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奧園健康生活集團有限公司

AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3662)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL IN MASTERWIN DEVELOPMENTS LIMITED

SALE AND PURCHASE AGREEMENT

The Board wishes to announce that on 17 December 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% of the issued share capital in the Target Company at the consideration of RMB78,713,600 in cash in accordance with the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Purchaser will own 70% of the issued share capital in the Target Company, and each member of the Target Group will become an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a direct wholly-owned subsidiary of China Aoyuan, a controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Sale and Purchase Agreement are less than 5%, the entering into of the Sale and Purchase Agreement is exempt from the circular (including independent financial advice) and the Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Guo Zining and Mr. Ruan Yongxi, both being the non-executive Directors, and Mr. Zheng Wei and Mr. Cheng Siu Fai, being the executive Directors, hold directorship(s) and/or act as senior management in China Aoyuan and its associates. Accordingly, Mr. Guo Zining, Mr. Ruan Yongxi, Mr. Zheng Wei and Mr. Cheng Siu Fai have abstained from voting on the relevant Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

As Completion is subject to the terms and conditions under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that on 17 December 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% of the issued share capital in the Target Company at the consideration of RMB78,713,600 in cash in accordance with the terms and conditions of the Sale and Purchase Agreement.

SALE AND PURCHASE AGREEMENT

Summarised below are the principal terms of the Sale and Purchase Agreement:

Date: 17 December 2021 (after trading hours)

Parties: (a) Vendor: Add Hero Holdings Limited, a direct wholly-owned subsidiary of China Aoyuan; and
(b) Purchaser: Asia Health and Wellness Industrial Development Institute Limited, an indirect wholly-owned subsidiary of the Company.

The Vendor is a direct wholly-owned subsidiary of China Aoyuan, a controlling shareholder of the Company, and is therefore a connected person of the Company.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% of the issued share capital in the Target Company at the consideration of RMB78,713,600.

Consideration and the basis of the Consideration

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) on the date of the Sale and Purchase Agreement, 50% of the Consideration, being RMB39,356,800, shall be payable by the Purchaser to the Vendor as refundable deposit; and
- (b) on the date of Completion, the balance of the Consideration, being RMB39,356,800, shall be payable by the Purchaser to the Vendor.

The Consideration was determined after arm's length negotiations among the Parties with reference to, among other things, the appraised value of the entire issued share capital of the Target Company of approximately RMB112,448,000 as set out in the Valuation Report and other factors as set out in the paragraph headed "Reasons for and benefits of the Acquisition" in this announcement.

Based on the foregoing, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable.

Conditions precedent

Completion is subject to and conditional upon the satisfaction in full or (at the sole and absolute discretion of the Purchaser) the waiver of the following conditions (where appropriate):

- (a) the Purchaser has obtained all necessary approval, consent and permit for the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the applicable laws and regulations;
- (b) the Vendor has obtained all necessary approval, consent and permit for the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the applicable laws and regulations;
- (c) the Purchaser having been satisfied with the due diligence on the financial, legal, business and other aspects of the Target Group; and
- (d) all the statements, guarantees and undertakings given by the Vendor having remained true and correct in all material aspects as at the date of Completion.

In the event that any of the conditions precedent is not fulfilled (or waived as the case may be), on or before 31 March 2022 (or such later date as the Parties may agree in writing), the Purchaser shall have no obligation to proceed with the Acquisition and the Share Transfer Agreement shall terminate and be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any liability to any other party, save for any antecedent breaches or accumulated rights. Under such circumstances, the Vendor shall forthwith return the aforesaid refundable deposit to the Purchaser.

Completion

Completion shall take place within five (5) business days upon the satisfaction in full or waiver of the above conditions precedent, or on such other date as the Parties may agree.

Upon Completion, the Purchaser will own 70% of the issued share capital in the Target Company, and each member of the Target Group will become indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the Group's consolidated financial statements. The remaining 30% of the issued share capital in the Target Company will continue to be held by China Aoyuan through the Vendor.

INFORMATION ABOUT THE VENDOR

The Vendor, a limited liability company established under the laws of the British Virgin Islands, is a direct wholly-owned subsidiary of China Aoyuan. It is principally engaged in investment holding.

China Aoyuan is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883). It is one of the leading property developers in the PRC and is principally engaged in property development and investment, urban renewal, technology, cultural tourism, etc..

INFORMATION ABOUT THE PURCHASER AND THE GROUP

The Purchaser, a limited liability company established under the laws of the British Virgin Islands, is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Company is a renowned property management services and commercial operational services provider in the PRC and the Group is principally engaged in the provision of the property management services and commercial operational services for properties developed or owned by the property developers. Meanwhile, the Group is providing its users with general health and wellness services in order to build a healthy living and social environment and a comprehensive healthy life platform.

INFORMATION ABOUT THE TARGET GROUP

The Target Company

The Target Company is a limited liability company established under the laws of the British Virgin Islands and is an investment holding company. As at the date of this announcement, it is wholly owned by the Vendor and it owns the entire issued share capital of Maxson.

Maxson

Maxson is a limited liability company incorporated in Hong Kong and is an investment holding company. It is wholly owned by the Target Company as at the date of this announcement.

The Target Group holds 33.33% interests in the management shares and 100% interests in the participating non-voting share of an investment fund, which is established under the laws of Cayman Islands (the “**Investment Fund**”) and organized for the sole purpose of investing directly in an exempted company incorporated in the Cayman Islands (the “**Target Entity**”). The remaining interests in the Investment Fund are held as to approximately 33.33% by Innotech Capital Group Limited and approximately 33.33% by Guangdong Merchants Association Investment Co., Ltd* (廣東粵商聯合投資有限公司), which are Independent Third Parties. The Target Entity is an AI-driven healthcare company based in both the PRC and the United States of America and focused on commercializing early cancer detection tests through DNA methylation. As at the date of this announcement, the Investment Fund is holding approximately 5% equity interests in the Target Entity.

The table below sets out the unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021:

| | For the nine months ended 30 September 2021 (unaudited) (approximately) RMB | For the financial year ended 31 December 2020 (unaudited) (approximately) RMB | For the financial year ended 31 December 2019 (unaudited) (approximately) RMB |
|-----------------------------------|--|--|--|
| Turnover | 393,471 | – | – |
| Net profit/(loss) before taxation | 393,471 | (315) | (698,281) |
| Net profit/(loss) after taxation | 393,471 | (315) | (698,281) |

The unaudited consolidated net asset value of the Target Group as at 30 September 2021 was approximately RMB114,000,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Notwithstanding that the Group focuses on its core businesses of provision of property management services and commercial operational services, the Group has always been evaluating the performance and prospect of the health and wellness business and exploring other business opportunities from time to time in order to formulate its overall business strategies to sustain growth and development of the Group and maximise the return to the Group and the Shareholders.

The Board is of the view that the Acquisition provides a valuable opportunity for the Group, which is highly consistent with the expectation of the Group in exploring the health and wellness business all along and is in line with the long-term planning and the strategic layout of the Group.

Having considered the foregoing, the Board (including the independent non-executive Directors) is of the view that the terms and conditions (including the Consideration) of the Sale and Purchase Agreement are on normal commercial terms or better, which are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Vendor is a direct wholly-owned subsidiary of China Aoyuan, a controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Sale and Purchase Agreement are less than 5%, the entering into of the Sale and Purchase Agreement is exempt from the circular (including independent financial advice) and the Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Mr. Guo Zining and Mr. Ruan Yongxi, both being the non-executive Directors, and Mr. Zheng Wei and Mr. Cheng Siu Fai, being the executive Directors, hold directorship(s) and/or act as senior management in China Aoyuan and its associates. Accordingly, Mr. Guo Zining, Mr. Ruan Yongxi, Mr. Zheng Wei and Mr. Cheng Siu Fai have abstained from voting on the relevant Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

As Completion is subject to the terms and conditions under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

| | |
|--------------------------------|--|
| “Acquisition” | the acquisition of 70% of the issued share capital in the Target Company by the Purchaser subject to and upon the terms and conditions of the Sale and Purchase Agreement |
| “Board” | the board of Directors |
| “China Aoyuan” | China Aoyuan Group Limited (中國奧園集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883) |
| “Company” | Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662) |
| “Completion” | the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | RMB78,713,600, being the consideration of the Acquisition |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Maxson” | Maxson Investment Limited (萬利信投資有限公司), a limited liability company incorporated in Hong Kong, which is wholly owned by the Target Company |
| “Parent Group” | China Aoyuan and its subsidiaries (except the Group) |
| “Parties” | the parties to the Sale and Purchase Agreement, including the Vendor and the Purchaser |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan |
| “Purchaser” | Asia Health and Wellness Industrial Development Institute Limited (亞洲大健康產業研究院有限公司), a company established under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement in relation to the Acquisition dated 17 December 2021 entered into between the Vendor and the Purchaser |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Target Company” | Masterwin Developments Limited (萬勇發展有限公司), a limited liability company established under the laws of the British Virgin Islands |
| “Target Group” | the Target Company and Maxson |

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| “Valuation Report” | the valuation report on the entire issued share capital of the Target Company prepared by MASTERPIECE Valuation Advisory Limited, an independent valuer, using market approach with 30 September 2021 as the date of assessment |
| “Vendor” | Add Hero Holdings Limited, a company established under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of China Aoyuan |
| “%” | per cent. |

By the order of the Board
Aoyuan Healthy Life Group Company Limited
Guo Zining
Chairman

Hong Kong, 17 December 2021

As at the date of this announcement, the executive Directors are Mr. Zheng Wei and Mr. Cheng Siu Fai; the non-executive Directors are Mr. Guo Zining and Mr. Ruan Yongxi; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.

* *All of the English titles or names of the PRC entities, as well as certain items contained in this announcement have been included for identification purpose only. If there is any inconsistency, the Chinese titles or names shall prevail.*