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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO

- (1) THE 2021 MASTER PROPERTY MANAGEMENT AGREEMENT;**
- (2) THE 2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT;**
- (3) THE 2021 MASTER LEASE AGREEMENT;**
- (4) THE 2021 MASTER PURCHASE AGREEMENT;**
- AND**
- (5) THE 2021 MASTER INTELLIGENT ENGINEERING AGREEMENT**

2021 MASTER CCT AGREEMENTS

Reference is made to the prospectus of the Company dated 28 February 2019 in relation to, among other things, the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement), the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) and the 2019 Master Lease Agreement.

As each of the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement), the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) and the 2019 Master Lease Agreement will expire on 31 December 2020, the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement and the 2021 Master Lease Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group) on 5 November 2020 (after trading hours) to renew the term of such continuing connected transactions for a term commencing on 1 January 2021 and ending on 31 December 2023.

Also, on 5 November 2020 (after trading hours), 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) entered into the 2021 Master Purchase Agreement and the 2021 Intelligent Engineering Agreement, pursuant to which the Group will sell the Electrical Appliances to the Parent Group and provide the Intelligent Engineering Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Aoyuan was the controlling shareholder of the Company. China Aoyuan and its associates indirectly hold 400,535,000 Shares, representing approximately 55.15% of the issued share capital of the Company. Accordingly, China Aoyuan is a connected person of the Company under the Listing Rules, and the transactions (including the annual caps) contemplated under each of the 2021 Master CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the 2021 Master Lease Agreement is expected to be higher than 0.1% but less than 5% on an annual basis, the transactions (including the annual caps) contemplated under the 2021 Master Lease Agreement will be exempt from the Independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps under each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement exceeds 5%, the transactions (including the annual caps) contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement and the transactions (including the annual caps) contemplated thereunder are subject to the approval of the Independent Shareholders by way of ordinary resolutions at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the terms of each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement are fair and reasonable, and such continuing connected transactions (including the annual caps) contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement and the continuing connected transactions (including the annual caps) contemplated thereunder; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in connection with the aforesaid; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form, will be despatched to the Shareholders on or before 7 December 2020, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Mr. Guo Zining and Mr. Chen Zhibin, both being non-executive Directors, hold directorship(s) and/or act as senior management in China Aoyuan and its associates. Accordingly, Mr. Guo Zining and Mr. Chen Zhibin have abstained from voting on the relevant board resolutions approving the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

Reference is made to the prospectus of the Company dated 28 February 2019 in relation to, among other things, the 2019 Master Property Management Agreement (as amended and supplemented by the Property Management Supplemental Agreement), the 2019 Master Commercial Operational Agreement (as amended and supplemented by the Commercial Operational Supplemental Agreement) and the 2019 Master Lease Agreement.

2021 MASTER PROPERTY MANAGEMENT AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Property Management Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group), pursuant to which the Group will provide the Property Management Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023.

Set out below is a summary of the principal terms of the 2021 Master Property Management Agreement:

- Date: 5 November 2020 (after trading hours)
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and
- (ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).
- Subject: Pursuant to the 2021 Master Property Management Agreement, the Group will provide the Parent Group with the Property Management Services, including pre-sale sales assistance services and property management services at the pre-delivery stage to properties developed or owned by the Parent Group.
- Term: The 2021 Master Property Management Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The renewal of the 2021 Master Property Management Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Property Management Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The approximate historical amounts of fees paid by the Parent Group to the Group for the provision of the Property Management Services from the Listing Date to 31 December 2019 and for the six months ended 30 June 2020 were as follows:

From the Listing Date to 31 December 2019	For the six months ended 30 June 2020
RMB213,041,000	RMB140,150,000

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Property Management Services for each of the three years ending 31 December 2023 under the 2021 Master Property Management Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB569,910,000	RMB719,100,000	RMB905,550,000

The above annual caps for the provision of the Property Management Services under the 2021 Master Property Management Agreement for the three years ending 31 December 2023 were determined taking into account:

- (a) the historical number of contracted engagements awarded by the Parent Group to the Group for the provision of the property management services for each of the three years ended 31 December 2019 and the potential increment of contracted engagements from the Parent Group requiring the property management services after the Directors' due and careful enquiry with the Parent Group;
- (b) having regard the volatile economic and market conditions together with the global COVID-19 outbreak in 2020 and the expectation that the economy will gradually recover from the impact of the COVID-19 pandemic and grow steadily in late 2021, the Group estimates that there will be a smaller growth in the number of contracted engagements from the Parent Group for the year ending 31 December 2021 when compared with the existing annual cap for the year ending 31 December 2020 but such number will steadily increase for the two years ending 31 December 2023;
- (c) the number of the Parent Group's sales assistance service engagements awarded to the Group is expected to increase to 160, 180 and 200 for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years from 2021 to 2023 provided to the Group and the average ratio of the Parent Group's sales assistance service engagements awarded to the Group for the three years ended 31 December 2019 at approximately 85%;
- (d) the total pre-delivery GFA of the Parent Group's pre-delivery property management engagements awarded to the Group is expected to increase to approximately 6.5, 8.5 and 11.0 million sq.m. for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years from 2021 to 2023 provided to the Group and the average ratio of the Parent Group's pre-delivery property management engagements awarded to the Group for the three years ended 31 December 2019 at approximately 95%;

- (e) the total revenue generated from the sales assistance service engagements is expected to increase for the three years ending 31 December 2023 because of the expected increase in the number of sales assistance service engagements awarded to the Group for the same periods;
- (f) the total revenue generated from the pre-delivery property management engagements is expected to increase for the three years ending 31 December 2023 as a result of the expected increase in the total pre-delivery GFA of the pre-delivery property management engagements awarded to the Group for the same periods; and
- (g) the estimated 10% annual increment in the services fees to be charged by the Group taking into account the expected inflation.

2021 MASTER COMMERCIAL OPERATIONAL AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Commercial Operational Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group), pursuant to which the Group will provide the Commercial Operational Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023.

Set out below is a summary of the principal terms of the 2021 Master Commercial Operational Agreement:

- Date: 5 November 2020 (after trading hours)
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and
- (ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).
- Subject: Pursuant to the 2021 Master Commercial Operational Agreement, the Group will provide the Parent Group with the Commercial Operational Services, including commercial operational services to properties developed or owned by the Parent Group.
- Term: The 2021 Master Commercial Operational Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The renewal of the 2021 Master Commercial Operational Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Commercial Operational Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The approximate historical amounts of fees paid by the Parent Group to the Group for the provision of the Commercial Operational Services from the Listing Date to 31 December 2019 and for the six months ended 30 June 2020 were as follows:

From the Listing Date to 31 December 2019	For the six months ended 30 June 2020
RMB74,539,000	RMB50,095,000

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Commercial Operational Services for each of the three years ending 31 December 2023 under the 2021 Master Commercial Operational Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB165,960,000	RMB128,570,000	RMB144,290,000

The above annual caps for the provision of the Commercial Operational Services under the 2021 Master Commercial Operational Agreement for the three years ending 31 December 2023 were determined taking into account:

- (a) the historical number of contracted engagements awarded by the Parent Group to the Group for the provision of Commercial Operational Services for each of the three years ended 31 December 2019;
- (b) the potential decrement in the demands of the Parent Group for the Group's market research and positioning services for the two years ending 31 December 2023 after the Directors' due and careful enquiry with the Parent Group;
- (c) the total GFA of commercial operational projects awarded by the Parent Group to the Group is expected to increase to approximately 1,110,000 sq.m., 1,160,000 sq.m. and 1,240,000 sq.m. for the year ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, based on the Parent Group's development plan for the years of 2021 to 2023 provided to the Group;
- (d) the total revenue generated from the provision of Commercial Operational Services to the Parent Group is expected to decrease for the two years ending 31 December 2023 when compared to the year ending 31 December 2021 because the increase in revenue brought about by the expected increase in the total GFA of commercial operational projects awarded to the Group is expected to be offset by the decrease in the demands of the Parent Group for the Group's market research and positioning services; and

- (e) the estimated 5% annual increment in the services fees in relation to rent collection services along with the expected rental inflation.

2021 MASTER LEASE AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Lease Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group), pursuant to which the Group will lease from the Parent Group certain premises for office use for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.

Set out below is a summary of the principal terms of the 2021 Master Lease Agreement:

- Date: 5 November 2020 (after trading hours)
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and
- (ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).
- Subject: Pursuant to the 2021 Master Lease Agreement, the Group will lease from the Parent Group certain premises for office use for a term commencing on 1 January 2021 and ending on 31 December 2023, and at any time either party may give the other party not less than three months' prior written notice to terminate the agreement.
- Term: The 2021 Master Lease Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

Annual caps and basis of determination

Pursuant to IFRS 16, subject to certain exceptions, leases with a term of more than 12 months will be recognised as right-of-use assets, and the transactions contemplated thereunder will be recognised as an acquisition of right-of-use assets. The right-of-use asset represents the right to use the underlying leased asset over the lease term and the lease liability represents the obligation to make lease payments (i.e. the rent). The asset and the liability arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the relevant agreement, using the incremental borrowing rate as the discount rate. Under IFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the shorter of the useful life of the asset and the lease term, and (ii) interest expenses amortised from the lease liability over the lease term.

The approximate historical amounts of rent paid by the Group to the Parent Group for leasing the premises from the Listing Date to 31 December 2019 and for the six months ended 30 June 2020 were as follows:

From the Listing Date to 31 December 2019	For the six months ended 30 June 2020
RMB3,470,000	RMB3,022,000

The respective annual caps on the total value of right-of-use assets relating to leases to be entered into by the Group for each of the three years ending 31 December 2023 under the 2021 Master Lease Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB40,910,000	RMB44,646,000	RMB34,095,000

The above annual caps for the leasing of the premises under the 2021 Master Lease Agreement for the three years ending 31 December 2023 were determined taking into account:

- (a) the total GFA of the premises leased by the Group from the Parent Group and the total amount of rent paid by the Group to the Parent Group for the leasing of such premises for the year ended 31 December 2019;
- (b) the increase in rental rate due to the relocation of the Group's headquarters to an A-grade commercial building newly developed by the Parent Group in the central business district of Panyu, Guangzhou, the PRC in 2019;
- (c) the Group's business and expansion plans for the three years ending 31 December 2023;
- (d) the expected increase in the total GFA of the premises to be leased to the Group by the Parent Group based on the estimated needs of the Group's business development plan; and
- (e) the estimated 10% annual increment in the rent to be charged by the Parent Group taking into account the expected inflation.

The specific rent concerned and other relevant matters will be negotiated by the relevant subsidiaries of both parties with reference to the then prevailing market rates and in good faith which will be set out in separate lease agreements in accordance with the principles set out in the 2021 Master Lease Agreement.

2021 MASTER PURCHASE AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Purchase Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group), pursuant to which the Parent Group will purchase the Electrical Appliances from the Group for a term commencing on 1 January 2021 and ending on 31 December 2023.

Set out below is a summary of the principal terms of the 2021 Master Purchase Agreement:

- Date: 5 November 2020 (after trading hours)
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and
- (ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).
- Subject: Pursuant to the 2021 Master Purchase Agreement, the Group will procure and sell and the Parent Group will purchase the Electrical Appliances from the Group.
- Term: The 2021 Master Purchase Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The entering into of the 2021 Master Purchase Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Purchase Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for costs payable by the Parent Group to the Group for the purchase of Electrical Appliances for each of the three years ending 31 December 2023 under the 2021 Master Purchase Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB105,730,000	RMB158,590,000	RMB237,880,000

The above annual caps for the sale of Electrical Appliances under the 2021 Master Purchase Agreement for the three years ending 31 December 2023 were determined taking into account:

- (a) the expected quantity of the Electrical Appliances to be ordered by the Parent Group based on the estimated property development projects of the Parent Group for the three years ending 31 December 2023 and after the Directors' due and careful enquiry with the Parent Group; and

- (b) the estimated 10% annual increment in the costs to be charged by the Group taking into account the expected inflation.

2021 MASTER INTELLIGENT ENGINEERING AGREEMENT

On 5 November 2020 (after trading hours), the Company (for itself and as trustee for the benefit of other members of the Group) entered into the 2021 Master Intelligent Engineering Agreement with China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group), pursuant to which the Group will provide the Intelligent Engineering Services to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023.

Set out below is a summary of the principal terms of the 2021 Master Intelligent Engineering Agreement:

- Date: 5 November 2020 (after trading hours)
- Parties: (i) the Company (for itself and as trustee for the benefit of other members of the Group); and
- (ii) China Aoyuan (for itself and as trustee for the benefit of other members of the Parent Group).
- Subject: Pursuant to the 2021 Master Intelligent Engineering Agreement, the Group will provide the Parent Group with the Intelligent Engineering Services, including but not limited to provision of design and engineering services for intelligentisation, communication facilities construction and fibre-to-home services and smart devices.
- Term: The 2021 Master Intelligent Engineering Agreement has a fixed term from 1 January 2021 to 31 December 2023 (both days inclusive).

The entering into of the 2021 Master Intelligent Engineering Agreement is conditional upon the approval of the Independent Shareholders of the 2021 Master Intelligent Engineering Agreement and the transactions (including the annual caps) contemplated thereunder at the EGM.

Annual caps and basis of determination

The respective annual caps for fees payable by the Parent Group to the Group for the provision of the Intelligent Engineering Services for each of the three years ending 31 December 2023 under the 2021 Master Intelligent Engineering Agreement are as follows:

For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
RMB105,980,000	RMB158,960,000	RMB238,440,000

The above annual caps for the provision of the Intelligent Engineering Services under the 2021 Master Intelligent Engineering Agreement for the three years ending 31 December 2023 were determined taking into account:

- (a) the expected increase in demand for the Group's Intelligent Engineering Services arising from the expected increase in demand for customer-friendly Property Management Services and community construction and planning; and
- (b) the estimated 10% annual increment in the services fees to be charged by the Group taking into account the expected inflation.

PRICING POLICY

The services fees to be charged for the provision of the Relevant Services shall be determined after arm's length negotiations taking into account the location of the projects, the anticipated operational costs with reference to the fees for similar services and similar types of projects in the market. The services fee payable by the Parent Group to the Group under each of the 2021 Master Property Management Agreement, the 2021 Commercial Operational Agreement and the 2021 Master Intelligent Engineering Agreement shall not be more favourable than that charged from the Independent Third Parties for similar contracts.

The terms (including price and payment terms) in relation to the sale of Electrical Appliances to the Parent Group shall be agreed between the parties based on normal commercial terms after arm's length negotiations and with reference to the fair market price ranges of products comparable to the Electrical Appliances offered in the market as at the time when such sale is performed. The Company will also review the terms from time to time to ensure that the terms shall be no less favourable than those available to the Independent Third Parties for provision of products similar to Electrical Appliances.

The rent payable by the Group under the 2021 Master Lease Agreement shall be negotiated on an arm's length basis taking into account the prevailing market rent for comparable premises in the vicinity of the properties to be leased. Such rent shall not exceed the market rent or be more favourable compared with leasing from the Independent Third Parties for similar premises.

The annual caps under the 2021 Master CCT Agreements are determined based on the principal assumption that there will not be any adverse change or disruption in market conditions, operations and business environment or government policies which may materially affect the business and affairs of the Group and/or the Parent Group.

THE GROUP'S INDEPENDENT BUSINESS OPERATION WITHOUT UNDUE RELIANCE ON THE PARENT GROUP

Notwithstanding the annual increase in the annual caps under the 2021 Master Property Management Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement for the three years ending 31 December 2023, the Company is of the view that the Group will remain capable of carrying out its business operation independently and not placing undue reliance on the Parent Group because (a) the majority of the revenue of the Group for the three years ending 31 December 2023 is expected to be derived from the Independent Third Parties and the Group anticipates that the revenue derived from the Parent Group accounts for approximately less than 50% of the Company's estimated total revenue for the three years ending 31 December 2023; and (b) the Group has been proactively expanding and intends to continue to further broaden the customer base of the Independent Third Parties through establishing a good reputation of customised, diversified and quality services to customers and has implemented a number of incentive measures to encourage its employees to obtain property management service and commercial operational service contracts in respect of the services provided to property developments developed or owned by the Independent Third Parties.

Having considered the above, the Board is of the view that, despite entering into the 2021 Master CCT Agreements with China Aoyuan, the Company is able to carry out an independent business operation without undue reliance on the Parent Group.

INTERNAL CONTROL

The pricing policy for the provision of the Relevant Services, the sale of Electrical Appliances and the leasing of properties pursuant to the 2021 Master CCT Agreements will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure that each of the 2021 Master CCT Agreements is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant personnel and management of the Group will also conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the 2021 Master CCT Agreements are conducted in accordance with the terms of the 2021 Master CCT Agreements and the pricing policy. They will also on a quarterly basis monitor whether the revenue derived from the Parent Group exceeds the annual caps for the provision of the Relevant Services, the sale of Electrical Appliances and the leasing of premises and compare the respective ratios of the revenue derived from the Independent Third Parties and the Parent Group to ensure that the Company will not have undue reliance on the Parent Group.

The independent non-executive Directors will continue to review the management's quarterly review reports on the transactions contemplated under the 2021 Master CCT Agreements and the Company's auditor will also conduct an annual review on the pricing terms and the annual caps thereof.

Accordingly, the Directors consider that there will be an adequate internal control mechanism in place as abovementioned to ensure that the transactions contemplated under the 2021 Master CCT Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 MASTER CCT AGREEMENTS

The Group is principally engaged in the provision of the property management services and the commercial operational services to the properties developed or owned by the property developers. The Parent Group is principally engaged in the businesses of property development and property investment of large-scale mixed-use property projects, commercial property, technology, health and wellness, cultural tourism, finance, cross-border e-commerce and urban redevelopment.

The Company entered into the 2021 Master CCT Agreements and set the annual caps contemplated thereunder based on the business development plan provided by the Parent Group.

Each of the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement allows the Group to continue to utilise the platform provided by the Parent Group as one of the leading property developers in the PRC to provide Property Management Services and Commercial Operational Services. The Directors believe that the renewal of the 2021 Master Property Management Agreement and the 2021 Master Commercial Operational Agreement can generate stable income and realise more benefits for the Group.

Following the expiry of the 2019 Master Lease Agreement, the Group may have to renew some of the existing leases when their respective terms expire, and may further enter into new leases to satisfy the future business needs of the Group from time to time. In the event of the relocation of the premises, the cost to be incurred and the adverse impact on the operation of the offices will be substantial. The Directors believe that maintaining the lease agreements with the Parent Group will ensure the Group's stability in using the relevant premises. The Directors also believe that it is in the interest of the Company to enter into the 2021 Master Lease Agreement for renewal of the 2019 Master Lease Agreement so that the Group may regulate the existing and future leasing agreements with the Parent Group under a common framework agreement.

Pursuant to the 2021 Master Purchase Agreement, the Group will supply the Electrical Appliances to the Parent Group, which are of significant demand by both the Group and the Parent Group in carrying out their respective principal businesses. Entering into the 2021 Master Purchase Agreement allows the Group to act as a centralised procurement channel of the Electrical Appliances by leveraging the Group's experience and resources in sourcing the Electrical Appliances. The Group will combine the demands of the Electrical Appliances from itself and the Parent Group, make bulk purchases and fulfil the 2021 Master Purchase Agreement by resale of the Electrical Appliances to the Parent Group. The arrangements of centralised procurement and bulk purchasing are expected to enhance purchase and management efficiency, lower purchase costs and further improve the profitability of the Company.

In terms of the 2021 Master Intelligent Engineering Agreement, the Parent Group has adopted a higher delivery standard for certain development projects to meet the consumers' increasing demand of pleasant and convenient living and/or working conditions, which requires certain smart devices and relevant communication facilities to be installed and constructed before delivery of the properties. The Company is highly committed to improving the service quality to meet the customers' demands by applying technological solutions and enhancing the use of information technology in the property management services. Leveraging on its deep understanding of the needs of members of residential and commercial communities and its extensive experience in community intelligentisation during provision of property management and commercial operational services, the Group is able to provide high quality services of design and construction for intelligentisation projects developed by the Parent Group. The Company considers that the entering into of the 2021 Master Intelligent Engineering Agreement helps raise the Group's income for value-added services, which will thereby increase the total revenue, improve the profitability of the Group and conform with the Group's strategic development.

The Board (excluding the independent non-executive Directors, whose opinion will be formed after taking into account the advice to be provided by the Independent Financial Adviser) is of the view that: (a) each of the 2021 Master CCT Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (b) the proposed annual caps under each of the 2021 Master CCT Agreements for a term commencing on 1 January 2021 and ending on 31 December 2023 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Aoyuan was the controlling shareholder of the Company. China Aoyuan and its associates indirectly hold 400,535,000 Shares, representing approximately 55.15% of the issued share capital of the Company. Accordingly, China Aoyuan is a connected person of the Company under the Listing Rules, and the transactions (including the annual caps) contemplated under each of the 2021 Master CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the 2021 Master Lease Agreement is expected to be higher than 0.1% but less than 5% on an annual basis, the transactions (including the annual caps) contemplated under the 2021 Master Lease Agreement will be exempt from the Independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps under each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement exceeds 5%, the transactions (including the annual caps) contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement and the transactions (including the annual caps) contemplated thereunder are subject to the approval of the Independent Shareholders by way of ordinary resolutions at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the terms of each of the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement are fair and reasonable, and such continuing connected transactions contemplated (including the annual caps) thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement and the continuing connected transactions (including the annual caps) contemplated thereunder; (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in connection with the aforesaid; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form, will be despatched to the Shareholders on or before 7 December 2020, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Mr. Guo Zining and Mr. Chen Zhibin, both being non-executive Directors, hold directorship(s) and/or act as senior management in China Aoyuan and its associates. Accordingly, Mr. Guo Zining and Mr. Chen Zhibin have abstained from voting on the relevant board resolutions approving the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the 2021 Master CCT Agreements and the transactions (including the annual caps) contemplated thereunder.

DEFINITIONS

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

“2019 Master Commercial Operational Agreement”	the agreement dated 22 February 2019 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) in relation to the commercial operational services provided by the Group to the Parent Group
“2019 Master Property Management Agreement”	the agreement dated 22 February 2019 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) in relation to the property management services provided by the Group to the Parent Group
“2021 Master CCT Agreements”	collectively, the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Lease Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement
“2021 Master Commercial Operational Agreement”	the agreement dated 5 November 2020 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) in relation to the Commercial Operational Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023

“2021 Master Intelligent Engineering Agreement”	the agreement dated 5 November 2020 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) in relation to the Intelligent Engineering Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
“2021 Master Lease Agreement”	the agreement dated 5 November 2020 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) in relation to the leasing of certain premises from the Parent Group to the Group for office use for a term commencing on 1 January 2021 and ending on 31 December 2023
“2021 Master Property Management Agreement”	the agreement dated 5 November 2020 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) in relation to the Property Management Services provided by the Group to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
“2021 Master Purchase Agreement”	the agreement dated 5 November 2020 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) in relation to the sale of Electrical Appliances to the Parent Group for a term commencing on 1 January 2021 and ending on 31 December 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Aoyuan”	China Aoyuan Group Limited (中國奧園集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883)

“Commercial Operational Services”	the commercial operational services provided by the Group to the Parent Group pursuant to the 2021 Master Commercial Operational Agreement, as further detailed in the paragraph headed “2021 Master Commercial Operational Agreement” of this announcement
“Commercial Operational Supplemental Agreement”	the agreement dated 13 March 2020 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) to supplement the 2019 Master Commercial Operational Agreement
“Company”	Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Company to consider the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement and the transactions (including the annual caps) contemplated thereunder
“Electrical Appliances”	the supplies and equipment which may be purchased by the Parent Group from the Group from time to time, including but not limited to elevators, cables, electrical appliances, equipment and tools
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	the International Financial Reporting Standard(s) issued by the International Institute of Certified Public Accountants from time to time
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions (including the annual caps) under the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement
“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of continuing connected transactions (including the annual caps) under the 2021 Master Property Management Agreement, the 2021 Master Commercial Operational Agreement, the 2021 Master Purchase Agreement and the 2021 Master Intelligent Engineering Agreement
“Independent Shareholders”	the Shareholders who do not have a material interest in the 2021 Master CCT Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Intelligent Engineering Services”	the intelligent engineering services provided by the Group to the Parent Group pursuant to the 2021 Master Intelligent Engineering Agreement, as further detailed in the paragraph headed “2021 Master Intelligent Engineering Agreement” of this announcement
“Listing Date”	18 March 2019, being the date of listing of the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parent Group”	China Aoyuan and its subsidiaries (excluding the Group)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Property Management Services”	the property management services provided by the Group to the Parent Group pursuant to the 2021 Master Property Management Agreement, as further detailed in the paragraph headed “2021 Master Property Management Agreement” of this announcement
“Property Management Supplemental Agreement”	the agreement dated 13 March 2020 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) to supplement the 2019 Master Property Management Agreement
“Relevant Services”	collectively, the Property Management Services, the Commercial Operational Services and the Intelligent Engineering Services
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“sq.m.”	the measurement unit of square meters

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“%” per cent.

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

Hong Kong, 5 November 2020

As at the date of this announcement, the executive Directors are Mr. Miao Sihua and Mr. Tao Yu; the non-executive Directors are Mr. Guo Zining and Mr. Chen Zhibin; and the independent non-executive Directors are Mr. Hung Ka Hai Clement, Dr. Li Zijun and Mr. Wang Shao.