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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 DISPOSAL OF 30% OF THE ENTIRE EQUITY INTEREST IN GUANGDONG AORUOLA HEALTH MANAGEMENT CONSULTING CO., LTD.*

SHARE TRANSFER AGREEMENT

The Board wishes to announce that on 18 October 2021 (after trading hours), the Vendor A, an indirect wholly-owned subsidiary of the Company, the Vendor B and the Purchaser, entered into the Share Transfer Agreement, pursuant to which the Vendor A has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 30% of the entire equity interest in the Target Company at the consideration of RMB9,000,000 in cash in accordance with the terms and conditions of the Share Transfer Agreement.

Upon Completion, the Company will cease to have any interest in the Target Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is an indirect non wholly-owned subsidiary of China Aoyuan and is a connected person of the Company. As such, the entering into of the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Share Transfer Agreement are less than 5%, the entering into of the Share Transfer 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. Tao Yu and Mr. Zheng Wei, 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. Tao Yu and Mr. Zheng Wei have abstained from voting on the relevant Board resolutions approving the Share Transfer Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Share Transfer Agreement and the transactions contemplated thereunder.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board wishes to announce that on 18 October 2021 (after trading hours), the Vendor A, an indirect wholly-owned subsidiary of the Company, the Vendor B and the Purchaser, entered into the Share Transfer Agreement, pursuant to which the Vendor A has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 30% of the entire equity interest in the Target Company at the consideration of RMB9,000,000 in cash in accordance with the terms and conditions of the Share Transfer Agreement. Further, pursuant to the Share Transfer Agreement, the Vendor B has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% of the entire equity interest in the Target Company at the consideration of RMB21,000,000.

SHARE TRANSFER AGREEMENT

Summarised below are the principal terms of the Share Transfer Agreement:

Date: 18 October 2021 (after trading hours)

Parties:

(a) the Vendor A: Aoyuan Healthy Life (Guangzhou) Group Co., Ltd.* (奧園健康生活(廣州)集團有限公司), an indirect wholly-owned subsidiary of the Company;

(b) the Vendor B: Qianhai Hongxing (Shenzhen) Equity Investment Co., Ltd.* (前海鴻星(深圳)股權投資有限公司); and

(c) the Purchaser: Aoyuan Beauty Valley Technology Co., Ltd. (奧園美谷科技股份有限公司)

As at the date of this announcement, the Purchaser is an indirect non wholly-owned subsidiary of China Aoyuan and is a connected person of the Company. To the best knowledge, information and belief of the Directors after making reasonable enquiries, each of the Vendor B and its ultimate beneficial owner, namely Mr. Xu, is an Independent Third Party.

Subject matter

Pursuant to the Share Transfer Agreement, the Vendor A has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 30% of the entire equity interest in the Target Company at the consideration of RMB9,000,000.

As at the date of this announcement, the Vendor A holds 30% of the entire equity interest in the Target Company, namely the Target Interest, and the Vendor B holds 70% of the entire equity interest in the Target Company, representing in aggregate the entire equity interest in the Target Company.

Consideration and the basis of the Consideration

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

(a) within ten (10) business days from the effective date of the Share Transfer Agreement, 50% of the Consideration, being RMB4,500,000, shall be payable by the Purchaser to the Vendor A; and

(b) within thirty (30) business days from the date of completion of the registration with the competent authority for industry and commerce in relation to the transfer of the entire equity interest of the Target Company, the balance of the Consideration, being RMB4,500,000, shall be payable by the Purchaser to the Vendor A.

The Consideration was determined after arm's length negotiations among the Parties with reference to, among other things, the audited consolidated financial information of the Target Group for the eight months ended 31 August 2021 and other factors as set out in the paragraph headed "Reasons for and benefits of the Disposal" in this announcement.

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

Completion

The Parties agree that they shall complete the registration with the competent authority for industry and commerce in relation to the transfer of the entire equity interest of the Target Company from the Vendors to the Purchaser and the change of legal representative, directors, supervisors and senior management (if any) within three (3) months from the effective date of the Share Transfer Agreement.

Upon Completion, the Company will cease to have any interest in the Target Company.

INFORMATION ABOUT THE PARTIES

The Vendor A, a limited liability company established under the laws of the PRC, is an indirect wholly-owned subsidiary of the Company and is an investment holding company. 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.

The Vendor B, a limited liability company established under the laws of the PRC, is an investment holding company. The Vendor B is entirely owned by Mr. Xu indirectly, who is an individual investor. To the best knowledge, information and belief of the Directors after making reasonable enquiries, each of the Vendor B and its ultimate beneficial owner, namely Mr. Xu, is an Independent Third Party.

The Purchaser, a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000615). The Purchaser is an indirect non wholly-owned subsidiary of China Aoyuan and is an investment holding company. 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 the Parent Group is principally engaged in the property development and property investment of large-scale mixed-use property projects, commercial property, technology, cultural tourism, finance, cross-border e-commerce and urban renewal.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is a limited liability company established under the laws of the PRC and a joint venture of the Company. As at the date of this announcement, the Target Company is owned as to 30% by the Vendor A and 70% by the Vendor B. The Target Group is principally engaged in the provision of nutrition and health consultation services and the wholesale and retail of cosmetics and hygiene products in the PRC.

The table below sets out the unaudited consolidated financial information of the Target Group for the financial year ended 31 December 2019 and the audited consolidated financial information of the Target Group for the financial year ended 31 December 2020 and the eight months ended 31 August 2021, which were prepared in accordance with the PRC accounting standards:

	For the eight months ended 31 August 2021 (audited) (approximately) *RMB'000*	**For the financial year ended 31 December 2020** (audited) (approximately) *RMB'000*	**For the financial year ended 31 December 2019** (unaudited) (approximately) *RMB'000*
Turnover	12,634	25,750	3,674
Net profit/(loss) before taxation	(674)	2,325	(16,167)
Net profit/(loss) after taxation	275	2,214	(15,467)

The audited consolidated net asset value of the Target Group as at 31 August 2021 was approximately RMB26,602,000.

FINANCIAL EFFECT OF THE DISPOSAL

For illustration purpose only, upon Completion, the Group is expected to record an unaudited gain on the Disposal of approximately RMB1,019,000. Such gain is estimated based on differences between the gross proceeds from the Disposal and the carrying value of the Target Group as stated in the audited consolidated financial statements of the Company as at 31 August 2021. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to review and final audit by the auditor of the Company.

The Company intends to apply the gross proceeds from the Disposal as general working capital and other expenses in relation to the ordinary course of business of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company has been evaluating the performance and prospect of different business segments of the Group 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. In order to realign the business activities of the Group by concentrating on the property management services segment and the commercial operational services segment, the Company is gradually ceasing its operations in the medical beauty business. The Disposal therefore allows the Group to focus on its core businesses of provision of property management services and commercial operational services.

The Group targets to continue to develop intelligent and smart management of communities, expand and diversify the value-added services, adopt a higher level of intelligent operations and advanced information technology system in order to realise operational efficiency and customer experience improvement, enhance its service quality and overall competitiveness and upgrade its property management services and commercial operational services. The Board is of the view that the Disposal is in line with the long-term planning and the strategic layout of the Group, which is to consolidate and expand its property management services segment and commercial operational services segment.

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 Share Transfer 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is an indirect non wholly-owned subsidiary of China Aoyuan and is a connected person of the Company. As such, the entering into of the Share Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios in respect of the Share Transfer Agreement are less than 5%, the entering into of the Share Transfer 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. Tao Yu and Mr. Zheng Wei, 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. Tao Yu and Mr. Zheng Wei have abstained from voting on the relevant Board resolutions approving the Share Transfer Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Share Transfer Agreement and the transactions contemplated thereunder.

Shareholders and potential investors are advised to 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:

"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 Disposal in accordance with the terms and conditions of the Share Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	RMB9,000,000, being the amount of consideration payable by the Purchaser to the Vendor A for the Target Interest
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Target Interest by the Vendor A subject to and upon the terms and conditions of the Share Transfer Agreement
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Mr. Xu"	Mr. Xu Minglang (許明浪先生), the ultimate beneficial owner of the Vendor B
"Parent Group"	China Aoyuan and its subsidiaries (except the Group)
"Parties"	the parties to the Share Transfer Agreement
"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"	Aoyuan Beauty Valley Technology Co., Ltd. (奧園美谷科技股份有限公司), formerly known as Kinghand Industrial Investment Group Co., Ltd.* (京漢實業投資集團股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000615)
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholders"	holder(s) of the Shares
"Share Transfer Agreement"	the Share Transfer Agreement dated 18 October 2021 (after trading hours) entered into between the Vendor A, the Vendor B and the Purchaser
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Guangdong Aoruola Health Management Consulting Co., Ltd.* (廣東奧若拉健康管理諮詢有限公司), formerly known as Guangdong Aoyue Health Management Consulting Co., Ltd.* (廣東奧悅健康管理諮詢有限公司), a limited liability company established under the laws of the PRC and a joint venture of the Company as at the date of this announcement
"Target Group"	the Target Company and its subsidiaries

"Target Interest"	30% of the entire equity interest in the Target Company to be disposed of by the Vendor A to the Purchaser
"Vendor A"	Aoyuan Healthy Life (Guangzhou) Group Co., Ltd.* (奧園健康生活(廣州)集團有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Vendor B"	Qianhai Hongxing (Shenzhen) Equity Investment Co., Ltd.* (前海鴻星(深圳)股權投資有限公司), a limited liability company established under the laws of the PRC
"Vendors"	collectively, the Vendor A and the Vendor B
"%"	per cent.

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

Hong Kong, 18 October 2021

* *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.*

As at the date of this announcement, the executive Directors are Mr. Tao Yu and Mr. Zheng Wei; 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.