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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)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025 AND THE CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

The board (the “Board”) of directors (the “Director(s)”) of China Aoyuan Group Limited (“China Aoyuan”, “Aoyuan” or the “Company”) presents the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Reporting Period”) together with comparative figures for the corresponding period in the previous year as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		<b>Six months ended</b>	
		<b>30.6.2025</b>	<b>30.6.2024</b>
	<i>NOTES</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3		
Contracts with customers		<b>4,404,258</b>	4,643,295
Leases		<b>61,479</b>	90,946
Total revenue		<b>4,465,737</b>	4,734,241
Cost of sales		<b>(7,306,587)</b>	(4,937,632)
Gross loss		<b>(2,840,850)</b>	(203,391)
Other income, gains and losses, net	5	<b>(1,587,716)</b>	26,333,764
Change in fair value of investment properties		<b>(355,000)</b>	–
Selling and distribution expenses		<b>(159,764)</b>	(249,626)
Administrative expenses		<b>(348,640)</b>	(510,035)
Loss on disposal of subsidiaries		<b>(836,185)</b>	(245,963)
Share of results of joint ventures		<b>(102,053)</b>	163,282
Share of results of associates		<b>(146,168)</b>	(25,172)
Finance costs		<b>(2,850,996)</b>	(2,630,397)
(Loss)/profit before tax		<b>(9,227,372)</b>	22,632,462
Income tax expenses	6	<b>(252,468)</b>	(531,972)
(Loss)/profit for the period	7	<b>(9,479,840)</b>	22,100,490

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		Six months ended	
		30.6.2025	30.6.2024
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive (expenses)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(58,162)	28,665
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value (loss) on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(1,346)	(3,300)
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD		(59,508)	25,365
Total comprehensive (expenses)/income for the period		(9,539,348)	22,125,855
(Loss)/profit for the period attributable to:			
Owners of the Company		(8,814,418)	22,311,990
Non-controlling interests		(665,422)	(211,500)
		(9,479,840)	22,100,490
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		(8,873,926)	22,337,355
Non-controlling interests		(665,422)	(211,500)
		(9,539,348)	22,125,855
(Loss)/earnings per share (RMB cents)			
Basic	9	(217)	660
Diluted		(217)	516

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	NOTES	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,611,937	2,815,515
Right-of-use assets		620,735	662,706
Investment properties		8,203,349	9,014,568
Goodwill		492,304	509,978
Intangible assets		–	–
Interests in joint ventures		2,243,562	2,406,440
Interests in associates		717,061	863,229
Financial assets at fair value through profit or loss (“FVTPL”)		236,382	266,999
Equity instruments designated at FVTOCI		211,218	367,868
Deferred tax assets		69,987	136,683
Total non-current assets		15,406,535	17,043,986
<b>CURRENT ASSETS</b>			
Properties for sale		86,497,237	95,692,723
Inventories		137,222	164,174
Trade and other receivables	10	23,816,762	25,745,348
Amounts due from non-controlling shareholders of subsidiaries		1,022,930	1,024,474
Amounts due from joint ventures		10,893,804	11,339,942
Amounts due from associates		633,994	599,657
Financial assets at FVTPL		30,617	30,611
Tax recoverable		4,266,302	4,723,497
Restricted bank deposits		1,970,423	2,254,277
Bank balances and cash		327,702	886,427
Total current assets		129,596,993	142,461,130

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

		30.6.2025	31.12.2024
	NOTES	RMB'000	RMB'000
		(Unaudited)	(Audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	59,618,892	58,659,823
Contract liabilities		23,003,912	27,759,433
Amounts due to non-controlling shareholders of subsidiaries		1,852,976	1,848,801
Amounts due to joint ventures		7,472,743	7,393,811
Amounts due to associates		1,167,987	1,168,730
Tax liabilities		10,667,691	10,832,468
Bank and other borrowings		48,370,701	48,932,257
Lease liabilities		423,627	427,331
Senior notes and bonds		8,397,757	4,729,437
Convertible bonds		442,047	710,685
		<u>161,418,333</u>	<u>162,462,776</u>
<b>Total current liabilities</b>		<u>161,418,333</u>	<u>162,462,776</u>
<b>NET CURRENT LIABILITIES</b>		<u>(31,821,340)</u>	<u>(20,001,646)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(16,414,805)</u>	<u>(2,957,660)</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		1,080,765	2,247,965
Deferred tax liabilities		987,545	1,051,472
Lease liabilities		1,162,175	1,144,338
Senior notes and bonds		14,961,185	17,895,155
Deferred income		566,712	571,047
		<u>18,758,382</u>	<u>22,909,977</u>
<b>Total non-current liabilities</b>		<u>18,758,382</u>	<u>22,909,977</u>
<b>NET LIABILITIES</b>		<u>(35,173,187)</u>	<u>(25,867,637)</u>
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital		41,649	35,777
Reserves		<u>(36,460,714)</u>	<u>(27,847,615)</u>
		<u>(36,419,065)</u>	<u>(27,811,838)</u>
Equity attributable to owners of the Company		<u>(36,419,065)</u>	<u>(27,811,838)</u>
Non-controlling interests		1,245,878	1,944,201
		<u>1,245,878</u>	<u>1,944,201</u>
<b>TOTAL EQUITY</b>		<u>(35,173,187)</u>	<u>(25,867,637)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 1. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of China Aoyuan Group Limited and its subsidiaries (collectively “the Group”) for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### Going concern basis

For the six months ended 30 June 2025, the Group recorded a net loss of approximately RMB9,480 million and a net operating cash outflow. At the same date, the Group’s total bank and other borrowings, senior notes and bonds amounted to RMB72,810 million, out of which RMB56,768 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has commitments including its share of commitments made jointly with investors relating to its joint ventures in aggregate of approximately RMB15,097 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB2,298 million.

The real estate sector in the PRC continues to experience continuing challenges and volatility, the Group experienced a significant decline of its contracted sales of property in 2025, which adversely impacted the Group’s cash receipts from sales and pre-sales of properties.

In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Directors implemented or are in the process of implementing the following measures:

- (a) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. During the Reporting Period and up to the date of approval of these condensed consolidated financial statements, the Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements, involving onshore borrowings of approximately RMB1,014 million in principal amount. The Directors consider that the Group will be able to extend the repayment period for its other onshore financing arrangements.
- (b) The Group has been actively exploring potential asset disposal opportunities to create liquidity for, inter alia, repayment of the various instruments which are issued pursuant to the Group’s offshore debt restructuring schemes.
- (c) To ensure the stability and sustainable operation of the Group’s business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and make every effort to improve the Group’s liquidity position. Measures undertaken include:
  - (I) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables;
  - (II) The Group has prioritised delivery of property development projects. As at the date of approval of these condensed consolidated financial statements, majority of the Group’s property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects;

- (III) The Group will continue to adopt stringent cost control and to actively implement additional measures to further reduce discretionary spending;
- (IV) The Group will continue to obtain support from its contractors and suppliers in completing its property development projects; and
- (V) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Directors believed that the Group will reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

After taken into account the above plans and measures, and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 30 June 2025, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the condensed consolidated financial statements of the Group for the six months ended 30 June 2025 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these adjustments have not been reflected in the condensed consolidated financial statements of the Group for the period ended 30 June 2025.

## **2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair values as appropriate.

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

### **Application of amendments to IFRS Accounting Standards**

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards, issued by the IASB which are effective for the Group's interim period beginning on 1 January 2025:

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

#### Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2025				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
<b>Types of goods or services</b>				
Sales of properties				
Residential apartments	3,316,536	–	–	3,316,536
Commercial apartments	135,881	–	–	135,881
Retail shops and others	242,303	–	–	242,303
Low-density residential	134,778	–	–	134,778
	<u>3,829,498</u>	<u>–</u>	<u>–</u>	<u>3,829,498</u>
Others	<u>–</u>	<u>–</u>	<u>574,760</u>	<u>574,760</u>
Revenue from contracts with customers	3,829,498	–	574,760	4,404,258
Property investment				
Commercial and retail shops	<u>–</u>	<u>61,479</u>	<u>–</u>	<u>61,479</u>
Total	<u>3,829,498</u>	<u>61,479</u>	<u>574,760</u>	<u>4,465,737</u>
<b>Timing of revenue recognition</b>				
At a point of time	3,829,498	–	574,760	4,404,258
Rental income	<u>–</u>	<u>61,479</u>	<u>–</u>	<u>61,479</u>
Total	<u>3,829,498</u>	<u>61,479</u>	<u>574,760</u>	<u>4,465,737</u>

For the six months ended 30 June 2024

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>				
Sales of properties				
Residential apartments	3,299,433	—	—	3,299,433
Commercial apartments	304,775	—	—	304,775
Retail shops and others	167,117	—	—	167,117
Low-density residential	<u>222,862</u>	<u>—</u>	<u>—</u>	<u>222,862</u>
	<u>3,994,187</u>	<u>—</u>	<u>—</u>	<u>3,994,187</u>
Others	<u>—</u>	<u>—</u>	<u>649,108</u>	<u>649,108</u>
Revenue from contracts with customers	3,994,187	—	649,108	4,643,295
Property investment				
Commercial and retail shops	<u>—</u>	<u>90,946</u>	<u>—</u>	<u>90,946</u>
Total	<u><u>3,994,187</u></u>	<u><u>90,946</u></u>	<u><u>649,108</u></u>	<u><u>4,734,241</u></u>
<b>Timing of revenue recognition</b>				
At a point of time	3,994,187	—	649,108	4,643,295
Rental income	<u>—</u>	<u>90,946</u>	<u>—</u>	<u>90,946</u>
Total	<u><u>3,994,187</u></u>	<u><u>90,946</u></u>	<u><u>649,108</u></u>	<u><u>4,734,241</u></u>



#### 4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

##### Six months ended 30 June 2025 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External segment revenue	<u>3,829,498</u>	<u>61,479</u>	<u>574,760</u>	<u>4,465,737</u>
Segment result	<u>(4,471,167)</u>	<u>(575,626)</u>	<u>(219,698)</u>	(5,266,491)
Other income, gains and losses, net				17,239
Loss on disposal of subsidiaries				(836,185)
Unallocated corporate expenses				(42,718)
Share of results of joint ventures				(102,053)
Share of results of associates				(146,168)
Finance costs				<u>(2,850,996)</u>
Loss before tax				<u>(9,227,372)</u>

##### Six months ended 30 June 2024 (unaudited)

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External segment revenue	<u>3,994,187</u>	<u>90,946</u>	<u>649,108</u>	<u>4,734,241</u>
Segment result	<u>(932,826)</u>	<u>33,461</u>	<u>(104,756)</u>	(1,004,121)
Other income, gains and losses, net				26,499,344
Loss on disposal of subsidiaries				(245,963)
Unallocated corporate expenses				(124,511)
Share of results of joint ventures				163,282
Share of results of associates				(25,172)
Finance costs				<u>(2,630,397)</u>
Profit before tax				<u>22,632,462</u>

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended	
	30.6.2025	30.6.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Bank interest income	(4,531)	(8,418)
Government subsidy	(19)	(29)
Losses/(Gains) on:		
– disposal of property, plant and equipment	16	(64)
– disposal of investment properties	–	(2,932)
– disposal of joint ventures	60,825	3,856
– disposal of an associate	–	12,639
– change in fair value of financial assets at FVTPL	1,233	(2,818)
Investment return from financial assets at FVTPL	–	(4,744)
Exchange loss/(gain), net	(63,110)	24,953
Impairment losses/(reversal of impairment losses) on:		
– trade and other receivables	948,833	71,735
– amounts due from joint ventures	347,296	
– amounts due from associates	–	13,187
– amounts due from non-controlling shareholders of subsidiaries	28,023	(10,123)
– interests in associates	–	101,371
– property, plant and equipment	20,790	–
– goodwill	17,674	–
Gain on restructuring of the offshore indebtedness	–	(26,638,316)
Loss on debt restructuring in specie	239,915	138,509
Others	(9,229)	(32,570)
	<u>1,587,716</u>	<u>(26,333,764)</u>

## 6. INCOME TAX EXPENSES

	Six months ended	
	30.6.2025	30.6.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Income tax expense/(credit) recognised comprises of:		
Current tax:		
PRC		
EIT	165,389	114,426
LAT	135,995	139,724
Other jurisdictions	—	(894)
	<u>301,384</u>	<u>253,256</u>
Deferred tax:		
PRC	(48,916)	277,700
Other jurisdiction	—	1,016
	<u>(48,916)</u>	<u>278,716</u>
	<u><u>252,468</u></u>	<u><u>531,972</u></u>

Under the Law of the People's Republic of China of EIT (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as there was no assessable profits derived from Hong Kong for both periods.

Under Canadian tax law, the tax rate used for the period is 26.5% (six months ended 30 June 2025: 26.5%) on taxable profits on Canadian incorporated entities.

## 7. (LOSS)/PROFIT FOR THE PERIOD

Six months ended	
30.6.2025	30.6.2024
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)

(Loss)/Profit for the period has been arrived at after charging/(crediting) the following items:

Interest on:

Bank and other borrowings	2,409,167	2,606,658
Senior notes and bonds	1,034,040	643,748
Convertible bonds	–	10,350
Amount due to a joint venture	21,601	21,726
Lease liabilities	54,673	61,401
	<u>3,519,481</u>	<u>3,343,883</u>
Less: amounts capitalised to properties under development for sale	<u>(668,485)</u>	<u>(713,486)</u>
	<u>2,850,996</u>	<u>2,630,397</u>
Impairment of properties for sale (included in cost of sales)	3,133,184	844,865
Staff costs	98,910	199,610
Depreciation of property, plant and equipment	139,154	164,447
Depreciation of right-of-use assets	41,971	32,914

## 8. DIVIDENDS

The directors of the Company do not recommend or declare any payment of any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

## 9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30.6.2025</b>	<b>30.6.2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>(Loss)/Earnings:</b>		
(Loss)/earnings for the purposes of basic loss per share, being (loss)/profits for the period attributable to owners of the Company	<b>(8,814,418)</b>	22,311,990
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	<u>—</u>	<u>10,350</u>
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	<u><b>(8,814,418)</b></u>	<u>22,322,340</u>
	<b>30.6.2025</b>	<b>30.6.2024</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,097,603</b>	3,381,355
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u><b>1,050,204</b></u>	<u>944,447</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>5,147,807</b></u>	<u>4,325,802</u>

For the purpose of computation of basic earnings per share for the six months period ended 30 June 2025, the weighted average number of ordinary shares in issue has taken into account the the ordinary shares issued upon conversion of mandatory convertible bonds issued.

### **Diluted (loss)/earnings per share**

No adjustment has been made to the basic loss per share amounts presented for the six months period ended 30 June 2025 as the conversion of mandatory convertible bonds had an anti-dilutive effect on the loss per share amounts.

For the purpose of computing of diluted earnings per share of the Company for the six months period ended 30 June 2024, the Company did not assume the exercise of the share options issued by its listed associate as the respective assumed exercise prices of the share options were higher than the respective average market price for shares.

# 10. TRADE AND OTHER RECEIVABLES

	30.6.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Trade receivables	1,053,810	1,066,928
Less: Allowance for expected credit losses	<u>(594,020)</u>	<u>(609,442)</u>
	<u>459,790</u>	<u>457,486</u>
Rental receivables	127,158	161,493
Other receivables	22,856,076	23,877,707
Security deposits	646,121	657,141
Less: Allowance for expected credit losses	<u>(7,521,588)</u>	<u>(6,600,793)</u>
	<u>15,980,609</u>	<u>17,934,055</u>
Contract assets	–	44,061
Contract costs	349,871	416,517
Advance to constructors and suppliers	1,575,667	1,341,002
Prepayment paid for potential purchases of land use rights and property projects	4,233,700	4,234,750
Less: Impairment	<u>(987,936)</u>	<u>(987,936)</u>
	<u>3,245,764</u>	<u>3,246,814</u>
Other tax prepayments	<u>2,077,903</u>	<u>2,143,920</u>
	<u><u>23,816,762</u></u>	<u><u>25,745,348</u></u>

The following is an aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and service were provided:

	30.6.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
0 to 60 days	3,131	64,136
61 to 180 days	21,191	7,479
181 to 365 days	67,191	35,866
1 to 2 years	192,585	316,365
2 to 3 years	197,894	91,159
Over 3 years	<u>571,818</u>	<u>551,923</u>
	<u><u>1,053,810</u></u>	<u><u>1,066,928</u></u>

## 11. TRADE AND OTHER PAYABLES

	30.6.2025 <i>RMB'000</i> (unaudited)	31.12.2024 <i>RMB'000</i> (audited)
Trade and bills payables	17,870,662	18,803,519
Other payables	35,842,294	33,839,716
Consideration payables for acquisition of subsidiaries	1,420,493	1,420,493
Other taxes payables	4,485,443	4,596,095
	<u>59,618,892</u>	<u>58,659,823</u>

The following is an aging analysis of trade and bills payables determined based on the invoice date:

	30.6.2025 <i>RMB'000</i> (unaudited)	31.12.2024 <i>RMB'000</i> (audited)
0 to 60 days	184,549	450,108
61 to 180 days	327,332	579,925
181 to 365 days	747,501	301,798
1 to 2 years	7,598,303	7,765,204
2 to 3 years	8,159,079	8,810,898
Over 3 years	853,898	895,586
	<u>17,870,662</u>	<u>18,803,519</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Reporting Period, the Group remained firmly committed to “guaranteeing property delivery” as the central focus of its operational recovery strategy. Simultaneously, it has accelerated efforts to address domestic debt risks. Through strengthened cost control measures and enhanced sales-driven revenue generation capabilities, the Group has fostered a bottoming-out and gradual recovery in its operational fundamentals.

During the Reporting Period, the Group achieved property contracted sales of approximately RMB4.02 billion with contracted gross floor area (“GFA”) sold of approximately 436,000 sq.m.. Details of property contracted sales by region are as follow:

<b>Region</b>	<b>Property contracted sales amount (RMB billion)</b>	<b>Contracted GFA sold (’000 sq.m.)</b>
South China	2.14	188
Core Region of Central & Western China	1.07	158
East China	0.12	25
Bohai Rim	<u>0.69</u>	<u>65</u>
Total	<u><u>4.02</u></u>	<u><u>436</u></u>

The Group continues to focus on the core cities in the Greater Bay Area. As at 30 June 2025, the landbank in the Greater Bay Area had a total GFA of approximately 5.39 million sq.m., with the attributable GFA of approximately 4.06 million sq.m..

### FUTURE OUTLOOK

Against the backdrop of favorable industry policies and the ongoing restoration of market confidence, the Group will seize the window of opportunity presented by the industry’s recovery and focus on three core strategies: improving sales and inventory clearance while accelerating resource integration; tackling debt restructuring and optimizing capital structure; and strengthening operational foundations while exploring new profit models such as light-asset construction services. The Group aims to build sustainable operation capabilities, restore market confidence, and pursue sustainable and steady development, thereby creating greater value for shareholders, investors, and the society on a continuous basis.



## **FINANCIAL REVIEW**

### **Operating Results**

The revenue is primarily generated from property development. During the Reporting Period, the Group's total revenue was approximately RMB4,466 million, representing a decrease of approximately RMB268 million or 5.7% over approximately RMB4,734 million in the same period of 2024. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 85.8%, 12.8% and 1.4% respectively.

During the Reporting Period, the Group's revenue generated from sales of properties amounted to approximately RMB3,829 million, representing a decrease of approximately RMB165 million or 4.1% over approximately RMB3,994 million in the same period of 2024. The GFA of delivered properties increased by 24.4% to 0.51 million sq.m. from 0.41 million sq.m. in the same period of 2024.

### **Gross Profit and Margin**

During the Reporting Period, the gross loss of the Group was approximately RMB2,841 million, representing an increase of 1,299.5% from the gross loss of approximately RMB203 million in the same period of 2024. The Group's gross loss margin was 63.6%. Excluding the impairment loss on properties for sale, included in the cost of sales, the Group's gross profit for the first six months of 2025 amounted to approximately RMB292 million, representing a decrease of 54.5% over that of RMB642 million for the same period in 2024.

### **Other Income, Gains and Losses**

During the Reporting Period, the Group's other income, gains and losses mainly included expected credit loss of approximately RMB1,324 million, and loss on debt restructuring in specie of approximately RMB240 million and other losses of approximately RMB24 million.

### **Selling and Administrative Expenses**

During the Reporting Period, total selling and distribution expenses of the Group were approximately RMB160 million, representing a decrease of 36.0% from approximately RMB250 million in the same period of 2024. Total administrative expenses decrease by 31.6% from approximately RMB510 million in the same period of 2024 to approximately RMB349 million, which was mainly attributable to the Group's continuing effort in the streamlining of organizational structure and effective control over cost and expenses.

### **Loss Attributable to Owners of the Company**

During the Reporting Period, loss attributable to owners of the Company was approximately RMB8,814 million as compared with a profit of approximately RMB22,312 million in the same period of 2024 which included the gains from offshore debt restructuring of approximately RMB26,638 million.

## Financial Position

As at 30 June 2025, the Group's total assets amounted to approximately RMB145,004 million (31 December 2024: approximately RMB159,505 million) and total liabilities were approximately RMB180,177 million (31 December 2024: approximately RMB185,373 million).

Current ratio (calculated based on the total current assets divided by the total current liabilities) was 0.8 as at 30 June 2025 (31 December 2024: 0.9).

## Cash Position

As at 30 June 2025, the Group had cash and bank deposits of approximately RMB328 million (31 December 2024: approximately RMB886 million). As at 30 June 2025, the Group had restricted bank deposits of approximately RMB1,970 million (31 December 2024: approximately RMB2,254 million) which served as security deposits and mortgage guarantees or subject to judicial freezing and restrictions imposed by creditors.

As at 30 June 2025, cash and bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB2,298 million, of which 93.6% was denominated in Renminbi and 6.4% was denominated in other currencies (mainly HK dollar and Canadian dollar).

## Borrowings, Senior Notes and Corporate Bonds

As at 30 June 2025, the Group had bank and other borrowings of approximately RMB49,451 million (31 December 2024: approximately RMB51,180 million), senior notes and corporate bonds of approximately RMB23,359 million (31 December 2024: approximately RMB22,625 million).

Repayment Period	30 June 2025 (RMB million)	31 December 2024 (RMB million)
Repayment on demand and within one year	56,768	53,662
More than one year, but not exceeding two years	1,722	4,626
More than two years, but not exceeding five years	4,012	5,272
More than five years	10,308	10,245
	<u>72,810</u>	<u>73,805</u>

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

## **Contingent Liabilities**

As at 30 June 2025, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to certain third parties, joint ventures and associates of the Group amounting to approximately RMB63,741 million (31 December 2024: approximately RMB66,445 million).

The Group provided guarantees in respect of the banks' mortgage loans granted to certain property purchasers of the Group and agreed to repurchase the properties upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interests accrual thereon. The fair value of the financial guarantee contracts is not significant at the initial recognition, and no provision has been made as the default rate is low.

## **Commitments**

As at 30 June 2025, the Group's construction cost, contracted but not provided for amounted to RMB11,751 million (31 December 2024: approximately RMB12,944 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost commitments contracted but not provided for is approximately RMB3,346 million (31 December 2024: RMB3,833 million). The Group expects to fund these commitments principally from sales proceeds of properties and bank borrowings.

## **Foreign Currency Risks**

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes and convertible bonds denominated in US dollar and bank loans denominated in HK dollar, the Group's operating cash flow or liquidity is not directly subject to any other significant exchange rate fluctuations. The management closely monitors foreign currency exposure and consider hedging significant foreign currency exposure when needed.

## **Pledge of Assets**

As at 30 June 2025, the Group has pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits amounting to approximately RMB60,168 million (31 December 2024: approximately RMB65,370 million) to various banks to secure project loans and general banking facilities granted to the Group.

## **EVENTS AFTER REPORTING PERIOD**

There have been no other important events that have a significant impact on the Group subsequent to the Reporting Period.

## **INTERIM DIVIDEND**

The Board has resolved not to declare interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2025.

## **CORPORATE GOVERNANCE CODE**

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules. For the six months ended 30 June 2025, the Company has complied with the code provisions of the CG Code except for the following deviations:

In accordance with the Code Provision C.1.5 of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. One non-executive Director was unable to attend annual general meeting of the Company held on 26 June 2025 (the “2025 AGM”) due to other important engagement.

In accordance with Code Provision F.1.3 of CG code, the chairman of the board of directors is expected to attend the annual general meeting and respond to relevant questions raised by shareholders. However, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, chairman of the Board, was unable to attend the 2025 AGM due to unavoidable scheduling conflicts arising from other pressing business commitments. The Board of directors acknowledges the importance of his presence at the annual general meeting and regrets his absence. To ensure shareholders’ questions were adequately addressed, other members of the Board of directors and senior management were present to respond on his behalf.

## **CHANGE IN COMPOSITION OF NOMINATION COMMITTEE**

Ms. Shi Li Li (“Ms. Shi”), a non-executive Director, has been appointed as a member of the nomination committee of the Company (the “Nomination Committee”) with effect from 28 August 2025. Ms. Shi’s other position at the Board remains unchanged. Following the appointment of Ms. Shi, the Nomination Committee has one Director of a different gender, and still comprises a majority of independent non-executive Directors. The above appointment is implemented in response to the amended CG Code as set forth in Appendix C1 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the directors of the Company, all the directors have confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 June 2025.

## **EMPLOYMENT AND REMUNERATION POLICY**

As of 30 June 2025, the Group had about 2,868 employees (31 December 2024: 3,123). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

## **AUDIT COMMITTEE**

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed accounting and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2025.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.aoyuan.com.cn>). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By order of the Board  
**China Aoyuan Group Limited**  
**Cheng Siu Fai**  
*Executive Director*

Hong Kong, 28 August 2025

*As at the date of this announcement, the executive Directors are Mr. Cheng Siu Fai and Mr. Jiang Zhan Hong; the non-executive Directors are Mr. Guo Zi Wen, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli and Ms. Shi Lili; and the independent non-executive Directors are Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick.*