023 and 11 July 2023, as well as the 2022 annual report, the interim results announcement for the six months ended 30 June 2023 and the 2023 interim report, the Group has implemented or is implementing measures to improve the Group's liquidity and cash flows in order to sustain the Group as a going concern, including but not limited to (a) agreeing the proposed restructuring of the material offshore indebtedness of the Company; (b) negotiating with onshore open market bond investors on the extension of debts; (c) negotiating with other onshore lenders on the extension of borrowings; (d) asset disposals to create liquidity or otherwise alleviate/resolve debt issues; and (e) revitalising the construction and sales of its properties, including implementing measures to speed up the collection of outstanding sales proceeds and prioritising delivery of property development projects, as well as seeking ways to settle the outstanding litigations in which members of the Group are involved.

Taking into account the measures taken by the Group, as well as the working capital forecast of the Group for the 18 months ending 31 December 2024, the Board is of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due and that the Group will continue to operate as a going concern.

Resumption Guidance 2 – 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

As disclosed in the announcement of the Company dated 22 September 2023, the Independent Investigation Committee has concluded that there is no concern on the integrity of the Directors at the material time who are also current members of the Board. The Independent Investigation Committee has also concluded that there is no concern on the integrity of the senior management of the China Aoyuan Group. It is noted that Mr. Guo resigned as an executive Director, vice chairman, chief executive officer and authorised representative of the Company with effect from 27 April 2023 and as at the date of this announcement, Mr. Guo is not a substantial shareholder of the Company.

The Company appointed Mr. Wong Wai Keung Frederick (“**Mr. Wong**”) as an independent non-executive Director with effect from 24 February 2023 and Mr. Tan Yi (“**Mr. Tan**”) as an executive director with effect from 27 April 2023 (please refer to the announcements of the Company dated 24 February 2023 and 27 April 2023 for details of their biography). In respect of (i) Mr. Wong, given his professional background and extensive experience in accounting and financial related matters and (ii) Mr. Tan, given his extensive experience in overseeing daily operations, compliance, investment and legal matters of the Group, the Board believes the Group will benefit from Mr. Wong's and Mr. Tan's professional experience and opinion, particularly in respect of matters relating to (a) (in the case of Mr. Wong) the financial management and internal control; and (b) (in the case of Mr. Tan) the supervision of the Company's compliance and legal management work on a day-to-day basis and bolster the compliance and legal capability of the Board.

In light of the above, the Independent Investigation Committee is of the view there is no concern about the management integrity and/or 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.

For completeness, the Independent Investigation Committee has taken note of the internal control deficiencies, recommendations on remedial measures and the Company's implementation of the remedial measures as set out in the Investigation Report. Having considered the remedial actions adopted, the Board (including the independent non-executive Directors) is of the view that the Company has in place appropriate and effective internal control systems over the type(s) of fund flow transactions which constituted the Fund Flows Matters.

Resumption Guidance 3 – Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules

The Group is principally engaged in the businesses of property development and investment, urban redevelopment, cultural tourism, technology, etc. Pursuant to the 2022 annual report interim results announcement for the six months ended 30 June 2023 of the Company, set out below are the key financial data of the Group:

	For the year ended 31 December 2022/ As at 31 December 2022	For the six months ended 30 June 2023/ As at 30 June 2023
Revenue	RMB18,711 million	RMB10,941 million
Loss after taxation	RMB8,496 million	RMB2,896 million
Total assets	RMB234,426 million	RMB221,821 million
Net liabilities	RMB17,637 million	RMB20,532 million

Following completion of the Company's disposal of its 29.9% stake in Aoyuan Healthy on 17 July 2023, the Company retained a 24.68% stake in Aoyuan Healthy and Aoyuan Healthy ceased to be a subsidiary of the Company. Having considered the contribution of the Aoyuan Healthy Group to the results of the Group (please refer to the 2022 annual report and the interim results announcement of the six months ended 30 June 2023 of Aoyuan Healthy for recent financial data of the Aoyuan Healthy Group), the Board is of the view that the disposal of its 29.9% stake in Aoyuan Healthy would not have a material impact on the level of operations and assets of the China Aoyuan Group.

Although the Company suffered a loss for the year ended 31 December 2022 and the six months ended 30 June 2023, the China Aoyuan Group continues to prioritise delivery of property development projects and accelerate the pre-sales and sales of its properties. As disclosed in the announcement of the Company dated 30 June 2023, over 90% of the China Aoyuan Group's real estate projects were progressing according to schedule and the China Aoyuan Group continues to consolidate resources to revitalize the construction and sales of its projects and reduce its operating expenses. In light of the construction progress and the China Aoyuan Group's efforts to accelerate sales of its properties, the Board is of the view that the sales and profitability of the China Aoyuan Group will continue to improve and the Company will operate a viable and sustainable business.

Based on the above and taking into account (a) the working capital forecast of the Group for the 18 months ending 31 December 2024; (b) the prospects of the Company's proposed debt restructuring; and (c) measures taken to improve the Group's liquidity and cash flows (see above in relation to the Resumption Guidance 1), the Board is of the view that the Company has maintained and continues to maintain a sufficient level of operations and assets of sufficient value to support its operations in accordance with Rule 13.24(1) of the Listing Rules.

Resumption Guidance 4 – Inform the market of all material information for the Shareholders and investors of the Company to appraise the Company's position

Since the trading suspension on 1 April 2022, the Company has published quarterly update announcements in accordance with Rules 13.09(2) and 13.24A of the Listing Rules.

The Company has also disclosed material information in connection with, among others, (a) annual results for each of the two years ended 31 December 2022 and the 2021 and 2022 annual reports; (b) interim results for each of the six months ended 30 June 2022 and 30 June 2023 and the 2022 and 2023 interim reports; (c) the Fund Flows Matters; (d) the status of the proposed debt restructuring; (e) quarterly updates on the status of fulfilment of the Resumption Guidance; and (f) the Investigation Report.

The Board believes the Company has announced all material information which it considers to be relevant and necessary for the Company's shareholders and investors to appraise the Company's position.

Resumption Guidance 5 – Re-comply with Rules 3.10(1) and 3.21 of the Listing Rules

Following the appointment of Mr. Wong as an independent non-executive Director on 24 February 2023, the Company has three independent non-executive Directors and the audit committee of the Company comprises a minimum of three members in accordance with Rules 3.10(1) and 3.21 of the Listing Rules, respectively. For completeness, at least one-third of the Board comprises independent non-executive Directors, which is also in compliance with the requirements under the Listing Rules.

RESUMPTION OF TRADING

As illustrated above, the Company has fulfilled the Resumption Guidance.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2022 at the request of the Company. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 25 September 2023.

UPDATE ON OFFSHORE DEBT RESTRUCTURING

Reference is made to the inside information announcement of the Company dated 2 July 2022 (the “**Offshore Debt Restructuring Announcement**”). The Company and its subsidiary Add Hero (as defined in the Offshore Debt Restructuring Announcement) continue to make significant progress in respect of the proposed offshore debt restructuring as set out in the Offshore Debt Restructuring Announcement. The Company is making good progress on agreeing the form of the relevant documentation and is preparing the relevant court filings. It is anticipated that the Company will soon begin the process of making applications to the relevant courts to commence the schemes of arrangement referred to in the Offshore Debt Restructuring Announcement.

The Company will issue further announcement(s) to provide updates on the proposed offshore debt restructuring as and when appropriate.

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.

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

Hong Kong, 22 September 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.