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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | <i>NOTES</i> | 2024 RMB'000 | 2023 RMB'000 |
|---|--------------|-------------------------------|-----------------|
| Revenue | (4) | | |
| Contracts with customers | | 9,491,763 | 27,333,914 |
| Leases | | 183,098 | 199,402 |
| | | <hr/> | <hr/> |
| Total revenue | | 9,674,861 | 27,533,316 |
| Costs of sales | | (25,863,564) | (28,987,028) |
| | | <hr/> | <hr/> |
| Gross loss | | (16,188,703) | (1,453,712) |
| Other income, gains and losses, net | (6) | 23,453,112 | (1,383,563) |
| Change in fair value of investment properties | | (511,464) | (265,319) |
| Selling and distribution expenses | | (538,817) | (1,029,736) |
| Administrative expenses | | (953,941) | (2,058,755) |
| Loss on disposal of subsidiaries | | (769,399) | (1,600,959) |
| Share of results of joint ventures | | 175,939 | 223,873 |
| Share of results of associates | | (82,783) | 41,160 |
| Finance costs | (7) | (4,065,325) | (287,558) |
| | | <hr/> | <hr/> |

| | | 2024 | 2023 |
|--|--------------|---------------------------|---------------------------|
| | <i>NOTES</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit/(loss) before tax | (8) | 518,619 | (7,814,569) |
| Income tax expenses | (9) | <u>(2,615,256)</u> | <u>(1,826,058)</u> |
| LOSS FOR THE YEAR | | <u>(2,096,637)</u> | <u>(9,640,627)</u> |
| Attributable to: | | | |
| Owners of the Company | | 35,033 | (9,533,566) |
| Non-controlling interests | | <u>(2,131,670)</u> | <u>(107,061)</u> |
| | | <u>(2,096,637)</u> | <u>(9,640,627)</u> |
| OTHER COMPREHENSIVE INCOME/(EXPENSES) | | | |
| <i>Item that will not be reclassified to profit or loss in subsequent periods:</i> | | | |
| Fair value gain on equity instruments designated at fair value through other comprehensive income (“FVTOCI”) | | 14,520 | 11,503 |
| <i>Item that may be reclassified to profit or loss in subsequent periods:</i> | | | |
| Exchange differences arising on translation of foreign operations | | <u>79,960</u> | <u>(1,953)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | <u>94,480</u> | <u>9,550</u> |
| TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR | | <u>(2,002,157)</u> | <u>(9,631,077)</u> |
| Attributable to: | | | |
| – Owners of the Company | | 129,513 | (9,524,016) |
| – Non-controlling interests | | <u>(2,131,670)</u> | <u>(107,061)</u> |
| | | <u>(2,002,157)</u> | <u>(9,631,077)</u> |
| Earnings/(loss) per share (<i>RMB cents</i>) | | | |
| Basic | (11) | <u>0.71</u> | <u>(321.47)</u> |
| Diluted | (11) | <u>0.71</u> | <u>(321.47)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

| | <i>NOTES</i> | 2024 RMB'000 | 2023 RMB'000 |
|--|--------------|-------------------------------|------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 2,815,515 | 3,240,856 |
| Right-of-use assets | | 662,706 | 752,936 |
| Investment properties | | 9,014,568 | 10,841,410 |
| Goodwill | | 509,978 | 623,679 |
| Intangible assets | | – | – |
| Interests in joint ventures | | 2,406,440 | 2,234,332 |
| Interests in associates | | 863,229 | 1,325,627 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 266,999 | 259,217 |
| Equity instruments designated at FVTOCI | | 367,868 | 353,348 |
| Deferred tax assets | | 136,683 | 1,929,067 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 17,043,986 | 21,560,472 |
| CURRENT ASSETS | | | |
| Properties for sale | | 95,692,723 | 125,463,115 |
| Inventories | | 164,174 | 181,083 |
| Trade and other receivables | <i>(12)</i> | 25,745,348 | 29,042,516 |
| Amounts due from non-controlling shareholders of subsidiaries | | 1,024,474 | 1,077,034 |
| Amounts due from joint ventures | | 11,339,942 | 10,837,609 |
| Amounts due from associates | | 599,657 | 701,923 |
| Financial assets at FVTPL | | 30,611 | 30,597 |
| Tax recoverable | | 4,723,497 | 5,027,753 |
| Restricted bank deposits | | 2,254,277 | 3,590,555 |
| Bank balances and cash | | 886,427 | 1,858,831 |
| | | <hr/> | <hr/> |
| Total current assets | | 142,461,130 | 177,811,016 |

| | <i>NOTES</i> | 2024 RMB'000 | 2023 RMB'000 |
|---|--------------|-------------------------------|-----------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | (13) | 58,659,823 | 57,059,766 |
| Contract liabilities | | 27,759,433 | 38,711,216 |
| Amounts due to non-controlling shareholders of subsidiaries | | 1,848,801 | 2,005,845 |
| Amounts due to joint ventures | | 7,393,811 | 7,670,480 |
| Amounts due to associates | | 1,168,730 | 1,180,869 |
| Tax liabilities | | 10,832,468 | 10,094,910 |
| Bank and other borrowings | | 48,932,257 | 67,394,753 |
| Lease liabilities | | 427,331 | 394,837 |
| Senior notes and bonds | | 4,729,437 | 28,390,473 |
| Convertible bonds | | 710,685 | – |
| Total current liabilities | | 162,462,776 | 212,903,149 |
| Net current liabilities | | (20,001,646) | (35,092,133) |
| Total assets less current liabilities | | (2,957,660) | (13,531,661) |
| Non-current liabilities | | | |
| Bank and other borrowings | | 2,247,965 | 4,365,038 |
| Deferred tax liabilities | | 1,051,472 | 1,192,665 |
| Lease liabilities | | 1,144,338 | 1,119,379 |
| Senior notes and bonds | | 17,895,155 | 7,300,932 |
| Deferred income | | 571,047 | 574,178 |
| Total non-current liabilities | | 22,909,977 | 14,552,192 |
| Net liabilities | | (25,867,637) | (28,083,853) |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | | 35,777 | 27,726 |
| Reserves | | (27,847,615) | (32,209,205) |
| Equity attributable to owners of the Company | | (27,811,838) | (32,181,479) |
| Non-controlling interests | | 1,944,201 | 4,097,626 |
| TOTAL EQUITY | | (25,867,637) | (28,083,853) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024, the Group recorded a net loss of approximately RMB2,097 million and a net operating cash outflow. As at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately RMB20,002 million. At the same date, the Group’s total bank and other borrowings and senior notes and bonds amounted to approximately RMB73,805 million, out of which approximately RMB53,662 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 RMB16,777 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB3,141 million.

On 20 March 2024, the Company consummated a holistic restructuring of the Group’s material offshore indebtedness (the “Restructuring”), implemented through parallel schemes of arrangement (the “Schemes”) in Hong Kong, Cayman and the British Virgin Islands. Pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings have been compromised in exchange for the affected creditors receiving various instruments and shares in the Company and the Group has achieved a significant deleveraging of its financial position. As such, the Directors consider that the Group’s overall liabilities and payment obligations are reduced and short-term liquidity pressure are partially alleviated.

Further details of the Restructuring, including the Schemes, were set out in the Company’s announcements dated 15 December 2023, 29 January 2024, 20 March 2024 and 25 March 2024.

However, the real estate sector in the People’s Republic of China (the “PRC”) continues to experience continuing challenges and volatility. The Group experienced a significant decline of its contracted sales of property in 2024, 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 negotiating with various onshore lenders on the renewal and extension of borrowings. As at the date of approval of these 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 RMB9,395 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 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 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.
- (d) 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 Director covering a period of not less than twelve months from 31 December 2024, 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 2024 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 2024.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Application of amendments to IFRSs

In current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2024:

| | |
|--------------------------------|--|
| Amendments to IFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> |
| Amendments to IAS 1 | <i>Non-current Liabilities with Covenants</i> |
| Amendments to IAS 7 and IFRS 7 | <i>Supplier Finance Arrangements</i> |

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to IAS 1 –Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The application of the amendments had no material impact on the classification of the Group’s liabilities.

4. REVENUE

| | For the year ended 31 December 2024 | | | |
|---------------------------------------|---|--|-------------------------|-------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Other <i>RMB'000</i> | Total <i>RMB'000</i> |
| 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 |
| | <u>8,167,792</u> | <u>–</u> | <u>–</u> | <u>8,167,792</u> |
| 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 | <u>8,167,792</u> | <u>183,098</u> | <u>1,323,971</u> | <u>9,674,861</u> |
| Timing of revenue recognition | | | | |
| At a point of time | 8,167,792 | – | 1,323,971 | 9,491,763 |
| Rental income | – | 183,098 | – | 183,098 |
| Total | <u><u>8,167,792</u></u> | <u><u>183,098</u></u> | <u><u>1,323,971</u></u> | <u><u>9,674,861</u></u> |

For the year ended 31 December 2023

| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Others <i>RMB'000</i> | Total <i>RMB'000</i> |
|---------------------------------------|---|--|--------------------------|-------------------------|
| Types of goods or services | | | | |
| Sales of properties | | | | |
| Residential apartments | 22,402,901 | – | – | 22,402,901 |
| Commercial apartments | 485,070 | – | – | 485,070 |
| Retail shops and others | 684,329 | – | – | 684,329 |
| Low-density residential | 1,391,272 | – | – | 1,391,272 |
| | <u>24,963,572</u> | <u>–</u> | <u>–</u> | <u>24,963,572</u> |
| Others | | | | |
| Property management services | – | – | 680,068 | 680,068 |
| Others | – | – | 1,690,274 | 1,690,274 |
| | <u>–</u> | <u>–</u> | <u>2,370,342</u> | <u>2,370,342</u> |
| Revenue from contracts with customers | 24,963,572 | – | 2,370,342 | 27,333,914 |
| Property investment | | | | |
| Commercial and retail shops | – | 199,402 | – | 199,402 |
| Total | <u>24,963,572</u> | <u>199,402</u> | <u>2,370,342</u> | <u>27,533,316</u> |
| Timing of revenue recognition | | | | |
| At a point of time | 24,963,572 | – | 1,652,588 | 26,616,160 |
| Recognised over time | – | – | 717,754 | 717,754 |
| | <u>24,963,572</u> | <u>–</u> | <u>2,370,342</u> | <u>27,333,914</u> |
| Rental income | – | 199,402 | – | 199,402 |
| Total | <u>24,963,572</u> | <u>199,402</u> | <u>2,370,342</u> | <u>27,533,316</u> |

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, sales of goods and provision of services |

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 2024 | | | |
|-------------------------------------|--|---|----------------------------------|---------------------------------|
| | Property development <i>RMB'000</i> | Property investment <i>RMB'000</i> | Other <i>RMB'000</i> | Total <i>RMB'000</i> |
| External segment revenue | <u>8,167,792</u> | <u>183,098</u> | <u>1,323,971</u> | <u>9,674,861</u> |
| Segment result | <u>(19,446,643)</u> | <u>(648,546)</u> | <u>(512,323)</u> | <u>(20,607,512)</u> |
| 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 | | | | <u>(4,065,325)</u> |
| Profit before tax | | | | <u>518,619</u> |
| | For the year ended 31 December 2023 | | | |
| | 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>24,963,572</u> | <u>199,402</u> | <u>2,370,342</u> | <u>27,533,316</u> |
| Segment result | <u>(4,008,416)</u> | <u>(1,088,159)</u> | <u>(273,700)</u> | <u>(5,370,275)</u> |
| Other income, gains and losses, net | | | | 144,525 |
| Loss on disposal of subsidiaries | | | | (1,600,959) |
| Unallocated corporate expenses | | | | (965,335) |
| Share of results of joint ventures | | | | 223,873 |
| Share of results of associates | | | | 41,160 |
| Finance costs | | | | <u>(287,558)</u> |
| Loss before tax | | | | <u>(7,814,569)</u> |

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. Non-current assets are allocated to reportable and operating segments other than equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

| | Revenue from external customers for the year ended 31 December | | Non-current assets as at 31 December | |
|----------------|--|--------------------------|--------------------------------------|--------------------------|
| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
| Mainland China | 9,663,632 | 27,530,284 | 16,038,450 | 18,766,351 |
| Hong Kong | – | – | 233,794 | 233,877 |
| Canada | 11,229 | 3,032 | 192 | 18,612 |
| | <u>9,674,861</u> | <u>27,533,316</u> | <u>16,272,436</u> | <u>19,018,840</u> |

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 2024 and 2023.

6. OTHER INCOME, GAINS AND LOSSES, NET

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Exchange loss, net | 54,682 | 569,937 |
| Gain on change in fair value of financial assets at FVTPL | (7,796) | – |
| Investment return from financial assets at FVTPL | (6,433) | (5,119) |
| Bank interest income | (14,065) | (34,920) |
| Other interest income | (36,906) | (70,104) |
| Gain on disposal of property, plant and equipment | (2,596) | (3,425) |
| Loss on disposal of investment properties | 176,938 | 893,698 |
| Gain on disposal of joint ventures | – | (192,340) |
| Loss on disposal of assets | 85,448 | – |
| Fair value change of convertible bonds | 41,279 | – |
| Loss/(gain) on disposal of associates | 162,113 | (16) |
| Impairment losses on trade and other receivables | 1,675,308 | 203,789 |
| Impairment losses on amounts due from joint ventures | – | 167,538 |
| (Reversal of impairment loss)/impairment loss on amounts due from non-controlling shareholders of subsidiaries (“NCI”) | (10,506) | 48,992 |
| Impairment losses on interests in associates | 101,371 | – |
| Impairment losses on property, plant and equipment | 85,045 | 151,555 |
| Impairment losses on goodwill | 113,701 | 55,151 |
| Gain on restructuring of the offshore indebtedness (note) | (26,154,924) | – |
| Loss on debt settlement in specie | 476,979 | – |
| Others | (192,750) | (401,173) |
| | <u>(23,453,112)</u> | <u>1,383,563</u> |

Notes:

Upon the Restructuring became effective 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.

7. FINANCE COSTS

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|-------------------------|------------------------|
| Interest on: | | |
| Bank and other borrowings | 5,356,911 | 6,866,296 |
| Senior notes and bonds | 1,667,045 | 2,380,136 |
| Amount due to a joint venture | 45,600 | 36,038 |
| Other payables | – | 16,299 |
| Lease liabilities | <u>121,185</u> | <u>131,214</u> |
| Total borrowing costs | 7,190,741 | 9,429,983 |
| Less: amounts capitalised to properties under development for sale | <u>(3,125,416)</u> | <u>(9,142,425)</u> |
| | <u>4,065,325</u> | <u>287,558</u> |

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 8.02% (2023: 8.81%) per annum to expenditure on the qualifying assets.

8. LOSS BEFORE TAX

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Loss before tax has been arrived at after charging/(crediting): | | |
| Directors' emoluments | 8,059 | 10,778 |
| Other staffs' salaries | 331,648 | 673,075 |
| Other staffs' retirement benefit scheme contributions | <u>5,025</u> | <u>12,074</u> |
| Total staff costs | 344,732 | 695,927 |
| Less: amounts capitalised to properties under development for sale | <u>(63,808)</u> | <u>(134,207)</u> |
| | <u>280,924</u> | <u>561,720</u> |
| Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale) | 8,016,102 | 25,415,610 |
| Impairment of properties for sale (included in cost of sales) | 16,818,773 | 1,787,929 |
| Depreciation of property, plant and equipment | 305,409 | 230,714 |
| Depreciation of right-of-use assets | 90,230 | 158,865 |
| Amortisation of intangible assets (included in administrative expenses) | – | 6,557 |
| Gross rental income in respect of investment properties | (183,098) | (199,402) |
| Less: direct operating expenses from investment properties that generated rental income during the year | <u>77,487</u> | <u>78,270</u> |
| | <u>(105,611)</u> | <u>(121,132)</u> |

9. INCOME TAX EXPENSES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Income tax expenses recognised comprise of: | | |
| Current tax: | | |
| PRC | | |
| Enterprise Income Tax (“EIT”) | 257,138 | 173,917 |
| Land Appreciation Tax (“LAT”) | 975,226 | 469,647 |
| Other jurisdiction | 58 | 1,639 |
| | <u>1,232,422</u> | <u>645,203</u> |
| Deferred tax | | |
| PRC | 1,345,501 | 1,182,517 |
| Other jurisdictions | 37,333 | (1,662) |
| | <u>1,382,834</u> | <u>1,180,855</u> |
| Income tax expenses for the year | <u><u>2,615,256</u></u> | <u><u>1,826,058</u></u> |

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% (2023: 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 the years ended 31 December 2024 and 2023 as there were no assessable profit arises in Canada.

10. DIVIDENDS

At the meeting of the board of directors held on 25 March 2025, the Directors resolve not to declare any dividend for the year ended 31 December 2024 (2023: Nil).

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

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

| | 2024 | 2023 |
|---|-------------------------|--------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit/(loss): | | |
| Profit/(loss) for the purpose of basic earnings/(loss) per share | <u>35,033</u> | <u>(9,533,566)</u> |
| | 2024 | 2023 |
| | '000 | '000 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share | <u>4,912,585</u> | <u>2,965,571</u> |

For the purpose of computation of basic earnings per share for the year ended 31 December 2024, the weighted average number of ordinary shares in issue has taken into account the mandatorily convertible bonds issued in 2024 as part of the Restructuring.

Diluted earnings/(loss) per share

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

For the purpose of computation 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 (2023: listed subsidiary/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 2024 and 2023, the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

12. TRADE AND OTHER RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|--------------------------|--------------------------|
| Trade and bills receivables | 1,066,928 | 1,028,058 |
| Less: Allowance for expected credit losses | <u>(609,442)</u> | <u>(476,540)</u> |
| | <u>457,486</u> | <u>551,518</u> |
| Rental receivables | 161,493 | 113,100 |
| Other receivables | 23,877,707 | 24,166,228 |
| Security deposits | 657,141 | 864,768 |
| Less: Allowance for expected credit losses | <u>(6,600,793)</u> | <u>(6,123,922)</u> |
| | <u>17,934,055</u> | <u>18,907,074</u> |
| Contract assets | 44,061 | 45,860 |
| Contract costs | 416,517 | 574,686 |
| Advances to constructors and suppliers | 1,341,002 | 2,013,533 |
| Deposits paid for potential purchases of land use rights and property projects | 4,234,750 | 4,261,780 |
| Less: Allowance for expected credit losses | <u>(987,936)</u> | <u>—</u> |
| | <u>3,246,814</u> | <u>4,261,780</u> |
| Other tax prepayments | <u>2,143,920</u> | <u>2,574,965</u> |
| | <u>25,745,348</u> | <u>29,042,516</u> |

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:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|-----------------|-------------------------|-------------------------|
| 0 to 60 days | 64,136 | 115,531 |
| 61 to 180 days | 7,479 | 16,553 |
| 181 to 365 days | 35,866 | 215,332 |
| 1 to 2 years | 316,365 | 117,631 |
| 2 to 3 years | 91,159 | 469,573 |
| Over 3 years | <u>551,923</u> | <u>93,438</u> |
| | <u>1,066,928</u> | <u>1,028,058</u> |

13. TRADE AND OTHER PAYABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Trade payables | 18,803,519 | 19,120,697 |
| Other payables | 33,839,716 | 31,027,531 |
| Consideration payables for acquisition of subsidiaries | 1,420,493 | 1,420,493 |
| Other taxes payables | 4,596,095 | 5,491,045 |
| | <u>58,659,823</u> | <u>57,059,766</u> |

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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|-----------------|------------------------|------------------------|
| 0 to 60 days | 450,108 | 3,551,447 |
| 61 to 180 days | 579,925 | 3,741,998 |
| 181 to 365 days | 301,798 | 1,832,191 |
| 1 to 2 years | 7,765,204 | 9,014,742 |
| 2 to 3 years | 8,810,898 | 609,047 |
| Over 3 years | 895,586 | 371,272 |
| | <u>18,803,519</u> | <u>19,120,697</u> |

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 2024:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. 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 2024, the Group recorded a net loss of approximately RMB2,097 million and a net operating cash outflow. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB20,002 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB73,805 million, out of which RMB53,662 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 RMB16,777 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB3,141 million. In addition, as at 31 December 2024 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 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2024, the real estate industry accelerated its transformation in the deepening of supply-side structural reform, and the market supply and demand relationship underwent a historic restructuring. According to the National Bureau of Statistics of China, China's real estate investment was down by 10.6% year-on-year to RMB10.028 trillion, while the sales of commodity housing were down by 17.1% year-on-year to RMB9.675 trillion. In the second half of the year ended 31 December 2024, the PRC Government launched a series of enhanced policies on both the supply and the demand sides to stabilise the market and expectations.

In 2024, the Group overcame difficulties and achieved property contracted sales of approximately RMB10.55 billion with contracted gross floor area ("GFA") sold of approximately 1.252 million sq.m.. Details of property contracted sales by region are as follow:

| Region | Property contracted sales amount (RMB billion) | Contracted GFA sold ('000 sq.m.) |
|--|---|---|
| South China | 3.20 | 377 |
| Core Region of Central & Western China | 2.88 | 383 |
| East China | 1.41 | 196 |
| Bohai Rim | 3.06 | 296 |
| Total | <u>10.55</u> | <u>1,252</u> |

At the same time, the Group proactively operated in a steady manner by making every effort to consolidate and revitalize its resources and to ensure 100% mark resumption and delivery.

The Group continues to focus on the core cities in the Greater Bay Area. As at 31 December 2024, the landbank in the Greater Bay Area had a total GFA of approximately 5.64 million sq.m., with the attributable GFA of approximately 4.24 million sq.m..

In addition, with the strong support of its onshore and offshore creditors, the Company completed the extension of standardized domestic public debt instruments and the holistic restructuring of offshore debts.

II. FUTURE OUTLOOK

In 2025, China's real estate market will enter a new stage of sales stabilisation and in-depth structural transformation of the industry. The industry will accelerate its strategic transformation from scale expansion to quality and value upgrading under the concerted efforts of multi-dimensional policies such as the full implementation of the "Good House" standard system, supply-side precision reform and efficient inventory revitalisation. By strengthening fundamental protection functions, upgrading urban renewal efficiency, optimising community services, and implementing other systematic projects, China aims to improve people's livelihoods and quality of life, achieving gradual progress and effectively enhancing people's sense of well-being and happiness through housing excellence.

The Company will remain focused on the two key strategies of "ensuring delivery of housing projects and payment settlement". It strives to lay a solid development foundation through systematic measures, including enhancing its organisational structure and optimising resource allocation. Simultaneously, the Company will, as appropriate, systematically promote the restructuring of onshore debts, establish a long-term mechanism to alleviate debt pressure, and strengthen the full-cycle cash flow risk control system to ensure operating security. Focusing on urban renewal and dilapidated housing reconstruction in the Pearl River Delta, the Company is deeply involved in the development of smart home devices, responding accurately to the demand for residential upgrading in the new era. Adhering to the business philosophy of being low-profile, pragmatic and rational, we will accelerate the recovery of business fundamentals, protect shareholders' rights, uplift market expectations and generate social benefits in a coordinated way.

III. FINANCIAL REVIEW

The revenue is primarily generated from property development. In 2024, the Group's total revenue was approximately RMB9,675 million, representing a decrease of approximately RMB17,858 million or 64.9% over approximately RMB27,533 million in 2023. Property development revenue, other revenue such as hotel operation and sales of goods and property investment revenue accounted for 84.4%, 13.7% and 1.9% respectively.

In 2024, the Group's revenue generated from property development amounted to approximately RMB8,168 million, representing a decrease of approximately RMB16,796 million or 67.3% over approximately RMB24,964 million in 2023. The total GFA of delivered properties decreased by 72.3% to 0.82 million sq.m. from 2.96 million sq.m. in 2023, while the average selling price increased by 18.1% to approximately RMB9,961 per sq.m. from approximately RMB8,434 per sq.m. in 2023. This was mainly attributable to the further increase in the portion of properties delivered in Eastern China with the higher average selling price during the period.

Gross Profit and Margin

For 2024, the Group's gross loss amounted to approximately RMB16,189 million, representing an increase of 1,013.4% as compared to the gross loss of approximately RMB1,454 million for 2023, and the gross loss margin was 167.3%. Excluding the impairment loss on properties for sale, including loss on certain urban redevelopment projects, included in cost of sales, the Group's gross profit for 2024 amounted to approximately RMB630 million, representing an increase of 88.6% over that of RMB334 million for 2023, with a gross profit margin for 2024 of 6.5% (2023: 1.2%).

Other Income, Gains and Losses

In 2024, the Group's other income, gains and losses mainly included restructuring gain from the completion of the Group's offshore debt restructuring of approximately RMB26,155 million, expected credit loss of approximately RMB1,675 million, loss on debt settlement in specie of approximately RMB477 million, loss on disposal of investment properties of approximately RMB177 million and other losses of approximately RMB373 million.

Selling and Distribution and Administrative Expenses

In 2024, total selling and distribution expenses of the Group were approximately RMB539 million, representing a decrease of 47.7% from approximately RMB1,030 million in 2023, 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 53.7% from approximately RMB2,059 million in 2023 to approximately RMB954 million, which was mainly attributable to the Group's continuing effort in the streamlining of organizational structure and effective control over cost and expenses.

Profit Attributable to Owners of the Company

In 2024, profit attributable to owners of the Company was approximately RMB35 million, while loss of approximately RMB9,534 million in 2023. Excluding the restructuring gain of RMB26,155 million, the profit attributable to owners of the Company turned to a loss of approximately RMB26,120 million, representing an increase in loss of 174.0% over the loss of approximately RMB9,534 million for 2023.

Financial Position

As at 31 December 2024, the Group's total assets amounted to approximately RMB159,505 million (as at 31 December 2023: approximately RMB199,371 million) and total liabilities were approximately RMB185,373 million (as at 31 December 2023: approximately RMB227,455 million).

Current ratio (calculated based on the total current assets divided by the total current liabilities) was 0.9 as at 31 December 2024 (as at 31 December 2023: 0.8).

Cash Position

As at 31 December 2024, the Group had cash and bank deposits of approximately RMB886 million (as at 31 December 2023: approximately RMB1,859 million). As at 31 December 2024, the Group had restricted bank deposits of approximately RMB2,254 million (as at 31 December 2023: approximately RMB3,591 million).

As at 31 December 2024, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB3,141 million, of which 86.9% was denominated in Renminbi and 13.1% was denominated in other currencies (mainly in HK dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2024, the Group had bank and other borrowings of approximately RMB51,180 million (as at 31 December 2023: approximately RMB71,760 million) and senior notes and corporate bonds of approximately RMB22,625 million (as at 31 December 2023: approximately RMB35,691 million).

| | 31 December 2024 | 31 December 2023 |
|---|-----------------------------|----------------------|
| | <i>(RMB million)</i> | <i>(RMB million)</i> |
| Repayment period | | |
| Repayable on demand and within one year | 53,662 | 95,785 |
| More than one year, but not exceeding two years | 4,626 | 5,139 |
| More than two years, but not exceeding five years | 5,272 | 6,296 |
| More than five years | 10,245 | 231 |
| | <u>73,805</u> | <u>107,451</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 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 2024, the Group had the contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and bank borrowings granted to a third party, joint ventures and associated companies of the Group amounting to approximately RMB66,445 million (as at 31 December 2023: approximately RMB74,592 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 not significant at the initial recognition and provision has not been made as the default rate is low.

Commitments

As at 31 December 2024, the Group had construction cost commitments for properties for sale and investment properties contracted but not provided for of approximately RMB12,944 million (as at 31 December 2023: approximately RMB14,232 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 RMB3,833 million (2023: RMB3,620 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 2024, the Group pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits of approximately RMB65,370 million (as at 31 December 2023: approximately RMB72,540 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 3,123 employees (31 December 2023: 3,998 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.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The 2025 Annual General Meeting (the “AGM”) will be held on Thursday, 26 June 2025 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 to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025, 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 Friday, 20 June 2025.

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

During the reporting period for the year ended 31 December 2024, 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. For the year ended 31 December 2024, the Company has complied with all of the code provisions of the CG Code.

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 2024.

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 2024.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 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 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 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company 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. Chen Zhi Bin and Mr. Cheng Siu Fai; the non-executive directors of the Company are Mr. Guo Zi Wen, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli and Ms. Shi Li Li; 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
Chen Zhi Bin
Executive Director

Hong Kong, 25 March 2025