

The Singapore Exchange Securities Trading Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement is for information purposes only and is not an offer to sell or the solicitation of an offer to acquire, purchase or subscribe for securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.



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.

Reference is made to the information update announcement of the Company dated 3 December 2021 relating to certain updates on the Group (the “**December 2021 Announcement**”). The board of directors of the Company (the “**Board**”) would like to provide a further update on the Group as set out in this announcement.

Terms used in this announcement shall have the same respective meanings as those defined in the December 2021 Announcement unless otherwise stated.

OPERATIONAL UPDATE OF THE GROUP

During the year ended 31 December 2021, the Group recorded unaudited property contracted sales of approximately RMB121.03 billion, representing an approximate decline of 9.0% as compared to the prior year. The continued market downturn and the dampening of purchasers’ confidence have caused difficulties for the Group to realise its inventories and dispose of its assets on reasonable terms. Despite this backdrop, as at the date of this announcement, the development and progress in respect of the majority of the Group’s property projects have remained on schedule, and the Group continues to focus on completing and delivering its projects and reducing its operational expenses. The Group does not currently anticipate any material purchases of new land in the near future given its existing land reserves, and it will continue to explore opportunities to unlock value from its existing portfolio of urban redevelopment projects.

The personnel comprising the senior management team of the Group remains stable and focused on improving the operational performance of the Group. The Board is optimistic about the long-term outlook of the Group and will continue to explore possibilities of improving the Group's liquidity position.

POTENTIAL SOURCES OF LIQUIDITY

The Company has been actively exploring and will continue to explore potential opportunities of asset disposal and to engage with strategic investors on terms which are in the best interests of the Company and its stakeholders taken as a whole. Any such disposal or investment is intended to create liquidity for, and alleviate or resolve debt issues of, the Group.

The Group has been in preliminary discussions with potential strategic investors and purchasers, but no legally binding agreement has been entered into between the Group and any of such potential investors or purchasers as at the date of this announcement.

SENIOR NOTES

Reference is made to (i) the 4.2% senior notes due 20 January 2022 (ISIN: XS2282587505) (the “**2022 Notes I**”); (ii) the 8.5% senior notes due 23 January 2022 (ISIN: XS1937690128) (the “**2022 Notes II**”, and together with the 2022 Notes I, the “**January 2022 Notes**”); (iii) the 7.35% senior notes due June 2023 (ISIN: XS2014471432) (the “**2023 Notes**”); and (iv) 7.95% senior notes due June 2024 (ISIN: XS2351242461) (the “**2024 Notes**”, and together with the January 2022 Notes and the 2023 Notes, the “**Notes**”) issued by the Company. As of the date of this announcement, the aggregate outstanding principal amount of the Notes is approximately US\$1,086 million and the Company has not received any notice from the trustee or any holders of the Notes to accelerate the due dates of the Notes based on the events described in the December 2021 Announcement.

Having given careful consideration to its liquidity and in order to preserve its limited cash resources and maintain fairness among all of its creditors pending a holistic debt restructuring, the Company has decided that it will not make payments of: (i) the remaining principal and the last instalment of interest of the January 2022 Notes on the respective maturity dates and interest payment dates; and (ii) the latest instalment of interest under the 2023 Notes and the 2024 Notes upon expiry of the applicable 30-day grace period. The Group intends to adopt the same principle in respect of its other offshore financial indebtedness. Events of default will occur (or have occurred) under all other offshore financial indebtedness of the Group. The total outstanding amount of the Group's financial indebtedness (including the Notes) is disclosed in the interim report of the Company for the six months ended 30 June 2021.

STATUS OF POTENTIAL DEBT RESTRUCTURING

The Company has been working diligently with its advisers including legal, financial and other advisers to assess the Group's capital structure, evaluate the liquidity of the Group, and conduct due diligence on the Group. Specifically, the Company has engaged an independent financial adviser to conduct extensive due diligence in respect of the Group's operations in order to assess the Group's current liquidity position and cashflow position. The overarching purpose of the assessment and due diligence work is to provide the basis for formulating an optimal restructuring proposal that aims to treat all creditors and other stakeholders fairly according to their position in the capital structure of the Group. Any solution will need to be based upon and make reference to the outcome of such assessment and due diligence. As at the date of this announcement, such external professional advisers have made significant progress with such assessment and due diligence. The Company is working closely with such external professional advisers with a view to completing the necessary assessment and due diligence in order to present its restructuring proposal to its creditors and other stakeholders (if applicable) in due course and as soon as practicable for their consideration.

GENERAL

The Company will make further announcement(s) in respect of the status of the debt restructuring proposal and the asset disposal and strategic investment opportunities as and when appropriate in accordance with the requirements of the Listing Rules, the SFO and/or other applicable laws and regulations.

The above-mentioned unaudited contracted sales figure is based on the summary of internal information of the Company, which may differ from figure(s) to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual basis due to various uncertainties during the process of collection and collating of such sales information. As such, the above-mentioned figure is provided for reference only. Audited financial information of the Group for the financial year ended 31 December 2021 (including the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position) will be released in due course pursuant to the requirements of the Listing Rules.

The implementation of the proposed debt restructuring or any disposal or strategic investment will be subject to many factors not within the control of the Company. As there is no assurance that the debt restructuring or any such disposal or strategic investment 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) are reminded to consider the related risks and exercise caution when dealing in the shares and other securities of the Company. When in doubt, the Shareholders, 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, 19 January 2022

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.