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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the "**Board**") of China Aoyuan Group Limited ("**China Aoyuan**" or "**Aoyuan**" or the "**Company**") announces the audited annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	(4)		
Contracts with customers		**9,142,189**	9,491,763
Leases		**113,456**	183,098
Total revenue		**9,255,645**	9,674,861
Cost of sales		**(16,420,272)**	(25,863,564)
Gross loss		**(7,164,627)**	(16,188,703)
Other income, gains and losses, net	(6)	**(1,919,881)**	23,453,112
Change in fair value of investment properties		**(439,158)**	(511,464)
Selling and distribution expenses		**(330,435)**	(538,817)
Administrative expenses		**(622,576)**	(953,941)
Loss on disposal of subsidiaries		**(962,130)**	(769,399)
Share of results of joint ventures		**(345,879)**	175,939
Share of results of associates		**(159,871)**	(82,783)
Finance costs	(7)	**(5,557,261)**	(4,065,325)

	NOTES	**2025** RMB'000	2024 RMB'000
(Loss)/profit before tax	*(8)*	**(17,501,818)**	518,619
Income tax expenses	*(9)*	**(1,587,800)**	(2,615,256)
LOSS FOR THE YEAR		**(19,089,618)**	(2,096,637)
Attributable to:			
Owners of the Company		**(17,763,939)**	35,033
Non-controlling interests		**(1,325,679)**	(2,131,670)
		(19,089,618)	(2,096,637)
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity instruments designated at fair value through other comprehensive income ("**FVTOCI**")		**4,962**	14,520
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(20,003)**	79,960
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(15,041)**	94,480
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(19,104,659)**	(2,002,157)
Attributable to:			
– Owners of the Company		**(17,778,980)**	129,513
– Non-controlling interests		**(1,325,679)**	(2,131,670)
		(19,104,659)	(2,002,157)
(Loss)/earnings per share *(RMB cents)*			
Basic	*(11)*	**(320.38)**	0.71
Diluted	*(11)*	**(320.38)**	0.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2025

	NOTES	**2025** **RMB'000**	2024 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,479,328**	2,815,515
Right-of-use assets		**357,790**	662,706
Investment properties		**7,090,224**	9,014,568
Goodwill		**–**	509,978
Interests in joint ventures		**1,999,736**	2,406,440
Interests in associates		**695,624**	863,229
Financial assets at fair value through profit or loss ("**FVTPL**")		**155,465**	266,999
Equity instruments designated at FVTOCI		**151,886**	367,868
Deferred tax assets		**36,037**	136,683
Total non-current assets		**11,966,090**	17,043,986
CURRENT ASSETS			
Properties for sale		**75,232,908**	95,692,723
Inventories		**7,606**	164,174
Trade and other receivables	*(12)*	**22,317,955**	25,745,348
Amounts due from non-controlling shareholders of subsidiaries		**841,808**	1,024,474
Amounts due from joint ventures		**11,070,380**	11,339,942
Amounts due from associates		**539,690**	599,657
Financial assets at FVTPL		**600,275**	30,611
Tax recoverable		**4,052,592**	4,723,497
Restricted bank deposits		**1,409,804**	2,254,277
Bank balances and cash		**184,018**	886,427
Total current assets		**116,257,036**	142,461,130

	NOTES	**2025** *RMB'000*	2024 *RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*(13)*	**58,778,831**	58,659,823
Contract liabilities		**18,371,715**	27,759,433
Amounts due to non-controlling shareholders of subsidiaries		**1,852,676**	1,848,801
Amounts due to joint ventures		**7,462,549**	7,393,811
Amounts due to associates		**1,158,215**	1,168,730
Tax liabilities		**11,581,219**	10,832,468
Bank and other borrowings		**46,419,948**	48,932,257
Lease liabilities		**598,633**	427,331
Senior notes and bonds		**9,645,304**	4,729,437
Convertible bonds		**401,664**	710,685
Total current liabilities		**156,270,754**	162,462,776
Net current liabilities		**(40,013,718)**	(20,001,646)
Total assets less current liabilities		**(28,047,628)**	(2,957,660)
Non-current liabilities			
Bank and other borrowings		**932,916**	2,247,965
Deferred tax liabilities		**671,610**	1,051,472
Lease liabilities		**976,864**	1,144,338
Senior notes and bonds		**14,529,300**	17,895,155
Deferred income		**486,750**	571,047
Total non-current liabilities		**17,597,440**	22,909,977
Net liabilities		**(45,645,068)**	(25,867,637)
EQUITY			
Capital and reserves			
Share capital		**42,529**	35,777
Reserves		**(45,326,516)**	(27,847,615)
Equity attributable to owners of the Company		**(45,283,987)**	(27,811,838)
Non-controlling interests		**(361,081)**	1,944,201
TOTAL EQUITY		**(45,645,068)**	(25,867,637)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

In the opinion of the directors of the Company (the "**Directors**"), at the end of the reporting period and up to the date of approval of these consolidated financial statements, the Company does not have any holding company.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

For the year ended 31 December 2025, the Group recorded a net loss of approximately RMB19,090 million and a net operating cash outflow. As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB40,014 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB71,527 million, out of which approximately RMB56,065 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures, in aggregate of approximately RMB14,044 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB1,594 million.

The real estate sector in the People's Republic of China (the "**PRC**") continues to face persistent challenges and ongoing 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 Director had implemented or are in the process of implementing the following measures:

(a) The Group has been actively promoting a comprehensive restructuring of onshore debts of the Group to establish a long-term mechanism to alleviate debt pressure and strengthen the full-cycle cash flow risk control system to ensure operational stability of the Group. The Group is close to the finalisation of the onshore debts restructuring proposal and is in the process of soliciting opinions from all parties (including onshore creditors).

(b) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. In 2025, 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 RMB1,210 million in principal amount. The Directors consider that the Group will be able to extend the repayment period for its other onshore financing arrangements.

(c) The Group has been actively exploring potential asset disposal opportunities to create liquidity.

(d) 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 improving the Group's liquidity position, including the following measures:

  (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 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.

(e) 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 of the above plans and measures and the Group's cash flow projections prepared by the management and reviewed by the Directors covering a period of not less than twelve months from the date of these consolidated financial statements, the Directors are of the opinion that the Group will have sufficient working capital for its operations and can meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 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 potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Application of amendments to IFRS Accounting Standards

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

Amendments to IAS 21	*Lack of Exchangeability*

The application of the amendments to IAS 21 in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these consolidated financial statements.

4. REVENUE

	For the year ended 31 December 2025			
	Property development *RMB'000*	**Property investment** *RMB'000*	**Other** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	**7,076,862**	**–**	**–**	**7,076,862**
Commercial apartments	**515,259**	**–**	**–**	**515,259**
Retail shops and others	**506,277**	**–**	**–**	**506,277**
Low-density residential	**214,307**	**–**	**–**	**214,307**
	8,312,705	**–**	**–**	**8,312,705**
Others	**–**	**–**	**829,484**	**829,484**
Revenue from contracts with customers	**8,312,705**	**–**	**829,484**	**9,142,189**
Property investment				
Commercial and retail shops	**–**	**113,456**	**–**	**113,456**
Total	**8,312,705**	**113,456**	**829,484**	**9,255,645**
Time of revenue recognition				
At a point of time	**8,312,705**	**–**	**829,484**	**9,142,189**

	For the year ended 31 December 2024			
	Property development *RMB'000*	Property investment *RMB'000*	Other *RMB'000*	Total *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	6,758,610	–	–	6,758,610
Commercial apartments	486,207	–	–	486,207
Retail shops and others	275,499	–	–	275,499
Low-density residential	647,476	–	–	647,476
	8,167,792	–	–	8,167,792
Others	–	–	1,323,971	1,323,971
Revenue from contracts with customers	8,167,792	–	1,323,971	9,491,763
Property investment				
Commercial and retail shops	–	183,098	–	183,098
Total	8,167,792	183,098	1,323,971	9,674,861
Time of revenue recognition				
At a point of time	8,167,792	–	1,323,971	9,491,763

5. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development	–	development and sale of properties
Property investment	–	lease of investment properties
Others	–	hotel operation, provision of property management services and sales of goods

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2025			
	Property development *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
External segment revenue	**8,312,705**	**113,456**	**829,484**	**9,255,645**
Segment result	**(9,631,164)**	**(653,134)**	**(311,882)**	**(10,596,180)**
Other income, gains and losses, net				**216,839**
Loss on disposal of subsidiaries				**(962,130)**
Unallocated corporate expenses				**(97,336)**
Share of results of joint ventures				**(345,879)**
Share of results of associates				**(159,871)**
Finance costs				**(5,557,261)**
Loss before tax				**(17,501,818)**

	For the year ended 31 December 2024			
	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
External segment revenue	8,167,792	183,098	1,323,971	9,674,861
Segment result	(19,446,643)	(648,546)	(512,323)	(20,607,512)
Other income, gains and losses, net				26,019,889
Loss on disposal of subsidiaries				(769,399)
Unallocated corporate expenses				(152,190)
Share of results of joint ventures				175,939
Share of results of associates				(82,783)
Finance costs				(4,065,325)
Profit before tax				518,619

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, net, loss on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations and location of non-current assets are substantially in the PRC. Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the year ended 31 December		**Non-current assets as at 31 December**	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**9,254,063**	9,663,632	**11,389,022**	16,038,450
Hong Kong	**–**	–	**233,379**	233,794
Canada	**1,582**	11,229	**301**	192
	9,255,645	9,674,861	**11,622,702**	16,272,436

Note: Non-current assets excluded equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2025 and 2024.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2025	2024
	RMB'000	*RMB'000*
Exchange (gain)/loss, net	**(240,423)**	54,682
Loss/(gain) on change in fair value of financial assets at FVTPL	**1,233**	(7,796)
Investment return from financial assets at FVTPL	**–**	(6,433)
Bank interest income	**(5,741)**	(14,065)
Other income	**–**	(36,906)
Gain on disposal of property, plant and equipment	**(12,280)**	(2,596)
Loss on disposal of investment properties	**225,137**	176,938
Loss on disposal of joint ventures	**60,825**	–
Loss on disposal of associates	**–**	162,113
Loss on disposal of assets (note 1)	**–**	85,448
Impairment losses on trade and other receivables	**1,362,046**	1,675,308
Impairment loss on amounts due from joint ventures	**208,888**	–
Impairment loss/(reversal of impairment loss) on amounts due from NCI	**129,267**	(10,506)
Impairment losses on interests in associates	**–**	101,371
Impairment losses on property, plant and equipment	**111,941**	85,045
Impairment losses on goodwill	**–**	113,701
Gain on restructuring of the offshore indebtedness (note 2)	**–**	(26,154,924)
Loss on debt settlement in specie	**134,664**	476,979
Others	**(55,676)**	(151,471)
	1,919,881	(23,453,112)

Note 1:

During the year ended 31 December 2024, the Group disposed of certain interests in Ontario Aoyuan Property Limited to an independent third party at a total consideration of CAD68,000,070 (equivalent to approximately RMB362 million). Such disposal was accounted for as disposal of assets and liabilities related to a property project in Canada and the Group recorded a loss of approximately RMB85 million for such disposal. Further details of the disposal had been set out in the Company's announcement and circular dated 13 May 2024 and 17 June 2024, respectively.

Note 2:

Upon the Restructuring became effective on 20 March 2024 and pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings amounting to approximately RMB44,611 million have been discharged in exchange for the issue of the new senior notes, convertible bonds, perpetual capital securities of the Group and new shares of the Company. As a result, taking into account certain costs and expenses associated with the Restructuring, a gain of approximately RMB26,155 million had been recorded during the year ended 31 December 2024.

7. FINANCE COSTS

	2025 *RMB'000*	2024 *RMB'000*
Interest on:		
Bank and other borrowings	**4,762,239**	5,356,911
Senior notes and bonds	**2,026,639**	1,667,045
Amount due to a joint venture	**45,600**	45,600
Lease liabilities	**109,316**	121,185
Total borrowing costs	**6,943,794**	7,190,741
Less: amounts capitalised to properties under development for sale	**(1,386,533)**	(3,125,416)
	5,557,261	4,065,325

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.75% (2024: 8.02%) per annum to expenditure on the qualifying assets.

8. (LOSS)/PROFIT BEFORE TAX

	2025 *RMB'000*	2024 *RMB'000*
(Loss)/profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**5,764**	8,059
Other staffs' salaries	**173,309**	331,648
Other staffs' retirement benefit scheme contributions	**2,352**	5,025
Total staff costs	**181,425**	344,732
Less: amounts capitalised to properties under development for sale	**(32,961)**	(63,808)
	148,464	280,924
Gross rental income in respect of investment properties	**(113,456)**	(183,098)
Less: direct operating expenses from investment properties that generated rental income during the year	**47,459**	77,487
	(65,997)	(105,611)
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**7,837,688**	8,016,102
Impairment loss on and write-off of properties for sale (included in cost of sales)	**7,814,771**	16,818,773
Depreciation of property, plant and equipment	**245,293**	305,409
Depreciation of right-of-use assets	**60,860**	90,230

9. INCOME TAX EXPENSES

	2025	2024
	RMB'000	*RMB'000*
Income tax expenses recognised comprise of:		
Current tax:		
PRC		
Enterprise Income Tax ("**EIT**")	**454,228**	257,196
Land Appreciation Tax ("**LAT**")	**1,296,097**	975,226
	1,750,325	1,232,422
Deferred tax		
PRC	**(162,525)**	1,345,501
Other jurisdictions	**—**	37,333
	(162,525)	1,382,834
Income tax expenses for the year	**1,587,800**	2,615,256

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, 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 consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Canadian tax law, the tax rate used for the year is 26.5% (2024: 26.5%) on taxable profits on Canadian incorporated entities. No tax provision for Canadian profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Canadian.

10. DIVIDENDS

At the meeting of the board of directors held on 20 March 2026, the Directors resolved not to declare any dividend for the year ended 31 December 2025 (2024: Nil).

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculations of the basic (loss)/earnings per share are based on:

	2025	2024
	RMB'000	*RMB'000*
(Loss)/profit:		
(Loss)/profit for the purpose of basic (loss)/earnings per share	**(17,763,939)**	35,033

	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basis (loss)/earnings per share	**5,544,574**	4,912,585

For the purpose of computation of basic earnings per share for the year ended 31 December 2025 and 2024, the weighted average number of ordinary shares in issue has taken into account the ordinary shares issued/issuable upon conversion of the Company's mandatorily convertible bonds.

Diluted (loss)/earnings per share

There are no potential dilutive events for the Company during both years.

For the purpose of computing of diluted earnings per share of the Company for the year ended 31 December 2024, the Company did not assume the exercise of the share options issued by its listed associate as the respective assumed exercise prices of those share options were higher than the respective average market price for shares.

For the year ended 31 December 2025 and 2024, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

12. TRADE AND OTHER RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade and bills receivables	**1,051,530**	1,066,928
Less: Allowance for expected credit losses	**(653,226)**	(609,442)
	398,304	457,486
Rental receivables	**122,791**	161,493
Other receivables	**22,487,265**	23,877,707
Security deposits	**663,605**	657,141
Less: Allowance for expected credit losses	**(7,894,725)**	(6,600,793)
	15,256,145	17,934,055
Contract assets	**–**	44,061
Contract costs	**256,035**	416,517
Advances to constructors and suppliers	**901,559**	1,341,002
Prepayment paid for potential purchases of land use rights and property projects	**4,233,700**	4,234,750
Less: Impairment	**(987,936)**	(987,936)
	3,245,764	3,246,814
Other tax prepayments	**2,137,357**	2,143,920
	22,317,955	25,745,348

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

	2025	2024
	RMB'000	*RMB'000*
0 to 60 days	**17,821**	64,136
61 to 180 days	**136,472**	7,479
181 to 365 days	**23,425**	35,866
1 to 2 years	**27,530**	316,365
2 to 3 years	**295,859**	91,159
Over 3 years	**550,423**	551,923
	1,051,530	1,066,928

13. TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**16,126,542**	18,803,519
Other payables	**36,900,703**	33,839,716
Consideration payables for acquisition of subsidiaries	**1,420,493**	1,420,493
Other taxes payables	**4,331,093**	4,596,095
	58,778,831	58,659,823

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

	2025	2024
	RMB'000	*RMB'000*
0 to 60 days	**22,271**	450,108
61 to 180 days	**50,296**	579,925
181 to 365 days	**123,339**	301,798
1 to 2 years	**128,201**	7,765,204
2 to 3 years	**6,193,014**	8,810,898
Over 3 years	**9,609,421**	895,586
	16,126,542	18,803,519

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the independent auditor's report by SHINEWING (HK) CPA Limited, the external auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2025:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Multiple uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the Directors, which states that for the year ended 31 December 2025, the Group recorded a net loss of approximately RMB19,090 million and a net operating cash outflow. As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB40,014 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB71,527 million, out of which approximately RMB56,065 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures in aggregate of approximately RMB14,044 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB1,594 million. In addition, as at 31 December 2025 and as of the date of approval of these consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of overdue liabilities. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of these consolidated financial statements as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements, it might not be able to operate as a going concern, and 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 potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

2025 marked a pivotal year for China's real estate industry. The sector accelerated its transformation and embarked on a new stage of high-quality development amid profound structural adjustments. Supported by systemic policies and market self-correction, China's real estate market successfully curbed the risk of a downward spiral, effectively stemming the downturn and restoring stability amidst continued structural divergence. According to the National Bureau of Statistics of China, China's real estate development investment for the year amounted to RMB8,278.8 billion, while the sales of new commodity housing reached RMB8,393.7 billion, with gross floor area ("**GFA**") of 881.01 million sq.m.. The year-on-year declines narrowed significantly compared to the previous year, solidifying the foundation for market stabilization.

Amidst profound changes in the market supply and demand relationship and a complex and severe external environment, the Group firmly implemented its core strategy of "stabilizing operations, guaranteeing delivery and promoting transformation". By actively responding to challenges and fully promoting business recovery and business model upgrading, the Group stabilized its business fundamentals amidst the wave of industry transformation and laid a solid foundation for future sustainable development. The Group recorded property contracted sales of approximately RMB7.29 billion, with contracted GFA sold of approximately 0.764 million sq.m. Details of property contracted sales by region are as follows:

Region	**Property contracted sales amount** *(RMB billion)*	**Contracted GFA sold** *('000 sq.m.)*
South China	2.95	236.18
Core Region of Central & Western China	2.33	305.90
East China	0.66	83.97
Bohai Rim	1.35	137.94
Total	7.29	763.99

The Group continues to focus on the core cities in the Greater Bay Area and other key regions. As at 31 December 2025, the landbank in the Greater Bay Area had a total GFA of approximately 4.86 million sq.m., with the attributable GFA of approximately 3.57 million sq.m., reserving high-quality resources for its sustainable development in core cities in the future.

More importantly, the Group has been actively promoting a comprehensive restructuring of onshore debts of the Group to establish a long-term mechanism to alleviate debt pressure and strengthen the full-cycle cash flow risk control system to ensure operational stability of the Group. The Group is close to the finalisation of the onshore debts restructuring proposal and is in the process of soliciting opinions from all parties (including onshore creditors). This secured a critical time window and financial flexibility for the Group to operate on deleveraged basis and focus on core business development.

II. FUTURE OUTLOOK

As the inaugural year of the 15th Five-Year Plan, 2026 will see China's real estate industry accelerate the transition toward a new development model centered on "Good House" and prioritizing urban renewal, building upon the consolidation of stabilization achievements. The market is expected to continue its trend of "stable volume with structural divergence", where high-quality, upgraded properties in core cities and well-operated existing assets demonstrating greater resilience.

The Group will continue to prioritize the two key strategies of "ensuring delivery of housing projects and payment settlement" as the paramount importance of all operational activities. To this end, we will deepen organizational reform, enhance management efficiency, and promote more precise and efficient resource allocation, thereby systematically consolidating the foundation for long-term viability and high-quality development of the Company. Concurrently, the Group will prudently and systematically advance the restructuring of its onshore debts, establishing a long-term mechanism to mitigate debt risks, and comprehensively strengthen its full-cycle cash flow risk control system to continuously ensuring operating security.

While stabilizing business fundamentals, we will actively seize key opportunities in the industry transformation: on one hand, focusing on urban renewal and dilapidated housing reconstruction in core regions such as the Pearl River Delta to respond to national policy guidance; on the other hand, elevating product competitiveness to a strategic core, deeply advancing the research and development and implementation of a smart, green and healthy "Good House" product system, empowering living quality with technology to accurately meet customers' upgraded demands for a better life.

Adhering to the business philosophy of being low-profile, pragmatic and rational, we will solidly promote the comprehensive recovery and value enhancement of business fundamentals, striving to achieve a harmonious unity of corporate long-term value and social benefits while effectively protecting shareholders' rights and uplifting market expectations.

III. FINANCIAL REVIEW

The revenue is primarily generated from property development. In 2025, the Group's total revenue was approximately RMB9,256 million, representing a decrease of approximately RMB419 million or 4.3% over approximately RMB9,675 million in 2024. Property development revenue, other revenue such as hotel operation and sales of goods and property investment revenue accounted for 89.8%, 9.0% and 1.2% respectively.

In 2025, the Group's revenue generated from property development amounted to approximately RMB8,313 million, representing an increase of approximately RMB145 million or 1.8% over approximately RMB8,168 million in 2024. The total GFA of delivered properties increased by 36.6% to 1.12 million sq.m. from 0.82 million sq.m. in 2024, while the average selling price decreased by 25.5% to approximately RMB7,422 per sq.m. from approximately RMB9,961 per sq.m. in 2024. This was mainly attributable to the higher proportion of properties delivered in Central & Western China with relatively low average selling price during the year.

Gross Profit and Margin

In 2025, the Group's gross loss amounted to approximately RMB7,165 million, representing an improvement of 55.7% as compared to the gross loss of approximately RMB16,189 million for 2024, and the gross loss margin was 77.4%. Excluding the impairment loss on properties for sale, and including loss on certain urban redevelopment projects, included in the cost of sales, the Group's gross profit in 2025 amounted to approximately RMB650 million, representing an increase of 3.2% over that of RMB630 million for 2024, with a gross profit margin for 2025 of 7.0% (2024: 6.5%).

Other Income, Gains and Losses

In 2025, the other income, gains and losses of the Group mainly included exchange gain of approximately RMB240 million, impairment losses on trade and other receivables, amounts due from joint ventures and amounts due from non-controlling shareholders of subsidiaries amounted to approximately RMB1,700 million, loss on debt settlement in specie amounted to approximately RMB135 million, loss on disposal of investment properties amounted to approximately RMB225 million, impairment losses on property, plant and equipment amounted to approximately RMB112 million and other gains of approximately RMB12 million.

Selling and Distribution and Administrative Expenses

In 2025, total selling and distribution expenses of the Group were approximately RMB330 million, representing a decrease of 38.8% from approximately RMB539 million in 2024, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales during the year. Total administrative expenses decreased by 34.7% from approximately RMB954 million in 2024 to approximately RMB623 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

In 2025, loss attributable to owners of the Company was approximately RMB17,764 million, while profit of approximately RMB35 million in 2024, as an offshore debt restructuring gains of RMB26,155 million were recognised in 2024.

Financial Position

As at 31 December 2025, the Group's total assets amounted to approximately RMB128,223 million (as at 31 December 2024: approximately RMB159,505 million) and total liabilities were approximately RMB173,868 million (as at 31 December 2024: approximately RMB185,373 million).

Current ratio (calculated based on the total current assets divided by the total current liabilities) was 0.7 as at 31 December 2025 (as at 31 December 2024: 0.9).

Cash Position

As at 31 December 2025, the Group had cash and bank deposits of approximately RMB184 million (as at 31 December 2024: approximately RMB886 million). As at 31 December 2025, the Group had restricted bank deposits of approximately RMB1,410 million (as at 31 December 2024: approximately RMB2,254 million).

As at 31 December 2025, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB1,594 million, of which 92.5% was denominated in Renminbi and 7.5% was denominated in other currencies (mainly in HK dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2025, the Group had bank and other borrowings of approximately RMB47,353 million (as at 31 December 2024: approximately RMB51,180 million) and senior notes and corporate bonds of approximately RMB24,174 million (as at 31 December 2024: approximately RMB22,625 million).

	31 December 2025 *(RMB million)*	31 December 2024 *(RMB million)*
Repayment period		
Repayable on demand and within one year	**56,065**	53,662
More than one year, but not exceeding two years	**715**	4,626
More than two years, but not exceeding five years	**7,122**	5,272
More than five years	**7,625**	10,245
	71,527	73,805

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 mainly included, among other, close monitoring of interest rate movements and replacing and entering into of new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2025, the Group had the contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and bank borrowings granted to certain third parties, joint ventures and associated companies of the Group amounting to approximately RMB62,459 million (as at 31 December 2024: approximately RMB66,445 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage bank loans and the bank loan interest accrued thereon. In the opinion of the Directors, the fair value of the financial guarantee contracts is insignificant at the initial recognition and provision has not been made as the default rate is low.

Commitments

As at 31 December 2025, the Group had construction cost commitments for properties for sale and investment properties contracted but not provided for of approximately RMB11,017 million (as at 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 RMB3,027 million (as at 31 December 2024: RMB3,833 million). The Group expects to fund these commitments principally from sale 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 dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure when needed.

Pledge of Assets

As at 31 December 2025, the Group has pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits of approximately RMB51,118 million (as at 31 December 2024: approximately RMB65,370 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Group had the following significant events:

(a) Statement of Disciplinary Action Issued by the Stock Exchange

On 13 January 2026, the Company received the statement of disciplinary action (the "**Statement of Disciplinary Action**") issued by the Stock Exchange in relation to the disciplinary action against, among others, three Directors and six former directors of the Company.

The Company confirmed that no former director(s) of the Company who is subject to the director unsuitability statement and/or the prejudice to investors' interests statement as referred to in the Statement of Disciplinary Action currently occupies any position as director or within senior management of the Company and its subsidiaries.

For details, please refer to the announcement of the Company dated on 13 January 2026.

(b) Appointment of Receivers Over the Properties Held by a Subsidiary

On 23 January 2026, the Company received notices in respect of an appointment of joint and several receivers and managers in respect of the assets subject to security created under a mortgage dated 4 July 2018 in favour of Hang Sang Bank Limited ("**Hang Sang Bank**") in connection with the mortgage loans (the "**Mortgage Loans**") granted by Hang Seng Bank to an indirect wholly-owned subsidiary of the Company (the "**Subsidiary**"). The Mortgage Loans are guaranteed by the Company, with collateral on properties which are held by the Subsidiary. The outstanding principal and accrued interest of the Mortgage Loans as at 27 February 2026 were approximately HK$539 million and HK$121 million, respectively.

For details, please refer to the announcement of the Company dated 27 February 2026.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2025, the Group had 571 employees (31 December 2024: 3,123 employees). 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.

DIVIDEND

The Board has resolved not to recommend any dividend for the year ended 31 December 2025 (2024: Nil).

ANNUAL GENERAL MEETING

The 2026 Annual General Meeting (the "**AGM**") will be held on Friday, 26 June 2026 and the notice of the AGM will be published and despatched to the shareholders in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the entitlement as shareholders of the Company ("**Shareholders**") to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 20 June 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend the AGM is Friday, 26 June 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the reporting period for the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025, the Company has complied with the principles and applicable code provisions of the CG Code, except for certain deviations as below:

In accordance with the Code Provision C.1.5 of the 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 the Code Provision C.1.7 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. As at 31 December 2025, there was no such insurance arrangement as the Board considers that the director liability insurance has not yet been identified on the market with reasonable insurance premium while providing adequate suitable security to directors.

In accordance with Code Provision F.1.3 of the 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 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 and senior management were present to respond on his behalf.

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**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and directors are reminded of their obligation under the Model Code on a regular basis.

Upon specific enquiry by the company secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2025.

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 Board, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited (the "**External Auditor**"), certified public accountant in Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the External Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the External Auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

BOARD OF DIRECTORS

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

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

Hong Kong, 20 March 2026