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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)

**FULFILMENT OF RESUMPTION GUIDANCE  
AND  
RESUMPTION OF TRADING**

**FULFILMENT OF ALL RESUMPTION GUIDANCE**

The Board is pleased to inform the Shareholders and potential investors of the Company that the Company has fulfilled all the Resumptions Guidance set out in the Resumption Guidance to the satisfaction of the Stock Exchange.

**RESUMPTION OF TRADING**

Trading in the shares of the Company was suspended with effect from 9:00 a.m. on 1 April 2022 at the request of the Company. As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 2 August 2023.

This announcement is made by Aoyuan Healthy Life Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 the announcements of the Company dated 30 March 2022, 1 April 2022, 3 May 2022, 2 June 2022, 30 June 2022, 31 August 2022, 30 September 2022, 3 October 2022, 12 December 2022, 30 December 2022, 13 January 2023, 16 February 2023, 31 March 2023, 4 May 2023, 17 May 2023, 23 May 2023, 6 June 2023, 30 June 2023, 18 July

2023 and 26 July 2023 (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 disclosed in the Announcements, during the course of the audit of the 2021 Annual Results, the Audit Committee received a letter dated 25 March 2022 from the former auditor of the Company setting out its concerns over the Fund Flows Matters and suggesting certain recommendations and actions to be taken by the Audit Committee. Please refer to the announcement dated 3 May 2022 for a summary of the Fund Flows Matters.

Partly due to the Fund Flows Matters and partly due to the preventive and control measures implemented in the People’s Republic of China (the “**PRC**”) in connection with the COVID-19 pandemic which disrupted the progress of sorting and collecting financial data, the audit of the 2021 Annual Results was delayed. Due to the delay, trading in the shares of the Company has been suspended from 9:00 a.m. on 1 April 2022 at the request of the Company.

On 13 April 2022, the Audit Committee received another letter from the former auditor of the Company, which sets out certain Allegations made anonymously against the Group. Please refer to the announcement dated 2 June 2022 for a summary of the Allegations.

## **RESUMPTION GUIDANCE**

On 27 June 2022, the Company received the Resumption Guidance from the Stock Exchange, setting out the resumption guidance 1 to 7 (the “**Resumption Guidance**”) hereinbelow:

- (1) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (2) conduct an appropriate independent forensic investigation into the Fund Flows Matters and the Allegations, announce the findings and take appropriate remedial actions;
- (3) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules;
- (4) 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;
- (5) demonstrate that the Directors meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules;

- (6) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (7) inform the market of all material information for the Shareholders and investors of the Company to appraise the Company's position.

## **FULFILMENT OF RESUMPTION GUIDANCE**

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

On 2 June 2022, the Company appointed Zhonghui Anda CPA Limited (“**Zhonghui**”) as the new auditor of the Company.

Reference is made to the Company's announcements of 3 May 2022 and 2 June 2022 in which the Company announced the concerns of Deloitte Touche Tohmatsu (“**Deloitte**”), the former auditor of the Company, in respect of the Fund Flows Matters and the Allegations.

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

- (i) the 2021 Annual Results and the 2022 Interim Results on 4 May 2023;
- (ii) the 2022 Annual Results on 17 May 2023;
- (iii) the 2021 Annual Report and the 2022 Interim Report on 23 May 2023; and
- (iv) the 2022 Annual Report on 6 June 2023.

During the audit of Zhonghui of the consolidated financial statements of the Company for the years ended 31 December 2021 and 2022, in light of the concerns raised by Deloitte in relation to the Fund Flows Matters and the Allegations, certain additional audit procedures were performed by Zhonghui, principally included:

- (i) reviewing the reports of the independent forensic investigations commissioned by the Independent Investigation Committee into the Fund Flows Matters and the Allegations;
- (ii) considering the findings of the independent forensic investigations and the response and remedial actions taken by the management of the Company;
- (iii) assessing their impact on the consolidated financial statements of the Company for the years ended 31 December 2021 and 2022;

- (iv) assessing the existence and completeness of the Company’s transactions including material fund transfers with related parties on a sampling basis by cross matching the Group’s ledgers with bank statements obtained directly from banks or internet banking systems;
- (v) Obtaining an understanding of how the management assess the impairment of trade receivable and trade-related amounts due from fellow subsidiaries and related parties by applying the expected credit loss model and assessing the appropriateness of the expected credit loss model, by examining the inputs and assumptions used by the Group in calculating the expected credit loss;
- (vi) Assessing the Group’s procedures on identification and accounting for related party transactions;
- (vii) Conducting sampling testing on the significant related party transactions with the underlying contracts and other supporting documents for appropriate authorisation and approval of those transactions;
- (viii) Assessing the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

In Zhonghui’s opinion, each of the consolidated financial statements of the Company for the years ended 31 December 2021 and 2022 gave a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows for the years ended 31 December 2021 and 2022 and is not subject to any audit modifications.

**Resumption Guidance 2 – Conduct an appropriate independent forensic investigation into the Fund Flows Matters and the Allegations, announce the findings and take appropriate remedial actions**

On 27 April 2022, the Independent Investigation Committee, comprising all the independent non-executive Directors, engaged an international accounting firm as the Investigation Firm to conduct an independent investigation (the “**Initial Investigation**”) into Fund Flows Matters 1, 2 and 3 and the Allegations and to prepare independent investigation report(s) accordingly. On 6 February 2023, the Independent Investigation Committee further engaged the Investigation Firm to conduct a supplemental investigation in relation to Fund Flows Matter 4 (the “**Supplemental Investigation**”).

The Company received two investigation reports dated 3 October 2022 in relation to (a) the Fund Flows Matters 1 and 2 and (b) the Allegations (collectively, the “**Initial Investigation Reports**”) and a supplemental investigation report dated 31 March 2023 in relation to Fund Flows Matter 4 (the “**Supplemental Investigation Report**”). Key findings of the Initial Investigation and the Supplemental Investigation are summarised in the announcements of the Company dated 3 October 2022 and 31 March 2023 respectively.

On 8 May 2023, the Independent Investigation Committee further engaged the Investigation Firm to conduct an independent investigation (the “**Second Supplemental Investigation**”) on certain personnel of the Company and the Company received a report dated 25 July 2023 on the Second Supplemental Investigation (the “**Second Supplemental Investigation Report**”). Key findings of the Second Supplemental Investigation are summarised in the announcement of the Company dated 26 July 2023.

## **Key Findings of the Initial Investigation, Supplemental Investigation and Second Supplemental Investigation (collectively, the “Investigations”)**

### ***1. Fund Flows Matter 1 – Fund transfer in an amount of RMB350 million between the Group and the Parent Group in December 2021***

On 31 December 2021, a wholly-owned subsidiary of the Parent Group (“**Entity A**”) repaid RMB350 million to a wholly-owned subsidiary of the Company (“**Entity B**”) to settle the outstanding amount. Given the imminent liquidity issue that the Parent Group was facing, Entity B transferred the same amount of RMB350 million to Entity A on 1 January 2022 upon the request of the Parent Group instead of pursuant to an undated and unexecuted exclusive sales agency services agreement between the Group and the Parent Group as stated in the Auditor’s Letter because an accounting personnel of the Company has inadvertently noted down the use of funds by mistake as the earnest money for the exclusive sales agency of car parking spaces and shops in the Group’s fund transfer application form.

Due to the urgent circumstances, the fund transfer application was made and approved through paper approval form, an alternative way to the electronic approval system for fund transfers according to the Company’s internal policy, and only signed by certain designated management of the Company.

On 21 March 2022, a wholly owned subsidiary of the Parent Group repaid the above outstanding amount to one of the subsidiaries of the Company.

The Investigation Firm noted that Mr. Guo Zining (“**Mr. Guo**”), former non-executive Director and chairman of the Board was involved in the arrangement of, provision of verbal instructions, and verbal approval of the Fund Flows Matter 1. The former treasury manager (the “**Former Treasury Manager**”), the treasury responsible officer (the “**Treasury Responsible Officer**”), the former treasury assistant and the former cashier clerk of the Company were involved in the execution of the Fund Flows Matter 1. The former finance-in-charge of the Company (the “**Former Finance-in-charge**”), the former general manager of the Company’s Treasury Centre (the “**Former Treasury General Manager**”), Former Treasury Manager and Mr. Zheng Wei (“**Mr. Zheng**”), the former executive Director and president of the Group, approved the Fund Flows Matter 1 through the paper approval form.

To sum up, the Investigations revealed that Mr. Guo took the lead in the overall arrangement of the Fund Flows Matter 1 and was primarily responsible for the Fund Flows Matter 1.

2. *Fund Flows Matter 2 – Fund transfer of RMB50 million in November 2021*

The Investigation Firm was advised by the management of the Company that the transfer of RMB50 million was brought about by a potential acquisition of the Target Land located in Pazhou, Haizhu District, Guangzhou, Guangdong Province, the PRC, which is held indirectly as to approximately 61% by a PRC non-Group Company (“**Entity C**”). Given the land nature, property developers are prohibited to participate in the acquisition of the Target Land, as such, the Parent Group requested the Company to participate in the acquisition of the Target Land as a purchaser through acquiring the entire equity interest in Entity C. On 16 November 2021, a wholly-owned subsidiary of the Parent Group (“**Entity D**”) transferred an amount of RMB50 million to a wholly-owned subsidiary of the Company (“**Entity F**”), which transferred the same amount to Entity C as payment of the earnest money to acquire the entire equity interest of Entity C. On the same day, the in-house legal team of the Company found out that the shares of Entity C had been pledged and the Company therefore did not proceed with the potential acquisition. As the potential acquisition did not proceed, Entity C refunded the earnest money of RMB50 million to Entity F, which transferred the same amount back to Entity D on the same day. As the acquisition of the entire equity interest of Entity C was only in a planning stage, the parties did not enter into any written agreement in this regard. The above-mentioned payment of RMB50 million to Entity C and the subsequent receipt of RMB50 million from Entity C on the same day were not recorded in the books and records of the Company.

Due to the urgent circumstances, the fund transfer application was made and approved through paper approval form, an alternative way to the electronic approval system for fund transfers according to the internal policy, and only signed by certain designated management of the Company.

The Investigation Firm noted that Entity C, whose legal representative is the minority shareholder of several subsidiaries of the Parent Group and a subsidiary of the Company and which has business relationship with the Parent Group, has pledged its equity interest in an amount of RMB100 million in favour of a financial institution as a collateral for a loan facility in an amount of RMB96.16 million provided by such financial institution to a wholly-owned subsidiary of the Parent Group.

Further, the Investigation Firm noted that Mr. Guo was involved in the arrangement of, provision of verbal instructions and liaison with the counterparty to the relevant transaction and verbally approved the Fund Flows Matter 2. The assistant to the Company’s legal general manager (the “**Legal General Manager’s Assistant**”) conducted a due diligence exercise on the counterparty under the instruction of Former Finance-in-charge, who assisted in facilitating the Fund Flows Matter 2 by liaising and reporting the due diligence results to the Parent Group.

The Former Finance-in-charge, Former Treasury General Manager, Former Treasury Manager and Mr. Zheng approved the Fund Flows Matter 2 through paper approval form. The payments under Fund Flows Matter 2 were not processed in accordance with the Company's internal policies as the relevant personnel did not conduct a prudent and appropriate review of the supporting documents, request for a written agreement or conduct a proper background search against the counterparty.

To conclude, the Investigations revealed that Mr. Guo was in charge of the overall arrangement of the Fund Flows Matter 2 and was primarily responsible for the Fund Flows Matter 2.

3. *Fund Flows Matter 3 – Deposit pledges and the Tri-partite agreement entered into between the Group, the Parent Group and a connected person of the Company at the subsidiary level*

The Investigation Firm noted that during the period from June to December 2021, a wholly-owned subsidiary of the Company ("**Entity F**") at the subsidiary level provided a total of five deposit pledges in favour of a PRC company who was a connected person of the Company at the subsidiary level ("**Entity H**") and another PRC company who was a connected person of the Company at the subsidiary level ("**Entity G**") in respect of facility obtained by them from Bank A and Bank B respectively. Based on the information obtained from the Initial Investigations, upon receipt of the bank borrowing proceeds by Entity H and Entity G, the relevant proceeds were used to address the Parent Group's capital needs.

The said deposit pledges included:

- (a) two deposit pledges in an aggregate amount of approximately RMB500 million for securing facility obtained by Entity H from Bank A. The information obtained from the Initial Investigations revealed that the borrowing proceeds received by Entity H were later provided to the Parent Group. Since the relevant facility was timely repaid by Entity H to Bank A, the two deposit pledges were released by Bank A.

- (b) three deposit pledges in an aggregate amount of RMB650 million for securing the facility obtained by Entity G from Bank B. At the material time, the Parent Group had certain operational amounts due to Entity G. Due to the imminent liquidity issue that the Parent Group was facing and upon the request of the Parent Group, Entity F provided a total of three deposit pledges in an aggregate amount of RMB650 million to secure the facility obtained by Entity G from Bank B. All borrowing proceeds of the three deposit pledges were later provided to the Parent Group. Amongst these three deposit pledges, one of them in the amount of approximately RMB150 million was released by Bank B following the repayment of the relevant facility in the sum of approximately RMB150 million by Entity G to Bank B. The other two deposit pledges in the aggregate amount of approximately RMB500 million were enforced by Bank B after Entity G failed to repay the relevant facility in the aggregate amount of approximately RMB500 million to Bank B on time.

The aforementioned enforced deposit pledges in the aggregate amount of approximately RMB 500 million was considered to be a payment of operational amounts due to Entity G for and on behalf of a wholly-owned subsidiary of the Parent Group (“**Entity E**”), which Entity F undertook to do so under a tri-partite agreement entered into between Entity E, Entity F and Entity G (“**Tri-partite Agreement**”).

Also under the Tri-partite Agreement, Entity E undertook to repay the amount so paid by Entity F.

The Parent Group repaid approximately RMB500 million to the Group on 29 December 2021.

To the best of knowledge and information of the Directors, as at the date of this announcement, the Group is released and discharged from all liabilities under the deposit pledges and the undertaking under the Tri-partite Agreement arising from the Fund Flows Matter 3.

Please refer to the announcement of the Company dated 3 October 2022 for details of the above-mentioned deposit pledges.

The Investigation Firm noted that Mr. Guo gave verbal instructions to Former Treasury Manager to arrange for the deposit pledges, and arranged for the preparation and execution of the Tri-partite Agreement and the related matters. Mr. Guo and Mr. Chen Zhibin (“**Mr. Chen**”), the former non-executive Director and chief financial officer of the Parent Group gave verbal instructions to Former Treasury Manager to affix the company stamp on the deposit pledge agreements and such arrangement circumvented the Company’s internal policies in relation to the stamping and approval process of contracts. Each of Mr. Zheng and Mr. Miao Sihua (“**Mr. Miao**”), former executive Director, either affixed his legal representative’s stamp or signed on the relevant deposit pledge agreements with Bank A and Bank B. The Investigation Firm also noted that Treasury Responsible Officer was responsible for keeping the legal representative’s

stamps but such stamps were borrowed by Former Treasury Manager in June 2021 and were later returned. Further, the Investigation Firm did not identify any record and electronic data about the drafting, approval, stamping and correspondence in relation to the deposit pledge agreements in the Company's electronic approval system.

The Investigation Firm further noted that the Treasury Responsible Officer and a cashier clerk of the Company were responsible for liaising with Bank A and Bank B. The Former Finance-in-charge, Former Treasury General Manager, Former Treasury Manager, Legal General Manager's Assistant, Mr. Zheng and the assistant to the president of the Group were involved in the approval process of the Tri-partite Agreement. Former Finance-in-charge, Former Treasury General Manager, Former Treasury Manager and Mr. Zheng approved the Fund Flows Matter 3 by the paper approval form.

In short, the Investigations revealed that Mr. Guo took a supervisory role in the overall arrangement of the Fund Flows Matter 3 and was primarily responsible for the Fund Flows Matter 3.

#### **4. *Fund Flows Matters 4 – Non-trade fund inflows and outflows between the Group and the Parent Group***

As disclosed in the announcement of the Company dated 3 October 2022, during the financial year of 2021, the aggregate amount of non-trade fund inflows and outflows between the Group and the Parent Group was approximately RMB2.9 billion and RMB2.8 billion respectively (together with the fund transfers between the Group and the Parent Group in 2021 under Fund Flows Matter 1, 2 and 3; collectively, the “**Original Non-trade Fund Flows**”).

The Investigation Firm categorised the fund flows between the Group and the Parent Group incurred from the continuing connected transactions contemplated under the master property management agreement, the master commercial operational agreement, the master lease agreement, the master purchase agreement, the master intelligent engineering agreement and the master health and wellness agreement entered into between the Company (for itself and as trustee for the benefit of other members of the Group) and China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) (as amended and supplemented by the relevant supplemental agreements) being of trade nature. All other fund flows between the Group and the Parent Group incurred from transactions other than the aforementioned continuing connected transactions being of non-trade nature. During the Supplemental Investigation, the Investigation Firm identified the non-trade fund inflows and outflows in the aggregate amount of approximately RMB39 million and RMB62 million respectively, which were not included in the Original Non-trade Fund Flows. The details of the discrepancies are recorded in the announcement of the Company dated 31 March 2023.

The Investigation Firm noted that the following personnel of the Company approved the non-trade fund transfers under the Fund Flows Matter 4:

	<b>Number of fund transfers under the Fund Flows Matter 4 participated by the personnel</b>	
	From 1 January 2021 to 31 December 2021 (Total: 142)	From 1 January 2022 to 30 April 2022 (Total: 5)
Mr. Guo	142	5
Mr. Chen <i>Note 1</i>	118	/
Former Treasury Manager	140	2
Former Treasury General Manager	121	2
Former Finance-in-charge	121	1
Mr. Zheng	121	1
A finance director and a treasury manager of a subsidiary of the Company <i>Note 2</i>	2	3

*Notes:*

1. Mr. Chen approved the relevant fund transfers in his capacity as the then chief financial officer of the Parent Group.
2. These 5 transactions were initiated by Former Treasury Manager and verbally approved by Mr. Guo. As these transactions were associated with a subsidiary of the Company, the approval process therefore involved the finance director and the treasury manager of the relevant subsidiary according to the Company's relevant internal policies.

As the Investigations revealed that Mr. Guo participated in all the relevant fund transfers under the Fund Flows Matter 4, he bore the primary responsibility for the Fund Flows Matter 4.

The Investigation Firm was advised by the management of the Company that all the advances provided by the Group to the Parent Group from 1 January 2021 to 30 April 2022 (“**Review Period**”) had been repaid by the Parent Group to the Group in full and a net fund inflow from the Parent Group to the Group was recorded during the Review Period.

**5. *Fund Flows Matter 4 – Agreements entered into between the Group and the Parent Group***

Based on the information provided by the Company, the Investigation Firm identified a total of 572 agreements entered into between the Group and the Parent Group during the financial year of 2021. The Investigation Firm noted that the additional non-trade fund inflows and outflows of approximately RMB32.52 million and RMB34.74 million identified during the Supplemental Investigation respectively were not covered by any written agreements.

**6. *Fund Flows Matter 4 – Parking Space Sales Agency Services Agreements and Exclusive Sales Agency Agreement***

As set out in the announcement of the Company dated 3 May 2022, in the Auditor's Letter, the former auditor of the Company noted the Parking Space Sales Agency Services Agreements and the Exclusive Sales Agency Agreement. The Investigation Firm was advised by the management of the Company that the relevant parties had enforced the Parking Space Sales Agency Services Agreements and the transaction amounts did not exceed the annual caps contemplated under the relevant master property management agreement (as amended and supplemented by the relevant supplemental agreement). The Investigation Firm was also advised by the management of the Company that the Exclusive Sales Agency Agreement had been affixed with the company stamps of the relevant parties in January 2022, but it was never executed by the authorised signatories or enforced by the parties. The Investigation Firm noted that from January to April 2022, there was no fund flow between the parties to the Exclusive Sales Agency Agreement pursuant to the bank statements and no revenue generated from providing exclusive sales agency services was recorded by the relevant subsidiary of the Company pursuant to the Group's financial records.

**7. *Allegations in relation to bank loans of the Group, namely, (i) the bank loan contract which showed a bank borrowing of RMB300 million instead of RMB3 billion and (ii) an understatement of a bank loan balance of RMB300 million instead of RMB3 billion on an audit confirmation for the aforementioned bank loan***

The Investigation Firm compared the books and records of the Group as at 31 December 2021 against the credit reports of selected subsidiaries and branch offices of the Company obtained during the period from 13 May 2022 to 16 July 2022. There was no material discrepancy on the outstanding loan amounts between those recorded in the books and records of the Group and the credit reports of selected subsidiaries and branch offices of the Company.

**8. *Allegation in relation to undisclosed financial guarantees in an aggregate amount of RMB4 billion provided by the Group in favour of the Parent Group***

The Investigation Firm did not identify any records in connection with the suppliers from the credit reports of selected subsidiaries and branch offices of the Company obtained during the period from 13 May 2022 to 16 July 2022 and the registration records of the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心動產融資統一登記公示系統) as of 17 May 2022. Based on (i) the above procedures performed by the Investigation Firm (excluding access to the supplier list of the Parent Group or interviews with or circularization of confirmations to suppliers of the Parent Group) and (ii) the information provided by the Company, the Investigation Firm did not note any guarantee contract between the selected subsidiaries and branch offices of the Company and their suppliers.

**9. *Allegation in relation to utilisation of the funds of the Group for payment of the personal expenses of a management of the Group***

Based on the review of the books and records and the selected bank accounts of selected subsidiaries and branch offices of the Company, it was noted that during the period from January to September 2021, an aggregate amount of RMB0.12 million was paid by three subsidiaries of the Group to the personal bank account of a secretary of the management. The approval document in relation to the above payment showed that the funds were reimbursed for purchasing wines as part of business hospitality. Other than the aforementioned purchase of wines by the secretary, the Investigation Firm did not note other reimbursements or payments to the personal account of the management based on the review of the books and records and the selected bank accounts of selected subsidiaries and branch offices of the Company.

**10. *Allegation in relation to unrecorded bank loan of RMB500 million of a branch office of Easy Life with JRC Bank***

The Investigation Firm did not identify any unrecorded bank loan with the financial institution named JRC Bank in the credit reports of selected subsidiaries and branch offices of the Company.

For other deposit pledges, please refer to the information mentioned hereinabove in relation to Fund Flows Matter 3.

Based on the Investigations, the Board is of the view that apart from the above-mentioned transactions, the Group has not provided any other financial assistance to the Parent Group and there are no other off-book transactions during the Review Period.

Considering the above, the Independent Investigation Committee is of the view that the Investigations are adequate to address the Fund Flows Matters and the Allegations.

### **Resumption Guidance 3 – Conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules**

As certain deficiencies in the Group’s corporate governance and internal control system were identified during the Initial Investigation, the Company has appointed the IC Advisor, to assess the internal controls of the Group. The first phase of the Internal Control Assessment, covering the period from 1 July 2021 to 30 June 2022, involved the IC Advisor’s identification of internal control findings and provision of recommendations for the management’s consideration and action. The second phase was to report on the status of remedial actions taken by the management of the Company since completion of the first phase assessment till 30 December 2022.

The IC Advisor issued Phase 1 and Phase 2 internal control assessment reports (the “**Phase 1 IC Report**” and “**Phase 2 IC Report**” respectively) in relation to the Internal Control Assessment on 13 January 2023. The key findings of the Phase 1 IC Report and Phase 2 IC Report are disclosed in the Company’s announcement dated 13 January 2023. The Company further engaged the IC Advisor to conduct a follow-up sample checking and assessment of the latest implementation status of remedial measures in relation to the internal control findings identified in the Internal Control Assessment for the period from 30 December 2022 to 21 April 2023. The Company received the Phase 3 internal control assessment report on 21 April 2023 (the “**Phase 3 IC Report**”).

The key findings of the Internal Control Assessment regarding Phase 1 IC Report, Phase 2 IC Report and Phase 3 IC Report and the corresponding remedial actions taken by the management are summarised as follows:

<b>Summary of key findings</b>	<b>Remedial actions taken by the management</b>
1. Certain requirements in relation to the declaration of conflict of interest by the Directors, senior management and staff of the Company were not documented in the written policies of the Company, and the contents of such declarations were not standardised.	<p>The Company adopted the IC Advisor’s recommendation to establish a comprehensive written policy to regulate the declaration of conflict of interest by the Directors, senior management and staff of the Company.</p> <p>The Supervision Department of the Company is responsible for monitoring and reviewing whether there are any conflicts of interest among the Directors, management and employees of the Company and conducting investigations if necessary.</p> <p>The Company also published an internal notice about the disciplinary decisions imposed and the relevant investigation conducted in relation to employees’ breach of the written policy in March 2023.</p>

## Summary of key findings

## Remedial actions taken by the management

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|--|---|
| 2. The Company did not establish formal written policies and procedures for risk identification, assessment and management. There was also no risk register to record the financial, operational and compliance risks encountered by the Company.  | The Company adopted and implemented the IC Advisor's recommendation to establish written policies and procedures, maintain a Risk Register encountered by the Company and periodically assess the risks identified and report the same to the Audit Committee.  |
| 3. The management of the Parent Group had approval authority in respect of certain operations of the Company and its certain subsidiaries.   | The Company adopted the IC Advisor's recommendation to exercise its approval and management functions independently and removed the management of the Parent Group from the relevant approval matrix to ensure operational and managerial independence.   |
| 4. A transaction involving transfer of shares of a subsidiary of the Company was not properly initiated in the Group's internal approval system and the approval procedure adopted was incorrect.  | <p>The Company adopted the IC Advisor's recommendation to establish written approval procedures for transactions involving share transfers in different scenarios and strictly enforce the relevant procedures.</p> <p>A notice setting out the specific approval procedures for transactions involving shares transfer in different scenarios has been issued and circulated to all employees internally.</p>  |
| 5. The Company's written policies for managing notifiable and connected transactions were not sufficiently comprehensive and/or not fully implemented. There were no regular communications or checkings to ensure that all potential notifiable and connected transactions were identified. | <p>The Company adopted the IC Advisor's recommendations to, among others, regularly review and update its relevant internal policies and establish the mechanism for the identification and supervision of notifiable and connected transactions.</p> <p>The responsible persons of every department are required to declare and notify the Company Secretary on a daily basis on whether the department has incurred or is prepared to incur any notifiable transactions and/or connected transactions.</p> <p>The Company has also updated its Continuing Connected Transaction Report and Connected Person Register on a quarterly basis and submitted the same to the Board for approval.</p> |

## Summary of key findings

## Remedial actions taken by the management

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|---|---|
| 6. The Company did not maintain a register of connected persons as defined under the Listing Rules.<br><br>The Company and the relevant subsidiaries did not maintain a full list of its related parties, and there was no comprehensive written policy for managing related party transactions either. | The Company adopted the IC Advisor's recommendation to, among others, establish and maintain a Connected Person Register and a Related Party Register and update relevant policies to include provisions relating to the maintenance of such register.<br><br>The Company has also established the relevant policy in relation to related party transactions.   |
| 7. The Company did not organise trainings in relation to compliance with certain Listing Rules and no related training materials were circulated to the Directors.  | The recommendations from the IC Advisor have been adopted. The Company has established a regular training mechanism and engaged its legal advisor to provide training in relation to compliance with certain Listing Rules.<br><br>The Company Secretary has sent reading materials on the updates and related contents in relation to the Listing Rules to the Board by email. Board members are required to confirm if they have received and read such materials. An external legal counsel of the Company has provided trainings of compliance with certain Listing Rules to the Board, management and relevant staff of the Company on 15 December 2022. |
| 8. The Company had no mechanisms to review and approve the judgment formed by the Company Secretary on whether a connected transaction qualifies for exemptions under the Listing Rules.  | The Company adopted the IC Advisor's recommendation to establish a mechanism to review and approve the judgment of the Company Secretary including requiring the Company Secretary to report his/her view to the Board for consideration and approval.  |

## Summary of key findings

## Remedial actions taken by the management

9. Part of the policies and procedures of the Company in respect of the handling and disclosure of inside information were not fully implemented.
- The Company adopted the IC Advisor's recommendation to update its relevant policies and procedures and provide relevant training to the Directors, senior management and relevant staff of the Company.
- The Company has engaged an external public relations firm to keep track of the current stock price and stock trading volume of the peers of the Company and send to the Company on a daily basis.
- The Internal Audit Department and the brand management supervisor have also conducted research regarding the news of the Company, and information such as news headlines, links and publication date is kept on a register.
10. There was insufficient supervision over, and approval record of, fund transfers to the Parent Group processed by the relevant subsidiaries of the Company, and no sufficient supporting documents for relevant fund transfers.
- The Company has circulated written guidance internally, requiring, amongst other things, the Finance Department to check against the supporting documents before fund transfers and has provided training to the finance staff on a regular basis.
- A notice prohibiting unapproved fund transfers and fund transfers without sufficient supporting documents has been issued and circulated to all employees internally.
11. The Company and the relevant subsidiaries did not establish a comprehensive written policy to regulate the management of financing transactions, loans and guarantees. No register was maintained to completely record all guarantees provided by the Group.
- The Company adopted the IC Advisor's recommendations to establish a comprehensive written policy based on its existing procedures.
- The Company has held an internal control update training on 15 December 2022, and a total of 30 attendees participated in the training, including the Directors, management, and employees from the Finance and Legal Departments.
- In March 2023, an interest payment application has been initiated, reviewed, and approved in the system before making the payment.

## Summary of key findings

## Remedial actions taken by the management

12. Certain procedures in relation to the closing of books and the preparation of consolidated financial statements of the Company and the relevant subsidiaries were not documented in the written policy of the Company.
- The accountant of the Finance Department has prepared an account closing checklist monthly and submitted the same to the accounting manager for review.
- The financial reporting team of the Finance Department has prepared the financial disclosure checklist and submitted the same to the general manager of the Finance and Risk Management Department for review.
13. Paper approval forms were used by certain subsidiaries of the Company for approving fund transfers. The relevant approval forms were not properly filed or recorded in the electronic approval system of the Company and as a result the Company did not have a complete and centralised approval record of fund transfers.
- The Company adopted the IC Advisor’s recommendation to update its written policy, amongst other things, to require the recording of the use of the paper approval forms in the electronic approval system and specify the circumstances in which the use of paper approval forms are applicable.
- Paper approval forms are only allowed in the case of a malfunction in the Company’s electronic approval system. The Internal Audit Department will also be responsible for approving the use of the paper approval forms and identifying any manual approvals which do not meet the relevant approval matrix.

The updated written policy came into effect on 2 December 2022.

No sample testing could be conducted in this respect as there was no matter or transaction approved by paper approval forms during the review period of the Phase 3 IC Assessment. Also, the IC Advisor observed that there was no entries designated as “approval process by paper approval forms” in the Company’s electronic approval system from 1 January 2023 to 31 March 2023.

## Summary of key findings

## Remedial actions taken by the management

14. Certain transactions of fund transfers of the relevant subsidiaries of the Company were not recorded in the accounts of the Group.
- The Company has updated its relevant written policy, amongst other things, to require additional personnel to participate in the review of the documents and records of the banks and the Group to ensure that all fund flow transactions have been properly and timely recorded, and revised its written policy on monthly closing of accounts.
- The Company has also incorporated the internal control requirements into its monthly notification email as part of the financial closing process and Monthly Closing Checklist.
- Upon conducting sample testing, the IC Advisor observed that there were no off-book transactions as:
1. the required cross-checking procedure, reconciliations and documentation were included in the Monthly Closing Checklist, the Bank Transaction Checklist, and the approval records of bank reconciliations as revealed in the three samples of monthly closing in February 2023; and
  2. the records of fund transfer transactions were consistent with the bank statements attached to the checklists in the three selected bank accounts from the Bank Transaction Checklists.
15. The Company's written policy governing the use of equipment was not strictly complied with by certain relevant subsidiaries of the Company, and the record of custody of the relevant equipment was out of date.
- The Company has updated its relevant written policy accordingly.
- The updated written policy has come into effect from 2 December 2022.
- The Company conducted a fixed assets count and checked the accuracy of the Fixed Asset Register as of 31 December 2022.

## Summary of key findings

## Remedial actions taken by the management

16. There was no written policy specifically in relation to the use of finance-related stamps at the Group level. The approval matrix and procedures in relation to the use of these stamps were inadequate, and some of the subsidiaries of the Company had not properly recorded the use of the relevant stamps.

The Company has adopted the IC Advisor's recommendation to establish a new written policy governing the use of finance-related stamps which sets out, among others, the following:

1. the purpose and scope of application of the system;
2. the department or personnel responsible for management of the stamps;
3. the scope of application and approval of the use of the stamps;
4. the responsibilities and authority of the respective manager;
5. the stamp handling procedures;
6. the collection and organisation of the information in relation to stamping;
7. the registration and record of the use of the stamps; and
8. punitive measures for non-compliance with the written policy.

The Company has updated the electronic approval system, including:

1. a more stringent approval flow for non-standard documents, requiring the approval of finance in-charge, president and/or executive Directors; and
2. approval flows for appointment and change of finance-related stamp administrator, requiring approval from finance in-charge (for headquarter) or general manager of finance (for subsidiaries).

The new written policy came into effect on 7 December 2022, and the updated electronic approval system has been officially adopted since 22 December 2022. The Company has maintained registers for using various stamps (including finance stamp, legal representative stamp, and invoice stamp, etc.) for the headquarter and subsidiaries.

## Summary of key findings

## Remedial actions taken by the management

17. The Company's stamps were directly affixed on some deposit pledge agreements upon verbal instructions from Directors, thereby circumventing the internal control policies of the Company by not going through the written application, approval and registration processes.
- The Company will enhance the trainings on the rules and regulations in relation the usage of stamps to strengthen the compliance awareness and providing specific trainings to the stamp custodians to enhance their sense of responsibility and risk awareness.
- The Company's Administrative Department and the Internal Audit Department will monitor and check the actual usage status against the stamp registers monthly.
- The Company's compliance officer-in-charge will conduct a quarterly sample checking of the usage of the stamps to check if there is any unauthorised usage of stamps and report to the Board about the results of the sample checking and continue to follow up in case any deficiency is found.
18. The expenses reimbursement approval procedures adopted by certain relevant subsidiaries of the Company allowed the reimbursement of expenses without submitting the relevant invoice. The authenticity of the expenses incurred could not therefore be verified.
- The Company has updated the relevant written policy to expressly disallow expenses reimbursement applications which are not supported by invoices.
- The Company has updated its electronic approval system and added the following controls since 9 and 13 December 2022:
1. reimbursement applications without invoices or receipts uploaded will be directed to the Finance and Risk Control Department for follow-up; and
  2. for expenses incurred by the President Office and senior management, additional approval from the Supervision Department will be required.
- The Company confirmed that, as at 21 April 2023, there had been no expense reimbursement without valid invoices.

**Summary of key findings****Remedial actions taken by the management**

19. The Company's provision of guarantees and/or deposit pledges were not properly approved and recorded.

The Company formulated a written policy on financing and management of guarantees, covering, amongst others, the following aspects:

1. the organisational structure and scope of responsibility;
2. principles and classification;
3. the scope and requirements of the guarantee;
4. risk assessment analysis;
5. drafting and execution of the guarantee contracts;
6. approval, tracking and supervision;
7. record and disclosure of information; and
8. filing and management requirements for the guarantee documents (including guarantee ledgers).

The written policy became effective on 5 December 2022. According to the updated policy, providing guarantees is required to be approved in the electronic approval system.

The IC Advisor has conducted sample testing in this regard during the follow-up sample checking and assessment but did not note any records of providing guarantees in the form of electronic approvals from 1 January to 31 March 2023 based on the review of entries under the process named "stamp application for financial and treasury-related contracts (non-financing)" and the keyword search conducted in the electronic approval system.

The Company also confirmed that, as of 31 March 2023, there has been no transaction pertaining to providing guarantees.

## Summary of key findings

## Remedial actions taken by the management

Besides establishing a written policy to regulate the management of financing transactions, loans and guarantees, the Company will further strengthen the risk management by providing relevant trainings regularly to raise the risk and compliance awareness of the Directors and the Company's management and requiring the approval from the independent non-executive Directors in the event that the amount of the guarantee exceeds a prescribed threshold.

20. There was no due diligence conducted before entering into the Group's potential investment transaction.

The Company has circulated the written guidance requiring the relevant staff to check against the supporting documents before fund transfers.

The Company will further manage the due diligence process of the Group's potential investment by, including but not limited to:

1. applying the existing legal due diligence policies when a potential acquisition involves payments by the Group to external parties, regardless of the entering into of any confidentiality agreement, letter of intent or framework agreement;
2. terminating the fund transfer process without sufficient supporting documents; and
3. conducting a quarterly sample checking of payments by the compliance officer-in-charge, in particular, the non-trade fund transfers exceeding a certain amount, and reporting to the Board about the results of the sample checking and continuing to follow up in case any deficiency is found.

In view of the above, the Board (including the Independent Investigation Committee) is of the view that:

- (i) the Company has taken adequate remedial actions on the internal control deficiencies identified during the Investigations and the Internal Control Assessment;
- (ii) the updated internal control policies and mechanisms have addressed the identified internal control deficiencies; and
- (iii) the remedial actions and improvement measures have been duly implemented by the relevant entities of the Group and are adequate and sufficient to address the identified internal control deficiencies.

Having considered the above, the Independent Investigation Committee and the Board (including the Audit Committee) are of the view that the remedial measures implemented by the Company and its selected entities are adequate and sufficient to address the key findings of the Internal Control Assessment and the enhanced internal control system can facilitate the Group to manage the related risks at a reasonable level.

In light of above, the Board (including the Audit Committee) is of the view that the Company has now in place an adequate internal control system to meet its obligations under the Listing Rules.

Furthermore, the Company has decided to appoint an internal control advisor to ensure the due execution of the new internal control policies such that incidents similar to the Fund Flows Matter can be timely detected and prevented. The internal control advisor to be appointed will report directly to the Board. The Company is still in the course of seeking quotations from potential internal control advisors. The Company believes that the appointment of the internal control advisor could strengthen the Company's internal controls as the new internal control advisor shall be responsible for (i) overseeing the internal control and corporate governance matters; (ii) organising regular training to the Company's staff; and (iii) leading the Internal Audit Department to perform regular and ad-hoc audits on the internal control mechanism.

**Resumption Guidance 4 – 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**

**1. Resignations of all Directors who were involved in the decision making in the Fund Flows Matters**

Subject to the limitations outlined in the respective investigation reports, the findings of the Investigation Firm are that the relevant fund flow transactions were instructed and/or approved by the following former Directors whereas other Directors were not involved in the decision making of the respective Fund Flows matters:

**Involvement in Fund Flows Matters and/or Allegations**

<b>Allegations</b>	<b>Directors</b>	<b>Position</b>	<b>Date of resignation</b>
The giving of verbal instructions and verbal approvals in relation to Fund Flows Matters 1, 2, 3 and 4	Guo Zining	Former non-executive Director and chairman of the Board	16 February 2023
The affixing of his legal representative’s stamp or signing on the relevant deposit pledge agreements in Fund Flows Matter 3 <sup>Note</sup>	Miao Sihua	Former executive Director	7 January 2021
The giving of approvals by paper approval forms and affixing his legal representative’s stamp or signing on the relevant deposit pledge agreements in relation to Fund Flows Matter 1, 2, 3 and 4	Zheng Wei	Former executive Director and president of the Group	1 September 2022

**Involvement in  
Fund Flows  
Matters and/or**

<b>Allegations</b>	<b>Directors</b>	<b>Position</b>	<b>Date of resignation</b>
The giving of approvals in his capacity as the chief financial officer of the Parent Group in Fund Flows Matter 4	Chen Zhi Bin	Former non-executive Director	Resigned as non-executive Director on 29 January 2021
		Former chief financial officer of the Parent Group	Resigned as chief financial officer of the Parent Group on 27 April 2023

*Note:* Mr. Miao was no longer the executive Director when he affixed his legal representative’s stamp or signed on the relevant deposit pledge agreements. Yet, as he remained as the legal representative of a subsidiary of the Company at the material time, he was involved in Fund Flows Matter 3 in the capacity of the legal representative of the relevant subsidiary of Company.

As of the date of this announcement, the above-mentioned former Directors have ceased to hold any position within the Group, and they will not be able to exert any influence over the daily operations and management of the Company.

The remaining personnel who carried out the instructions of the four former Directors have either left the Group or received training on compliance with the Company’s latest internal control policies. Given that the personnel who remained in the Group only held a junior position in the Group and did not have any approval authority and/or power to affect the business operations of the Group, the Board is of the view that their stay within the Group will not affect the management integrity of the Group.

**2. *The disposal of Company’s shares by a wholly-subsiary of China Aoyuan***

As disclosed in the announcements of China Aoyuan and the Company dated 16 February 2023, a wholly-owned subsidiary of China Aoyuan as vendor (the “**Vendor**”), which directly holds 54.58% of the Company’s shares, and a purchaser with state-owned background (the “**Purchaser**”) has entered into a sale and purchase agreement dated 16 February 2023 in relation to the disposal of 29.9% of the Company’s shares (the “**Disposal**”) by the Vendor to the Purchaser.

Based on the information currently available to the Company and as at the date of this announcement, the Purchaser is an independent third party of China Aoyuan and the Company and is wholly-owned by NanYue StarBridge LPF (南粵星橋有限合夥基金) (“**Nanyue Star Bridge**”), a limited partnership fund incorporated under the Limited Partnership Fund Ordinance (Chapter 637 of the laws of Hong Kong).

Currently, the GP of Nanyue Star Bridge is Star Bridge HK, a limited liability company incorporated under the laws of Hong Kong and an investment holding company wholly-owned by Zhong Xin Global. Zhong Xin Global, as the LP of Nanyue Star Bridge, is a limited liability company incorporated under the laws of the British Virgin Islands and an investment holding company wholly-owned by Mr. Li Huiqiang (李惠强先生), an Independent Third Party.

Upon completion of the internal reorganisation of Nanyue Star Bridge, it is expected that, among others, Nanyue Star Bridge will be owned as to 60% by Zhong Xin Global and 40% by a limited partnership established by Guangzhou Nanyue City Development Investment Fund Management Co., Ltd.\* (廣州南粵城市發展投資基金管理有限公司) (“**Nanyue City Development**”) in the PRC. Nanyue City Development is a wholly-owned subsidiary of Guangzhou Nanyue Fund Group Co., Ltd.\* (廣州南粵基金集團有限公司) (“**Nanyue Fund**”), a government investment fund in South China and a state-owned innovative fund management platform and an individual investor who is also an independent third party of China Aoyuan and the Company.

Based on the public information available and as at the date of this announcement, (i) Nanyue Fund is owned as to approximately 71.74% by Guangzhou Zengcheng District State-owned Assets Supervision and Administration Bureau\* (廣州市增城區國有資產監督管理局) and 28.26% by Guangzhou Huiyintianyue Equity Investment Fund Management Co., Ltd.\* (廣州匯垠天粵股權投資基金管理有限公司) (“**Huiyintianyue**”) respectively and its business scope includes equity investment, investment management, investment consultancy and fund management service (the specific operation projects of which are subject to the approval or license issued by the relevant financial management department or authorities); and (ii) Huiyintianyue is a company established in the PRC and principally engaged in equity investment, fund management as well as management and investment consultancy, and it is ultimately beneficially owned as to 90% by the General Office of Guangzhou Municipal People’s Government\* (廣州市人民政府辦公廳) and 10% by Guangdong Department of Finance\* (廣東省財政廳) respectively. For details, please refer to the announcements of China Aoyuan and the Company both dated 16 February 2023.

The completion of the Disposal has taken place on 17 July 2023. Immediately after the completion of the Disposal and as at the date of this announcement, the Purchaser becomes the single largest shareholder of the Company, China Aoyuan ceased to be the controlling shareholder of the Company and the Group ceased to be accounted as the subsidiaries of the Parent Group. The shareholder profile of the Company is more diversified upon the completion of the Disposal, and the Company believes that the entrance of a new shareholder shall improve the corporate governance of the Company in general.

Please refer to the announcements of China Aoyuan dated 16 February 2023, 30 June 2023 and 18 July 2023 and the announcement of the Company dated 18 July 2023 for more details.

### **3. *Newly appointed non-executive Director***

Furthermore, as disclosed in the Company's announcement dated 16 February 2023, Mr. Zhu Yunfan (“**Mr. Zhu**”) has been appointed as a non-executive Director with effect from 16 February 2023. Given Mr. Zhu's professional background and his over 20 years of experience in senior leadership positions within the PRC banking and finance industry, Mr. Zhu possesses a deep understanding and knowledge of finance, legal, regulatory and risk management systems. With the said management experience, Mr. Zhu is responsible for supervising the overall management, investment and financing of the Group, and providing professional opinion to the Board to enhance the Group's internal controls and financial management. As a new member to the Board, Mr. Zhu has no knowledge of or involvement in the Fund Flows Matters and/or Allegations.

In light of the above, the Board is of the view that there is no concern about the management integrity of any persons with substantial influence over the Company's management and operations which may pose a risk to the Shareholders and investors of the Company or damage market confidence as the existing Board no longer comprises any Directors who have involvement in the decision making of the Fund Flows Matters and/or Allegations.

### **Resumption Guidance 5 – Demonstrate that the Directors meet a standard of competence commensurate with their positions as directors of a listed issuer to fulfill duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules**

As mentioned hereinabove under Resumption Guidance 4, all Directors who have involved in the decision making in the Fund Flows Matters and/or Allegations have stepped down from all positions of the Group.

The Board is of the view that all internal control deficiencies of the Company have been adequately addressed.

Moreover, as disclosed in the Company's announcement dated 13 January 2023, the Company has established a regular and effective training mechanism to provide training in relation to compliance with certain Listing Rules to the Directors and the senior management of the Company. In particular, the Company provided a 1.5-hour training session to the then Directors and senior management of the Company on 15 December 2022, and to Mr. Zhu, the newly appointed non-executive Director, on 15 February 2023, covering topics about director's duties and compliance with certain Listing Rules, such as those in relation to continuing obligations, notifiable transactions, connected transactions and inside information.

On 20 June 2023, internal control training sessions and training sessions for the Directors to (i) refresh and strengthen Directors' knowledge on the topics set out in the above paragraph; (ii) raise Director's awareness on various corporate governance codes; (iii) analyse in-depth case studies relating to topics set out in the above paragraph with the aim to ensure Directors are equipped with adequate knowledge as required under the Listing Rules have been organized and attended by the Directors and/or management of the Company.

Considering the above, the Board is of the view that the knowledge, experience and expertise of the existing Directors demonstrate that all Directors meet a standard of competence commensurate with their position as directors of a listed issuer as required under Rules 3.08 and 3.09 of the Listing Rules.

#### **Resumption Guidance 6 – Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules**

The Group is principally engaged in the provision of property management services and commercial operational services for properties developed or owned by the property developers in the PRC. As at the date of this announcement, the Group is carrying on its business operations as usual in all material respects.

Pursuant to the 2021 Annual Report, 2022 Interim Report and 2022 Annual Report, the Group recorded a revenue of approximately RMB1,942 million, RMB847 million and RMB1,630 million for the year ended 31 December 2021, the six months ended 30 June 2022 and the year ended 31 December 2022 (the "**Reporting Periods**") respectively. The Group recorded a loss after taxation of approximately RMB197 million for the year ended 31 December 2021 and a profit after taxation of approximately RMB52 million and RMB163 million for the six months ended 30 June 2022 and the year ended 31 December 2022 respectively. The total assets of the Group were approximately RMB2,293 million, RMB2,177 million and RMB2,221 million for the year ended 31 December 2021, the six months ended 30 June 2022 and the year ended 31 December 2022, respectively. Please refer to the 2021 Annual Report, 2022 Interim Report and 2022 Annual Report for details of the Group's financial position and financial performance during the Reporting Periods.

Although the Company suffered a loss for the year ended 31 December 2021, the Group developed external expansion vigorously to constantly expand the scope of services and gradually enrich its variety of services. During the year of 2021, in terms of property management services, the contracted area under external expansion reached over 8,000,000 square metres. In 2022, the Group signed a total of 69 property management service contracts, including 9 contracts for newly acquired projects and 60 contracts for project renewal, representing an increase of 29.86% year-on-year in terms of contract amounts.

Given the continuous and substantial increase in the profit of the Group during the Reporting Periods, the Directors are of the view that the Group has demonstrated a solid and substantial growth of business performance and believe that the Group has been operating and will continue to operate a viable and sustainable business.

Based on the above, the Board is of the view that the Group has adequate financial resources to meet its liquidity and operational needs and the Company has maintained 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 7 – 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 pursuant to the Resumption Guidance and Rules 13.09(2)(a) and 13.24A of the Listing Rules.

The Company has disclosed material information in connection with, among others, (i) the 2021 Annual Results, 2022 Interim Results and 2022 Annual Results, (ii) 2021 Annual Report, 2022 Interim Report and 2022 Annual Report, (iii) the Fund Flows Matters and Allegations, and (iv) the status on fulfilment of the Resumption Guidance to the public by issuing announcements in a timely manner.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Shareholders and the Company’s investors to appraise the Company’s position as at the date of this announcement.

### **RESUMPTION OF TRADING**

As illustrated above, the Company is of the view that it has remedied the issues causing the trading suspension and it has fulfilled all the requirements set out in the Resumption Guidance and fully complied with the Listing Rules to the Stock Exchange’s satisfaction.

Trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2022 at the request of the Company. As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 2 August 2023 on the Stock Exchange.

The Company and the Directors emphasise that the resumption is without prejudice to any action which may be taken by the Stock Exchange on the issues and/or conduct identified in this announcement.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Aoyuan Healthy Life Group Company Limited**  
**Cheng Siu Fai**  
*Executive Director*

Hong Kong, 1 August 2023

\* *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 Director is Mr. Cheng Siu Fai; the non-executive Directors are Mr. Ruan Yongxi and Mr. Zhu Yunfan; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.*