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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)

INFORMATION UPDATE

The board of directors of the China Aoyuan Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) (the “**Board**”) would like to provide an update on the Group as set out in this announcement.

CERTAIN NON-PAYMENTS

Since the second-half of 2021, Chinese property developers have been subject to widespread credit rating downgrades by the rating agencies and the offshore capital markets that have funded growth and development of the sector have virtually shut down such that companies within the sector are unable to access typical financing channels for the sector and have experienced significant pressure on short-term liquidity.

On 15 October 2021, Standard & Poor’s Global Ratings downgraded the Company from B+ to B, and further to CCC on 16 November 2021. On 3 November 2021, Fitch Ratings downgraded the Company from BB to B+, to B- on 19 November 2021, and further to CCC- on 24 November 2021. On 5 November 2021, Moody’s Investors Service, Inc. downgraded the Company from B1 to B2, and further to Caa2 on 22 November 2021. Such ratings downgrades have led to occurrence of certain trigger events under certain offshore financing arrangements under which the Company and/or members of the Group are a borrower or a guarantor.

The Company has been actively communicating with the Group’s creditors to seek to resolve any consequential issues consensually and amicably and within a reasonable timeframe.

The Company has received notice from creditors in respect of financings that have an aggregate principal amount of approximately USD651.2 million under which the Company and/or members of the Group are a borrower or a guarantor demanding payment as a result of the ratings downgrades. The Company has not made such payments as at the date of this announcement or reached an agreement with respect to alternative payment arrangements with such creditors.

The non-payments detailed above may trigger the possible acceleration of the repayment in respect of certain other offshore financing arrangements of the Group, whereby the relevant creditor(s) may have the right to demand payment of the indebtedness and/or take action pursuant to the terms of their respective financing arrangements.

Given the liquidity issues faced by the Group, there is no guarantee that the Group will be able to meet its financial obligations under its other offshore financing arrangements as and when they fall due. If the Group is unable to meet its obligations to repay any debt when due or to agree with its relevant creditors on the renewal or extension of its borrowings or alternative arrangements, there may be a material adverse effect on the Group's business, prospects, financial condition and operating results.

With the assistance and advice of the Company's financial adviser and legal adviser, the Board and the management of the Company will continue to assess the potential impact of the offshore financing arrangements on the financial condition and cash position of the Group under the circumstances. The Company will continue to closely monitor the development of this matter and will make further announcement(s) as and when appropriate in accordance with the requirements of applicable laws and regulations. The Company is working diligently with its advisers to communicate with relevant creditors and to seek to implement as soon as practicable a remediation plan that treats creditors fairly and protects the interests of the Group's creditors and other stakeholders.

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) are reminded to consider the related risks and exercise caution when dealing in the securities of the Company. When in doubt, the holders of securities 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, 3 December 2021

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, Mr. Chen Zhi Bin and Mr. Chan Ka Yeung Jacky; the non-executive director of the Company is Mr. Zhang Jun; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.