

Project Ace – Interim Standstill Term Sheet

Background

Pending further due diligence and finalisation of the definitive terms with a potential strategic investor (“**White Knight**”) in relation to a proposed capital injection, the Company (as defined below) requests that creditors in respect of the Offshore Indebtedness (as defined below) consider an interim standstill and forbearance on the terms set out in this Term Sheet (“**Interim Standstill**”).

The Company proposes that the Interim Standstill be implemented in short order given that various events of default have occurred under the Group’s (as defined below) offshore financing arrangements, which exposes the Group to potential creditor enforcement actions and the risks of a value-destructive insolvency of the Group.

The Interim Standstill seeks to achieve the following key objectives:

- urgently provide stability to the offshore operations of the Company and its subsidiaries (together, the “**Group**”) and to preserve value of the Group for all creditors in the interim whilst negotiations for a holistic restructuring of the Group’s offshore indebtedness (“**Holistic Restructuring**”) are ongoing;
- provide a stable platform to facilitate negotiations with the White Knight based on the expected outcome of the Holistic Restructuring;
- ensure fair and equal treatment of all creditors, whilst respecting any structural priority and/or credit support between each class of creditors and recognising the prevailing financial condition of the Group and the wider property industry; and
- facilitate transparency and provide an effective platform for creditors to monitor the financial circumstances of the Group and progress of the Holistic Restructuring.

This term sheet (“**Term Sheet**”) is not intended to be a comprehensive list of all relevant terms and conditions of the Interim Standstill or any other transaction in relation to the Offshore Indebtedness. This Term Sheet is not binding and the transactions contemplated by this Term Sheet are subject to, amongst other things, the execution of definitive documentation by the parties thereto.

Proposed Terms of Interim Standstill	
Company	China Aoyuan Group Limited (the “ Company ”)
Offshore Indebtedness	<p>The Interim Standstill is intended to address the following offshore indebtedness of the Group (as set out in further detail at Schedule I):</p> <ol style="list-style-type: none">1. Existing Offshore Senior Notes;2. Existing Syndicated Facilities;3. Existing Bilateral Facilities (with collateralised SBLC);4. Existing Bilateral Facilities;5. Existing Unsecured Financings (with Company Guarantee); and6. Existing Secured Financings (with Company Guarantee), (collectively, the “Offshore Indebtedness”). <p>For the avoidance of doubt, the Interim Standstill does not seek to implement a standstill in respect of any of the Group’s offshore project financing arrangements – i.e. offshore financing arrangements related to the projects set out at items 2 to 5 of the Schedule II.</p> <p>In this Term Sheet, the relevant deeds and agreements governing the terms of the Offshore Indebtedness are collectively referred to as the “Offshore Debt Documents”, and those creditors who hold (legally or beneficially) or are owed any amount of the Offshore Indebtedness are collectively referred</p>

<p>Implementation method</p>	<p>to as the “Offshore Creditors”.</p> <p>The Interim Standstill is to be documented by way of a series of standstill agreements between the Company and those Offshore Creditors who elect to sign or accede to a standstill agreement, which may be summarised as follows:</p> <ol style="list-style-type: none"> 1. a single standstill agreement in respect of the Existing Offshore Senior Notes and Existing Unsecured Financing (with Company Guarantee); 2. a single standstill agreement in respect of the Existing Syndicated Facilities; 3. separate standstill agreements in respect of each Existing Bilateral Facility (with collateralised SBLC); 4. separate standstill agreements in respect of each Existing Bilateral Facility; and 5. separate standstill agreements in respect of each Existing Secured Financing (with Company Guarantee), <p>(each, as a standalone document, being a “Standstill Agreement”, and the Offshore Creditors who are party to each Standstill Agreement being, in respect of that Standstill Agreement, the “Consenting Creditors”)</p> <p>For the avoidance of doubt, the above categorisation is not reflective of the Company’s views of the number of scheme classes and/or classification of creditors for the purposes of implementing the Holistic Restructuring through a scheme of arrangement.</p>
<p>Effective Date</p>	<p>Each Standstill Agreement shall become effective on the date (“Effective Date”) to be agreed between the Company and each Consenting Creditor which is to be an original party to such Standstill Agreement (“Initial Consenting Creditors”), provided that the Effective Date:</p> <ol style="list-style-type: none"> (a) shall occur no later than 31 March 2023; and (b) shall not occur unless and until the outstanding fees and expenses of the Approved Advisers (as defined below) have been fully paid by the Company in accordance with the terms of any fee agreement between the Company and the Approved Advisers.
<p>Standstill Period</p>	<p>The Standstill Period shall commence on the Effective Date and end on the earliest of:</p> <ol style="list-style-type: none"> (a) 30 June 2023 (unless the Company has satisfied the Extension Milestone (defined below), in which case, the date shall be automatically extended to 30 September 2023); (b) the date on which the relevant Standstill Agreement is terminated in accordance with section “Termination” below; and (c) the Restructuring Effective Date, <p>(the “Standstill Period”).</p> <p>“Restructuring Effective Date” means the date on which the Holistic Restructuring has been implemented either as a result of the definitive documents setting out the terms of the Holistic Restructuring having been signed by the relevant parties or any court decision effecting the Holistic Restructuring becoming effective and, in each case, any conditions thereunder for the effectiveness of the Holistic Restructuring having been met.</p>

Milestones

During the Standstill Period the Company shall procure that each of the following conditions are satisfied on or before the specified date:

- (a) by the date which is no later than one (1) month after the Effective Date (or such later date as may be agreed by the Approved Advisers), the Company shall deliver to the Approved Advisers due diligence information on the Group as may be reasonably requested by the Approved Advisers;
- (b) by the date which is no later than one (1) month after the Effective Date (or such later date as may be agreed by the Majority Initial Consenting Creditors (as defined below)), the Monitoring Accountant (as defined below) shall be appointed;
- (c) by no later than 31 March 2023, the Company shall provide to the Approved Advisers a draft term sheet in relation to the Holistic Restructuring;
- (d) by no later than 30 April 2023, the Company shall have commenced the sale process in respect of the 128 Peter Street Project;
- (e) by no later than 15 May 2023, the Company shall provide the Approved Advisers with an update as to the status of their progress on finalising the Group's audited consolidated results for the for the year ended 31 December 2021 and 31 December 2022;
- (f) by no later than 30 June 2023, the Company shall have announced completed audited consolidated results for the Group for the year ended 31 December 2021 and 31 December 2022;
- (g) by no later than 30 June 2023, the Company and the Initial Consenting Creditors shall have entered into a binding term sheet in respect of the Holistic Restructuring (the "**Extension Milestone**");
- (h) by no later than 29 September 2023, Aoyuan Healthy Life Group Co. Ltd (HKEX:3662) applies for the resumption of trading of its shares on the Hong Kong Stock Exchange ("**HKEX**"); and
- (i) by no later than 29 September 2023, the Company (HKEX:3883) applies for the resumption of trading of its shares on the HKEX.

"**Approved Advisers**" means the advisers appointed by the Initial Consenting Creditors from time to time, provided that the Company has consented to such appointments in writing and has either entered into confidentiality agreements with such advisers or granted a confidentiality waiver allowing disclosure of information to such advisers (such consent of / action by the Company not to be unreasonably withheld or delayed).

Standstill terms

1. During the Standstill Period, and with respect to any existing (known or unknown) or new events of default, defaults or potential defaults (howsoever defined) under the Offshore Debt Documents ("**Defaults**"), each Consenting Creditor shall agree, severally and not jointly, to:
 - (a) standstill and forbear from taking any enforcement action (including any acceleration of any outstanding sums, making of any demand, commencement of legal proceedings or insolvency proceedings), in respect of any Defaults under the Offshore Indebtedness ("**Enforcement Actions**");

	<ul style="list-style-type: none"> (b) not direct any other person to take or continue any Enforcement Action; (c) not vote, or allow any proxy appointed by it to vote, in favour of any Enforcement Action; and (d) not authorise or instruct any agent, trustee, collateral agent or other administrative party under any of the Offshore Debt Documents to take any of the actions set out at items (a) to (c) above. <p>2. In addition, for the duration of the Standstill Period, each Consenting Creditor shall agree, severally and not jointly and to the extent applicable, to:</p> <ul style="list-style-type: none"> (a) vote against (or provide instructions to that effect) any Enforcement Action taken or proposed by any other holders of the Offshore Indebtedness; (b) use reasonable efforts to stay any Enforcement Action taken by it prior to the Standstill Period; (c) negotiate in good faith with the Company in order to agree the Holistic Restructuring; (d) support (at the Company's cost) any actions taken by any member of the Group to dismiss any Enforcement Action; and (e) support (at the Company's cost) any actions taken by any member of the Group to implement the Standstill Agreement to which it is a party. <p>3. Nothing in the Standstill Agreement shall:</p> <ul style="list-style-type: none"> (a) restrict any Consenting Creditor from taking or maintaining, or require any Consenting Creditor to stay, any Enforcement Action following the commencement of any Enforcement Actions by other creditor(s) of the Group which is necessary, but only to the extent necessary, to preserve the validity, existence, or priority of claims in respect of the Offshore Indebtedness, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent the loss of the right to bring, support, or join proceedings by reason of applicable limitation period; (b) require any Consenting Creditor to take any action which is prohibited or restricted by any applicable law or regulations; incur any out-of-pocket expense, financial obligation, or other liability; or become restricted, receive any material non-public information, or enter into a non-disclosure agreement with the Company; or (c) restrict any Consenting Creditor from complying with any legal or regulatory obligation. <p>4. The standstill obligations described above shall only apply during the Standstill Period. Immediately upon expiry of the Standstill Period, each Consenting Creditor will be entitled to exercise all enforcement rights and other rights in respect of any Default.</p>
<p>Restrictions on the Company</p>	<p>1. During the Standstill Period, the Company shall not:</p> <ul style="list-style-type: none"> (a) pay (or procure any of its subsidiaries, which are incorporated outside the People's Republic of China ("PRC"), to pay) any

intercompany liabilities owing to any of its subsidiaries which are incorporated in the PRC;

- (b) pay or reimburse any amount whatsoever (including, without limitation, (i) any management, advisory or other fee; (ii) any dividend, charge or other distribution; or (iii) through any redemption, repurchase, defeasance, retirement or repayment of any share capital) to or to the order of any of the shareholders of the Company;
 - (c) take or consent to the taking of any material corporate action, including:
 - (i) making any Investment or otherwise purchasing or acquiring (including pursuant to any merger or consolidation) any interest in any other person or business;
 - (ii) change the capital structure of the Company; and
 - (iii) entering into, amending or terminating any material contract, licence or financing document;
 - (d) take (or take or support any other step which may lead to) any corporate action, legal process or other procedure or step pursuant to which an insolvency proceeding will occur, or is likely to occur, in respect of the Company;
 - (e) purchase any Offshore Indebtedness or take any other action which would result in the Company becoming the legal owner of, or having any beneficial interest in any Offshore Indebtedness;
 - (f) create (and shall procure that no member of the Group will create) any security interest over its assets;
 - (g) grant (and shall procure that no member of the Group will grant) any loan, guarantee or indemnity, or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person;
 - (h) incur (and shall procure that no member of the Group will incur) any financial indebtedness; or
 - (i) make or provide (and shall procure that no Designated Account Owner will make or provide) any preferential payment or preferential treatment to any of its creditors.
2. Paragraph 1 above does not apply to any action:
- (a) which is necessary in the Company's reasonable opinion to implement the Holistic Restructuring;
 - (b) entered into in the ordinary course of trading and consistent with past practice;
 - (c) where the prior written consent of the Majority Consenting Creditors has been obtained; or
 - (d) which is taken pursuant to mandatory provisions of applicable law.

"Investment" means:

- (a) any direct or indirect advance, loan or other extension of credit to another person;

	<p>(b) any capital contribution to another person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);</p> <p>(c) any purchase or acquisition of share capital, indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another person; or</p> <p>(d) any guarantee of any obligation of another person to the extent such obligation is outstanding and to the extent guaranteed by such person.</p> <p>“Majority Consenting Creditors” means, in respect of each Standstill Agreement, the Consenting Creditors who hold in aggregate no less than 50% of the outstanding principal amount of Offshore Indebtedness which is held by all the Consenting Creditors who are parties to that Standstill Agreement.</p>
<p>Restrictions on the Designated Account Owners</p>	<p>3. During the Standstill Period:</p> <p>a. each Designated Account Owner undertakes not to:</p> <p>(i) pay to the Intercompany Creditors any amount in respect of any of the intercompany liabilities owed by such Designated Account Owner to any Intercompany Creditor;</p> <p>(ii) incur further indebtedness;</p> <p>(iii) grant any guarantees; or</p> <p>(iv) grant any security interest over the Designated Accounts in favour of any party; and</p> <p>b. each Intercompany Creditor undertakes not to claim from any of the Designated Account Owners any amount in respect of any of the intercompany liabilities owed by such Designated Account Owner to any Intercompany Creditor.</p> <p>“Designated Account Owners” means Aoyuan Property Group (International) Limited, Aoyuan Property Holdings (Canada) Ltd., Fine Wisdom Limited, Grand First Limited, Maingain Investment Limited and Main Trend Limited.</p> <p>“Intercompany Creditors” means any member of the Group which has an intercompany claim against any Designated Account Owner.</p>
<p>Coupon/Interest Rate</p>	<p>The Company shall not pay any interest on the Offshore Indebtedness during the Standstill Period.</p> <p>During the Standstill Period, coupon and interest will continue to accrue on the principal amounts of the Offshore Indebtedness (including Offshore Indebtedness which has been accelerated or has matured) at the existing contractual interest rates in accordance with the Offshore Debt Documents.</p>
<p>Consent Fees</p>	<p><u>Early-Bird Consent Fee</u></p> <p>The Company shall pay each Consenting Creditor, who signs/accedes to the Standstill Agreements on or before the Early-Bird Consent Fee Deadline (“Early Bird Consenting Creditors”), 0.25% of the principal amount of the Offshore Indebtedness due to such creditor as at the Early-Bird Consent Fee Deadline (“Individual Creditor Exposure”).</p>

General Consent Fee

The Company shall pay each Consenting Creditor, who signs/accedes to the Standstill Agreement on or before the General Consent Fee Deadline, 0.5% of the Individual Creditor Exposure as at the date of such execution/accession by the relevant Consenting Creditor, provided that the relevant Standstill Agreements have not been terminated in accordance with their terms at the date of such execution/accession (the “**General Consent Fee**”).

The relevant Consent Fees shall be paid to the Consenting Creditors in the following manner:

- on the First Consent Fees Payment Date, the Company shall pay the (i) Early-Bird Consent Fee and (ii) General Consent Fee to the Initial Consenting Creditors;
- on the Second Consent Fees Payment Date, the Company shall pay the (i) Early-Bird Consent Fee and (ii) General Consent Fee to the Early Bird Consenting Creditors (other than the Initial Consenting Creditors); and
- on the Final Consent Fees Payment Date, the Company shall pay the General Consent Fee to the eligible Consenting Creditors who have acceded to the Standstill Agreement, to the extent such fees were not paid on the earlier payment dates.

“**Business Day**” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in Hong Kong or the PRC are authorised or required by law or governmental regulation to close.

“**Consent Fees**” means collectively, the Early-Bird Consent Fee and the General Consent Fee.¹

“**Early-Bird Consent Fee Deadline**” means the date falling on the day which is 15 Business Days from the Effective Date.

“**Final Consent Fees Payment Date**” means 10 Business Days from the General Consent Fee Deadline.

“**First Consent Fees Payment Date**” means 10 Business Days from the Effective Date.

“**General Consent Fee Deadline**” means the date falling on the day which is 1 calendar month from the Effective Date.

“**Second Consent Fees Payment Date**” means 10 Business Days from the Early-Bird Consent Fee Deadline.

¹ **Note:** For the purposes of calculating the amount of Consent Fees payable to the creditors holding the “Existing Bilateral Facilities (with collateralised SBLC)”, the cash collateral amount shall be deducted from the amount of Offshore Indebtedness.

<p>Monitoring Accountant</p>	<ul style="list-style-type: none"> By no later than one (1) month after the Effective Date, an Approved Independent Accounting Firm (as defined below) shall be appointed, on behalf of the Consenting Creditors but at the Company’s cost, as monitoring accountant (“Monitoring Accountant”) to (i) provide monthly reports to the Approved Advisers on the Group’s compliance with its covenants and information and financial undertakings under the Offshore Indebtedness; and (ii) monitor any deposits and withdrawals, review the Reviewed Payment List (as defined below) and pre-approve any draft payment instructions, made in respect of the Designated Account(s) (as defined below) and provide monthly reports to the Approved Advisers on the same. <p>“Approved Independent Accounting Firm” means (i) any one of Ernst & Young, Deloitte, PwC, Grant Thornton, BDO, Mazars or any other firm of equivalent standing, or (ii) an independent accounting firm approved by the Approved Advisers.</p>
<p>Guarantee and security</p>	<p>Existing guarantees and security (if any) in respect of the Existing Relevant Offshore Indebtedness shall remain in place.</p> <p>Any further credit enhancement (e.g. security over its unencumbered assets) to be agreed as part of the Holistic Restructuring.</p>
<p>Asset Disposal Undertaking & Designated Account(s)</p>	<p>During the Standstill Period, the Company shall not, and shall not permit any member of the Group to sell, dispose, transfer or undertake any similar transaction in respect of the offshore assets set out in Schedule II (“Specified Assets”) (other than the Group’s equity holdings in Aoyuan Healthy Life Group Co. Ltd (HKEX:3662) unless:</p> <ul style="list-style-type: none"> such disposal is carried out on an arm’s-length basis, and the consideration for such disposal is at least 90% of the value of such asset as stated in a valuation report from an Agreed Valuation Specialist dated no earlier than 6 weeks prior to the date of the proposed disposal; or in the case of individual units of items 3 to 5 of the Specified Assets, such disposal is carried out on an arm’s-length basis, for fair market value and in the ordinary course of business; or the Majority Initial Consenting Creditors have consented to such disposal (such consent not to be unreasonably withheld). <p>During the Standstill Period, the Company shall procure that the Group’s equity holdings in Aoyuan Healthy Life Group Co. Ltd (HKEX:3662) shall remain unencumbered and shall not, and shall not permit any member of the Group to sell, dispose, transfer or undertake any similar transaction involving said holdings unless and until (a) the Company has notified the Initial Consenting Creditors in writing of the terms of such proposed disposal or transfer and (b) none of the Initial Consenting Creditors object to such proposed disposal or transfer in writing to the Company within 10 Business Days of the Company providing such notification.</p> <p>For the duration of the Standstill period, the Company shall procure that any disposal of offshore assets (other than the Specified Assets) shall only be carried out in accordance with the terms of the applicable Offshore Debt Documents.</p> <p>For the duration of the Standstill period, the Company shall procure that in</p>

the event the Group disposes any of the Specified Assets, it shall:

- first, to the extent the Specified Asset was subject to any security interest, use the Net Cash Proceeds from such disposal to discharge the relevant secured indebtedness; and
- second, deposit all of the remaining Net Cash Proceeds into certain specified offshore account(s) (“**Designated Account(s)**”) within 5 Business Days after the disposal (or such later date as may be agreed between the Company and the Monitoring Accountant), where such Net Cash Proceeds shall be maintained.

In addition, the Company undertakes to:

- deposit the proceeds which the Group received from the disposal of the Group’s equity interest in Aoyuan Property Group (Australia) Pty Ltd (less any deductions for payments made to the Company’s advisors and Approved Advisers’ for their fees incurred to date) into the Designated Account on or before the Effective Date, which in any event shall be no less than HK\$460 million;
- set aside all the amounts in each Designated Account solely for the purposes of (i) paying the Consent Fees, (ii) discharging the Offshore Indebtedness in a manner to be determined in the Holistic Restructuring (including any consent fees or upfront fees payable as part of the Holistic Restructuring), (iii) paying costs and expenses incurred by the advisers to the Company in connection with the Interim Standstill and/or any subsequent restructuring proposals and (iv) payment of the Approved Advisers’ fees; and
- not to make any other withdrawal of any amount from any Designated Account unless with the prior approval of the Monitoring Accountant.

“**Agreed Valuation Specialist**” means (i) any one of Ernst & Young, Deloitte, PwC, Grant Thornton, FTI Consulting, A&M, Kroll, Cushman & Wakefield, JLL, Knight Frank, Colliers or any other firm of equivalent standing or (ii) an independent valuation firm approved by the Approved Advisers.

“**Majority Initial Consenting Creditors**” means, in respect of each Standstill Agreement, the Initial Consenting Creditors who hold in aggregate no less than 50% of the outstanding principal amount of Offshore Indebtedness which is held by all the Initial Consenting Creditors of such Standstill Agreement.

“**Net Cash Proceeds**” means the cash proceeds from a disposal of any Specified Asset after deducting any (i) reasonable brokerage commissions and other fees and expenses directly associated with such disposal and (ii), to the extent such Specified Asset is a project under development, proceeds used or to be set aside as a source of funds for the construction of the project.

Covenants/Information Undertakings

The Company shall:

- (a) enter into good faith negotiations with the relevant parties and the Approved Advisers with a view to (i) agreeing on the terms of the Holistic Restructuring by the stipulated milestone date and (ii) taking all actions required in order to support, facilitate, implement or otherwise give effect to the Holistic Restructuring;
- (b) provide monthly (i) updated cashflow statements; (ii) cashflow and

liquidity projections of the offshore operations of the Group, including monthly budget and plan for payments from the Designated Accounts for the next calendar month; and (iii) list of proposed payments from the Designated Accounts for the next calendar month (the “**Reviewed Payment List**”) to the Monitoring Accountant and Approved Advisers within 14 days prior to the end of each month;

- (c) provide written justification for variances between budget monthly cashflow and actual monthly cashflow to the Monitoring Accountant;
- (d) within 5 Business Days of any disposals in respect of the Specified Assets, report to the Monitoring Accountant and the Approved Advisers the transaction details (including but not limited to the identity of counterparties, consideration, breakdown of transaction costs etc.) and the Net Cash Proceeds received in connection with the same;
- (e) provide daily access to the Designated Account(s) balances to the Monitoring Accountant;
- (f) report to the Monitoring Accountant and the Approved Advisers on a monthly basis (i) a summary of any disposals in respect of the Specified Assets carried out over the previous month and the Net Cash Proceeds received in connection with the same; and (ii) the total amount deposited in the Designated Account(s) within 5 Business Days after the end of each month; and
- (g) report to the Approved Advisers on a monthly basis the prior month’s developments in relation to discussions on a Holistic Restructuring within 5 Business Days after the end of each month.

The Company represents and warrants that the Specified Assets are the only material offshore assets of the Group.

Termination

Each Standstill Agreement may be terminated at any time:

- (a) by mutual written agreement of the Company and the Majority Consenting Creditors; or
- (b) by any Consenting Creditor, with respect to that Consenting Creditor, upon the occurrence of any of the following events:
 - (i) any Milestone is not satisfied by the time so specified;
 - (ii) the Company breaches or fails to satisfy or comply with any Standstill Condition, save that in respect of those conditions set out in the section headed “Covenants/Information Undertakings” only, the Company shall have 3 Business Days to remedy any such breach or failure following a notification in writing by a Consenting Creditor to the Company of such breach or failure;
 - (iii) the Company breaches or fails to satisfy or comply with any of the terms or conditions of the Standstill Agreement (other than a Standstill Condition), and such breach or failure is not remedied within 10 Business Days;
 - (iv) if the Company fails to pay the Consent Fee(s) due to such Consenting Creditor in accordance with the Standstill Agreement to which that Consenting Creditor is a party;
 - (v) the Company fails to comply with the terms of any fee agreements between the Company and the Approved Advisers,

unless otherwise agreed by the Approved Advisers and such failure is not remedied within 3 Business Days following the receipt of notice in writing by the Company from a Consenting Creditor or their Approved Advisers;

- (vi) an involuntary case or other proceeding is commenced against the Company or any member of the Group with respect to its debts under applicable bankruptcy, insolvency or other similar law, and is not stayed, dismissed or withdrawn within 60 days of commencement;
- (vii) the Company or any member of the Group commences a voluntary case under any applicable bankruptcy, insolvency, or other similar law, or consents to the entry of an order for relief in an involuntary case under any such law, unless such proceeding is commenced with the approval of the Majority Consenting Creditors;
- (viii) a winding up order or an order for relief is entered against any member of the Group under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (ix) any Standstill Agreement is terminated in accordance with its terms with respect to all Consenting Creditors which are party to it;
- (x) any representation, warranty or statement made by the Company is or proves to be incorrect or misleading in any material respect when made; or
- (xi) if any member of the Group has stated in writing to any Consenting Creditor that it will no longer support or pursue the Holistic Restructuring.

“Standstill Condition” means those conditions set out in the sections headed “Restrictions on the Company”, “Asset Disposal Undertaking & Designated Account(s)” and “Covenants/Information Undertakings”

MFN and Disclosure of Other Standstills

1. The Company shall notify each Consenting Creditor and the Approved Advisers within 3 Business Days after a Standstill Agreement has been entered into by the Company (or any amendments thereafter), and shall, if requested by any Consenting Creditor (**“Requesting Creditor”**) or Approved Adviser, provide to such Requesting Creditor or Approved Adviser a redacted copy (deleting any of the relevant creditor’s identifying information) of each Standstill Agreement that the Company enters into in connection with the Interim Standstill.
2. The Company shall not offer or agree to any term which constitutes a materially better economic term for any other Consenting Creditor (**“Other Creditor”**) (whether under a Standstill Agreement or otherwise) when compared to the economic terms agreed with the Requesting Creditor.
3. The Company may cure a breach of this provision by consulting with the Requesting Creditor and thereafter, within 10 Business Days from the date of such breach:
 - (a) incorporating such materially better economic term(s) into the Requesting Creditor’s Standstill Agreement; or
 - (b) withdrawing or obtaining agreement from the Other Creditor to

	<p>waive or withdraw such materially better economic terms.</p> <p>For the purposes of this section, a “materially better economic term” may include, but is not limited to:</p> <ol style="list-style-type: none"> 1. an increase to any cash consideration or Consent Fee; 2. additional credit enhancements to Consenting Creditors; 3. additional financial covenants, restrictions or any other undertakings of the Company under any Standstill Agreement; or 4. any change to the Monitoring Accountant related provisions under any Standstill Agreement.
<p>Reservation of Rights</p>	<p>Nothing in this Term Sheet or the Standstill Agreement shall constitute an amendment or waiver of any Consenting Creditor’s rights (whether joint or several) under any Offshore Debt Document or any other documents and agreements between any of the Consenting Creditors and a member of the Group, or any Consenting Creditor’s rights as creditors of the Company or the Group, or otherwise in connection with the Offshore Indebtedness. Each Consenting Creditor fully reserves any and all of its rights (including under the Offshore Debt Documents or any other documents and agreements between any of the Consenting Creditors and a member of the Group, and as creditors of the Company or the Group or otherwise in connection with the Offshore Indebtedness), and if this Term Sheet or the Standstill Agreement is terminated for any reason, the rights of each Consenting Creditor against the Company and the Group shall be fully reserved.</p>
<p>Governing Law and Jurisdiction</p>	<p>Each Standstill Agreement shall be governed by Hong Kong law. There shall be no amendments to the governing law of the Offshore Debt Documents.</p>

Schedule I
Offshore Indebtedness

No.	Debt Instrument	Total Number of Debt Instruments	Total Principal Amount Outstanding (In USD) ^(Note 1)	Amount of Cash Collateral (In USD) ^(Note 1)
1	Existing Offshore Senior Notes	12	3,438,000,000	
2	Existing Syndicated Facilities	3	595,846,760	
3	Existing Bilateral Facilities (with collateralised SBLC)	4	156,912,117	112,088,650
4	Existing Bilateral Facilities	5	238,019,439	
5	Existing Unsecured Financings (with Company Guarantee)	5	750,000,000	
6	Existing Secured Financings (with Company Guarantee)	5	656,120,109	
	TOTAL	34	5,834,898,425	112,088,650

Note 1:

Exchange rate	RMB (as of 31 Oct 2022)
HKD	0.9143
USD	7.1768
RMB	1

Schedule II
Specified Assets

1. The Group's equity interest in Aoyuan Healthy Life Group Co. Ltd
2. 128 Peter Street Project (Canadian offshore project asset)
3. 133A (One Central Surrey) Surrey Project (Canadian offshore project asset)
4. M2M Project (Canadian offshore project asset)
5. Kwai Chung Town Lot No. 46 Project (Hong Kong offshore project asset)

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中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

UPDATE ON PROPOSED STANDSTILL ARRANGEMENT

This announcement is made by China Aoyuan Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 (i) 25 March 2022, 31 March 2022 and 29 April 2022 in relation to, among others, the delay in publication of the 2021 Annual Results and despatch of the 2021 Annual Report; (ii) 30 June 2022 in relation to, among others, the resumption guidance issued by the Stock Exchange; (iii) 5 August 2022 in relation to, among others, business update of the Group; (iv) 31 August 2022 in relation to the delay in publication of the 2022 Interim Results and despatch of the 2022 Interim Report; (v) 30 September 2022 in relation to the quarterly update on resumption progress; (vi) 4 October 2022 in relation to the Investigation Reports; and (vii) 30 December 2022 in relation to the quarterly update on resumption progress (together, the “**Announcements**”).

Reference is made to the following notes issued by the Company:

- (a) US\$188m 4.2% Senior Notes Due 2022 (ISIN: XS2282587505);
- (b) US\$200m 8.0% Senior Notes Due 2022 (ISIN: XS2264537684);
- (c) US\$500m 8.5% Senior Notes Due 2022 (ISIN: XS1937690128);

- (d) US\$250m 5.375% Senior Notes Due 2022 (ISIN: XS1611005957);
 - (e) US\$50 Million 8.5% Senior Notes due 2022 (ISIN: XS2378476951);
 - (f) US\$475m 7.95% Senior Notes Due 2023 (ISIN: XS1952585112);
 - (g) US\$200m 7.35% Senior Notes Due 2023 (ISIN: XS2014471432);
 - (h) US\$460m 6.35% Senior Notes Due 2024 (ISIN: XS2196807833);
 - (i) US\$200m 7.95% Senior Notes Due 2024 (ISIN: XS2351242461);
 - (j) US\$230m 5.98% Senior Notes Due 2025 (ISIN: XS2258822233);
 - (k) US\$350m 6.2% Senior Notes Due 2026 (ISIN: XS2233109409); and
 - (l) US\$350m 5.88% Senior Notes Due 2027 (ISIN: XS2307633565),
- ((a) to (l) collectively, the “**Offshore Senior Notes**”).

OVERVIEW

As noted in the Announcements, the Company engaged in constructive discussions with the Group’s major offshore creditors on the terms of a proposed standstill arrangement (the “**Proposed Standstill Arrangement**”) in respect of the material offshore indebtedness of the Group (“**Offshore Indebtedness**”).

Further to these discussions, the Company is pleased to announce that an ad hoc group of holders of certain Offshore Senior Notes (representing approximately 20% of the outstanding principal amount of the Offshore Senior Notes) (the “**AHG**”) have provided their in-principle agreement in writing in connection with a non-legally binding term sheet which outlines the key terms of the Proposed Standstill Arrangement (the “**Standstill Term Sheet**”). The Standstill Term Sheet is available for download at <https://projects.morrowsodali.com/Aoyuan>.

PROPOSED STANDSTILL ARRANGEMENT

The Proposed Standstill Arrangement seeks to achieve the following key objectives:

- (a) urgently provide stability to the offshore operations of the Group and to preserve value of the Group for all creditors in the interim whilst negotiations for a Holistic Restructuring (as defined below) are ongoing;
- (b) provide a stable platform to facilitate negotiations with a potential strategic investor based on the expected outcome of the Holistic Restructuring; and

- (c) facilitate transparency and provide an effective platform for creditors to monitor the financial circumstances of the Group and progress of the Holistic Restructuring.

The key terms of the Standstill Term Sheet (which are subject to the execution of definitive documentation by the parties) are as follows:

- (a) during the standstill period, each consenting creditor agrees to, among other things:
 - (i) standstill and forbear from taking any enforcement action in respect of the Offshore Indebtedness; and
 - (ii) support (at the Company's cost) any actions taken by any member of the Group to dismiss any enforcement actions (including commencement of insolvency proceedings) taken or proposed by any other holders of the Offshore Indebtedness; and
- (b) the Company shall pay or procure the payment of the following consent fees:
 - (i) to each consenting creditor who signs/accedes to the Standstill Agreement (as defined below) on or before the date falling on the day which is 15 Business Days from the effective date of the Standstill Agreement (the "**Early-Bird Consent Fee Deadline**"), (A) an early-bird consent fee in an amount equal to 0.25% of the principal amount of the Offshore Indebtedness due to such creditor as at the Early-Bird Consent Fee Deadline and (B) the General Consent Fee (as defined below); and
 - (ii) to each consenting creditor, who signs/accedes to the Standstill Agreement on or before the date falling on the day which is 1 calendar month from the effective date of the Standstill Agreement, a general consent fee in an amount equal to 0.5% of the principal amount of the Offshore Indebtedness due to such creditor as at the date of such execution/accession by the relevant Consenting Creditor (the "**General Consent Fee**"), provided that the Standstill Agreement has not been terminated at the date of such execution/accession.

The Company together with its financial and legal advisors are working closely with the financial and legal advisors of the AHG with a view to agreeing the definitive documentation to implement the Proposed Standstill Arrangement in respect of the Offshore Senior Notes (the "**Standstill Agreement**") in the coming weeks. The Company encourages holders of the Offshore Senior Notes ("**Offshore Senior Noteholders**") to execute the Standstill Agreement once in agreed form, and will publish further announcement(s) to keep the Offshore Senior Noteholders informed of the status and how they may execute the Standstill Agreement.

At the same time, the Company continues to be in discussions with its other major offshore creditors regarding separate standstill arrangements in respect of the other offshore debt instruments of the Company and hopes to agree the terms of such standstill arrangements (on substantially the same terms as the Standstill Term Sheet) with them as soon as possible.

If implemented, the Proposed Standstill Arrangement will provide the Group with a stable platform whilst negotiations with its major offshore creditors on the terms of a holistic restructuring (“**Holistic Restructuring**”) are ongoing. The Company’s financial advisor continues to assist the Company in its discussions with all relevant stakeholders and in formulating the Holistic Restructuring. The Company ultimately aims to implement a holistic financial restructuring that would provide the Group with a sustainable capital structure to deliver long-term value for all of its stakeholders.

If the Company enters into the Standstill Agreement, the Company will make further announcement(s) in accordance with the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and all other applicable laws as and when appropriate.

Other offshore creditors of the Company are encouraged to contact the Company’s financial advisor (KPMG Advisory (China) Limited (“**KPMG**”)) to facilitate the Company’s efforts to implement the Proposed Standstill Arrangement. KPMG’s contact details are set out below:

KPMG Advisory (China) Limited
Address: 8/F, Prince’s Building, 10 Chater Road, Hong Kong
Email: aoyuan.restructuring@kpmg.com

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will continue to be suspended until further notice.

The implementation of the proposed debt restructuring will be subject to many factors outside of the control of the Company. As there is no assurance that the proposed debt restructuring will be successfully implemented, Shareholders, holders of securities of the Company and other investors of the Company are (i) advised not to rely solely on the information contained in this announcement and (ii) reminded to consider the related risks and exercise caution when dealing in the shares and other securities of the Company. When in doubt, Shareholders, holders of securities of the Company and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.

By order of the Board
China Aoyuan Group Limited
Guo Zi Wen
Chairman

Hong Kong, 28 February 2023

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun and Mr. Chen Zhi Bin; and the independent non-executive directors of the Company are Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Wong Wai Keung Frederick.