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

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the "Board") of China Aoyuan Group Limited ("China Aoyuan", "Aoyuan" or the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 (the "Reporting Period") together with comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended	
	Notes	**30.6.2024** *RMB'000* **(unaudited)**	30.6.2023 *RMB'000* (unaudited)
Revenue			
Contracts with customers	*3*	**4,643,295**	10,849,420
Leases		**90,946**	91,454
Total revenue		**4,734,241**	10,940,874
Cost of sales		**(4,937,632)**	(10,199,293)
Gross (loss)/profit		**(203,391)**	741,581
Other income, gains and losses, net	*5*	**26,333,764**	(1,337,594)
Selling and distribution expenses		**(249,626)**	(494,529)
Administrative expenses		**(510,035)**	(882,557)
Loss on disposal of subsidiaries		**(245,963)**	(509,598)
Share of results of joint ventures		**163,282**	218,745
Share of results of associates		**(25,172)**	(12,938)
Finance costs		**(2,630,397)**	(120,300)
Profit/(loss) before tax		**22,632,462**	(2,397,190)
Income tax expenses	*6*	**(531,972)**	(499,110)
Profit/(loss) for the period	*7*	**22,100,490**	(2,896,300)

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

	Notes	Six months ended 30.6.2024 RMB'000 (unaudited)	30.6.2023 RMB'000 (unaudited)
Other comprehensive income/(expenses)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**28,665**	(25,301)
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**(3,300)**	7,999
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD		**25,365**	(17,302)
Total comprehensive income/(expenses) for the period		**22,125,855**	(2,913,602)
Profit/(loss) for the period attributable to:			
Owners of the Company		**22,311,990**	(2,944,918)
Non-controlling interests		**(211,500)**	48,618
		22,100,490	(2,896,300)
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		**22,337,355**	(2,962,220)
Non-controlling interests		**(211,500)**	48,618
		22,125,855	(2,913,602)
Earnings/(loss) per share *(RMB cents)*			
Basic	*9*	**660.16**	(99.30)
Diluted	*9*	**516.03**	(99.30)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Note	**30.6.2024**	31.12.2023
		RMB'000	*RMB'000*
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,064,646**	3,240,856
Right-of-use assets		**723,419**	752,936
Investment properties		**10,658,932**	10,841,410
Goodwill		**623,679**	623,679
Intangible assets		**–**	–
Interests in joint ventures		**2,393,783**	2,234,332
Interests in associates		**1,186,445**	1,325,627
Equity instruments at fair value through profit or loss ("FVTPL")		**262,021**	259,217
Equity instruments designated at FVTOCI		**350,048**	353,348
Deferred tax assets		**1,375,632**	1,929,067
Total non-current assets		**20,638,605**	21,560,472
CURRENT ASSETS			
Properties for sale		**118,215,146**	125,463,115
Inventories		**144,788**	181,083
Trade and other receivables	*10*	**28,215,193**	29,042,516
Amounts due from non-controlling shareholders of subsidiaries		**1,039,855**	1,077,034
Amounts due from joint ventures		**11,114,600**	10,837,609
Amounts due from associates		**690,803**	701,923
Financial assets at FVTPL		**30,611**	30,597
Tax recoverable		**4,627,001**	5,027,753
Restricted bank deposits		**2,318,049**	3,590,555
Bank balances and cash		**1,599,642**	1,858,831
Total current assets		**167,995,688**	177,811,016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	**30.6.2024** *RMB'000* **(unaudited)**	31.12.2023 *RMB'000* (audited)
CURRENT LIABILITIES			
Trade and other payables	*11*	**55,823,256**	57,059,766
Contract liabilities		**34,463,179**	38,711,216
Amounts due to non-controlling shareholders of subsidiaries		**1,919,347**	2,005,845
Amounts due to joint ventures		**7,477,862**	7,670,480
Amounts due to associates		**1,180,685**	1,180,869
Tax liabilities		**10,038,139**	10,094,910
Bank and other borrowings		**50,581,901**	67,394,753
Lease liabilities		**358,858**	394,837
Senior notes and bonds		**2,827,306**	28,390,473
Total current liabilities		**164,670,533**	212,903,149
NET CURRENT ASSETS/(LIABILITIES)		**3,325,155**	(35,092,133)
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,963,760**	(13,531,661)
NON-CURRENT LIABILITIES			
Bank and other borrowings		**3,453,760**	4,365,038
Deferred tax liabilities		**1,179,993**	1,192,665
Lease liabilities		**1,188,526**	1,119,379
Senior notes and bonds		**18,659,299**	7,300,932
Convertible bonds		**682,833**	–
Deferred income		**571,684**	574,178
Total non-current liabilities		**25,736,095**	14,552,192
NET LIABILITIES		**(1,772,335)**	(28,083,853)
EQUITY CAPITAL AND RESERVES			
Share capital		**35,008**	27,726
Reserves	*12*	**(5,643,335)**	(32,209,205)
Equity attributable to owners of the Company		**(5,608,327)**	(32,181,479)
Non-controlling interests		**3,835,992**	4,097,626
TOTAL EQUITY		**(1,772,335)**	(28,083,853)

1. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of China Aoyuan Group Limited and its subsidiaries (collectively "the Group") for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Going concern basis

For the six months ended 30 June 2024, the Group recorded a net loss of approximately RMB4,538 million (after excluding one-off gain on the holistic restructuring) and a net operating cash outflow. At the same date, the Group's total bank and other borrowings, senior notes and bonds and convertible bonds amounted to RMB76,205 million, out of which RMB53,409 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has commitments including its share of commitments made jointly with investors relating to its joint ventures in aggregate of approximately RMB17,818 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB3,918 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, 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 of the Company (the "Directors") consider that the Group's overall liabilities and payment obligations are reduced and short-term liquidity pressure are partially alleviated.

However, the real estate sector in the PRC continues to experience continuing challenges and volatility, the Group experienced a significant decline of its contracted sales of property in 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 Directors implemented or are in the process of implementing the following measures:

(a) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. As at the date of approval of these condensed consolidated financial statements, the Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements, involving onshore borrowings of approximately RMB13,556 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 make every effort to improve the Group's liquidity position. Measures undertaken include:

   (I) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables;

(II) The Group has prioritised delivery of property development projects. As at the date of approval of these condensed consolidated financial statements, majority of the Group's property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects;

(III) The Group will continue to adopt stringent cost control and to actively assess additional measures to further reduce discretionary spending;

(IV) The Group will continue to obtain support from its contractors and suppliers in completing its property development projects; and

(V) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Directors believed that the Group will reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

After taken into account the above plans and measures, and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 30 June 2024, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the condensed consolidated financial statements of the Group for the six months ended 30 June 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 condensed consolidated financial statements of the Group for the period ended 30 June 2024.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs, for the first time, which are mandatory effective for annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2024			
	Property development *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	**3,299,433**	**–**	**–**	**3,299,433**
Commercial apartments	**304,775**	**–**	**–**	**304,775**
Retail shops and others	**167,117**	**–**	**–**	**167,117**
Low-density residential	**222,862**	**–**	**–**	**222,862**
	3,994,187	**–**	**–**	**3,994,187**
Others				
Others	**–**	**–**	**649,108**	**649,108**
	–	**–**	**649,108**	**649,108**
Revenue from contracts with customers	**3,994,187**	**–**	**649,108**	**4,643,295**
Property investment				
Commercial and retail shops	**–**	**90,946**	**–**	**90,946**
Total	**3,994,187**	**90,946**	**649,108**	**4,734,241**
Timing of revenue recognition				
At a point of time	**3,994,187**	**–**	**649,108**	**4,643,295**
Rental income	**–**	**90,946**	**–**	**90,946**
Total	**3,994,187**	**90,946**	**649,108**	**4,734,241**

	For the six months ended 30 June 2023			
	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	8,806,853	–	–	8,806,853
Commercial apartments	21,270	–	–	21,270
Retail shops and others	170,457	–	–	170,457
Low-density residential	266,159	–	–	266,159
	9,264,739	–	–	9,264,739
Others				
Property management services	–	–	680,068	680,068
Others	–	–	904,613	904,613
	–	–	1,584,681	1,584,681
Revenue from contracts with customers	9,264,739	–	1,584,681	10,849,420
Property investment				
Commercial and retail shops	–	91,454	–	91,454
Total	9,264,739	91,454	1,584,681	10,940,874
Timing of revenue recognition				
At a point of time	9,264,739	–	866,927	10,131,666
Recognised over time	–	–	717,754	717,754
	9,264,739	–	1,584,681	10,849,420
Rental income	–	91,454	–	91,454
Total	9,264,739	91,454	1,584,681	10,940,874

4. SEGMENT INFORMATION

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

Six months ended 30 June 2024 (unaudited)

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

Six months ended 30 June 2023 (unaudited)

	Property development	Property investment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
External segment revenue	9,264,739	91,454	1,584,681	10,940,874
Segment result	(332,232)	36,455	(205,968)	(501,745)
Other income, gains and losses, net				(1,021,686)
Loss on disposal of subsidiaries				(509,598)
Unallocated corporate expenses				(449,668)
Share of results of joint ventures				218,745
Share of results of associates				(12,938)
Finance costs				(120,300)
Loss before tax				(2,397,190)

5. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**(8,418)**	(25,002)
Government subsidy	**(29)**	(12,223)
(Gain)/loss on:		
– disposal of property, plant and equipment	**(64)**	(2,829)
– disposal of investment properties	**(2,932)**	–
– disposal of joint ventures	**3,856**	(120,455)
– disposal of associates	**12,639**	938
– change in fair value of financial assets at FVTPL	**(2,818)**	–
Investment return from financial assets at FVTPL	**(4,744)**	(3,202)
Exchange loss, net	**24,953**	1,238,756
Impairment loss/(reversal of impairment loss) on:		
– trade and other receivables	**71,735**	39,983
– amounts due from joint ventures	**–**	7,696
– amounts due from associates	**13,187**	–
– amounts due from non-controlling shareholders of subsidiaries	**(10,123)**	13,303
– interests in associates	**101,371**	–
– assets classified as held for sale	**–**	224,665
Gain on restructuring of the offshore indebtedness *(note)*	**(26,638,316)**	–
Loss on debt settlement in specie	**138,509**	–
Others	**(32,570)**	(24,036)
	(26,333,764)	1,337,594

Note:

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 RMB45,083 million have been discharged in exchange for the issue of the new senior notes, convertible bonds and 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 RMB26,638 million had been recorded.

6. INCOME TAX EXPENSES

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income tax expense/(credit) recognised comprises of:		
Current tax:		
PRC		
Enterprise Income Tax ("EIT")	**114,426**	175,449
Land Appreciation Tax	**139,724**	373,655
Other jurisdictions	**(894)**	2,291
	253,256	551,395
Deferred tax:		
PRC	**277,700**	(49,861)
Other jurisdiction	**1,016**	(2,424)
	278,716	(52,285)
	531,972	499,110

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

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

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

Under Canadian tax law, the tax rate used for the period is 26.5% (six months ended 30 June 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 both periods as there were no assessable profit arises in Canada.

7. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30.6.2024 RMB'000 (unaudited)	Six months ended 30.6.2023 RMB'000 (unaudited)
Profit/(loss) for the period has been arrived at after charging/(crediting) the following items:		
Interest on:		
Bank and other borrowings	**2,606,658**	3,271,797
Senior notes and bonds	**643,748**	668,456
Convertible bonds	**10,350**	–
Amount due to a joint venture	**21,726**	9,000
Other payables	**–**	8,738
Lease liabilities	**61,401**	67,411
	3,343,883	4,025,402
Less: amounts capitalised to properties under development for sale	**(713,486)**	(3,905,102)
	2,630,397	120,300
Impairment of properties for sale (included in cost of sales)	**844,865**	–
Staff costs	**199,610**	392,519
Depreciation of property, plant and equipment	**164,447**	177,858
Depreciation of right-of-use assets	**32,914**	108,410
Amortisation of intangible assets (included in administrative expenses)	**–**	6,557

8. DIVIDENDS

The directors of the Company do not recommend or declare any payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. EARNINGS/(LOSS) PER SHARE

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

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings/(Loss):		
Earnings/(loss) for the purposes of basic loss per share, being profit/(loss) for the period attributable to owners of the Company	**22,311,990**	(2,944,918)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**10,350**	–
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**22,322,340**	(2,944,918)

	30.6.2024	30.6.2023
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,381,355**	2,965,571
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**944,447**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,325,802**	2,965,571

Period ended 30 June 2024

For the purpose of computation of diluted earnings per share of the Company for the six months period ended 30 June 2024, the Company had assumed all convertible bonds have been converted into ordinary shares of the Company since the date of issuance.

Period ended 30 June 2023

For the purpose of computation of diluted loss per share of the Company for the six months period ended 30 June 2023, the Company had taken into consideration the effects of the share options issued by the non-wholly-owned listed subsidiaries.

There are no potential dilutive events for the Company for the six months period ended 30 June 2023.

The diluted loss per share of the Company for the six months period ended 30 June 2023 was the same as the basic loss per share.

10. TRADE AND OTHER RECEIVABLES

	30.6.2024	31.12.2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**1,012,476**	1,028,058
Less: Allowance for expected credit losses	**(548,894)**	(476,540)
	463,582	551,518
Rental receivables	**93,750**	113,100
Other receivables	**23,887,859**	24,166,228
Security deposits	**819,932**	864,768
Less: Allowance for expected credit losses	**(6,123,227)**	(6,123,922)
	18,584,564	18,907,074
Contract assets	**43,360**	45,860
Contract costs	**490,219**	574,686
Advance to constructors and suppliers	**1,901,677**	2,013,533
Deposits paid for potential purchases of land use rights and property projects	**4,235,050**	4,261,780
Other tax prepayments	**2,402,991**	2,574,965
	28,215,193	29,042,516

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

	30.6.2024	31.12.2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0–60 days	**242,170**	115,531
61–180 days	**7,232**	16,553
181–365 days	**58,467**	215,332
1–2 years	**137,620**	117,631
2–3 years	**468,544**	469,573
Over 3 years	**98,443**	93,438
	1,012,476	1,028,058

11. TRADE AND OTHER PAYABLES

	30.6.2024	31.12.2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade and bills payables	**18,068,090**	19,120,697
Other payables	**31,669,369**	31,027,531
Consideration payables for acquisition of subsidiaries	**1,051,658**	1,420,493
Other taxes payables	**5,034,139**	5,491,045
	55,823,256	57,059,766

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

	30.6.2024	31.12.2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0–60 days	**1,000,019**	3,551,447
61–180 days	**1,826,309**	3,741,998
181–365 days	**4,678,437**	1,832,191
1–2 years	**9,598,059**	9,014,742
2–3 years	**596,383**	609,047
Over 3 years	**368,883**	371,272
	18,068,090	19,120,697

12. PERPETUAL CAPITAL SECURITIES

In March 2024, the Company issued perpetual capital securities with an aggregate principal amount of USD1,600 million to the scheme creditors. These perpetual capital securities shall bear no interest within the first 8 years from issuance and become interest-bearing since then. The Company may elect to defer interest payment, which is not subject to any limit as to the number of times of interest payment can be deferred. The perpetual capital securities are without fixed maturity and may only be redeemed at the option of the Company.

As these perpetual capital securities only imposes contractual obligations on the Company to repay principal or to pay any distribution under certain circumstances, which are at the Company's discretion, they have in substance offered the Company an unconditional right to avoid delivering cash or other financial assets. Therefore, these perpetual capital securities are classified as equity instruments.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group successfully completed the restructuring of overseas debts, consistently improving the market image. At the same time, the Group continued to optimize costs and adjust its organizational structure, striving for the Group to achieve normal operations.

In the first half of 2024, the Group realized contracted sales of property of approximately RMB5.19 billion with contracted GFA sold of approximately 611,000 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	1.69	191
Core Region of Central & Western China	1.23	178
East China	0.66	96
Bohai Rim	1.61	146
Total	5.19	611

The Group continues to focus on the core cities in the Greater Bay Area. As at 30 June 2024, the landbank in the Greater Bay Area had a total GFA of approximately 5.76 million sq.m., with the attributable GFA of approximately 4.33 million sq.m..

FUTURE OUTLOOK

With the continued support of favorable policies in the industry, the real estate market has stabilized. In the future, the Group will fully leverage the advantages of timing and opportunities after the successful restructuring, strengthen the integration and protection of internal and external resources, focus on efficient collaboration, and take multiple measures to increase revenue and reduce expenses, so as to accelerate the realization of sustainable and steady development of the Group, and to continue contributing value to the shareholders, investors and society.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In the first half of 2024, the Group's total revenue was approximately RMB4,734 million, representing a decrease of approximately RMB6,207 million or 56.7% over approximately RMB10,941 million in the same period of 2023. Property development revenue, other revenue such as hotel operation and property investment revenue accounted for 84.4%, 13.7% and 1.9% respectively.

In the first half of 2024, the Group's revenue generated from sales of properties amounted to approximately RMB3,994 million, representing a decrease of approximately RMB5,271 million or 56.9% over approximately RMB9,265 million in the same period of 2023. The GFA of delivered properties decreased by 64.3% to 0.41 million sq.m. from 1.15 million sq.m. in the same period of 2023.

Gross Profit and Margin

In the first half of 2024, the gross loss of the Group was approximately RMB203 million, representing a decrease of 127.4% from the gross profit of approximately RMB742 million in the same period of 2023. The Group's gross loss margin was 4.3%.

Other Income, Gains and Losses

In the first half of 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 RMB26,638 million and other net losses of approximately RMB304 million.

Selling and Administrative Expenses

In the first half of 2024, total selling and distribution expenses of the Group were approximately RMB250 million, representing a decrease of 49.5% from approximately RMB495 million in the same period of 2023. Total administrative expenses decrease by 42.2% from approximately RMB883 million in the same period of 2023 to approximately RMB510 million.

Profit Attributable to Owners of the Company

In the first half of 2024, profit attributable to owners of the Company was approximately RMB22,312 million, (loss attributable to owners of the Company of approximately RMB2,945 million in the same period of 2023), it was mainly attributable to the restructuring gain from the completion of the Company's offshore debt restructuring during the Reporting Period.

Financial Position

As at 30 June 2024, the Group's total assets amounted to approximately RMB188,634 million (31 December 2023: approximately RMB199,371 million) and total liabilities were approximately RMB190,407 million (31 December 2023: approximately RMB227,455 million).

Current ratio was 1.0 as at 30 June 2024 (31 December 2023: 0.8).

Cash Position

As at 30 June 2024, the Group had cash and bank deposits of approximately RMB1,600 million (31 December 2023: approximately RMB1,859 million). As at 30 June 2024, the Group had restricted bank deposits of approximately RMB2,318 million (31 December 2023: approximately RMB3,591 million) which served as security deposits and mortgage guarantees or subject to judicial freezing and restrictions imposed by creditors.

As at 30 June 2024, cash and bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB3,918 million, of which 87.2% was denominated in Renminbi and 12.8% was denominated in other currencies (mainly HK dollar, Australian dollar, Canadian dollar and US dollar).

Borrowings, Senior Notes and Bonds and Convertible Bonds

As at 30 June 2024, the Group had bank and other borrowings of approximately RMB54,036 million (31 December 2023: approximately RMB71,760 million), senior notes and corporate bonds of approximately RMB21,487 million (31 December 2023: approximately RMB35,691 million) and convertible bonds of approximately RMB683 million (31 December 2023: Nil) as follows:

Repayment Period	**30 June 2024** ***(RMB million)***	31 December 2023 *(RMB million)*
Repayment on demand or within one year	**53,409**	95,785
More than one year, but not exceeding two years	**7,686**	5,139
More than two years, but not exceeding five years	**4,501**	6,296
More than five years	**10,609**	231
	76,205	107,451

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

Contingent Liabilities

As at 30 June 2024, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to a third party, joint ventures and associates of the Group amounting to approximately RMB70,642 million (31 December 2023: approximately RMB74,592 million).

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

Commitments

As at 30 June 2024, the Group's construction cost, contracted but not provided for amounted to approximately RMB13,985 million (31 December 2023: approximately RMB14,232 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB3,833 million (31 December 2023: approximately RMB3,620 million).

The Group expects to fund these commitments principally from sales proceeds of properties.

Foreign Currency Risks

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

Pledge of Assets

As at 30 June 2024, the Group pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits amounting to approximately RMB71,351 million (31 December 2023: approximately RMB40,306 million) to various banks to secure project loans and general banking facilities granted to the Group.

EVENTS AFTER REPORTING PERIOD

On 13 May 2024, Aoyuan Property Holdings (Canada) Ltd., a wholly-owned subsidiary of the Group, entered into a share purchase agreement (the "Disposal") with a purchaser, an independent third party, pursuant to which the Group agreed to sell 100% of the economic interest in the M2M Project Phase 1 in Toronto, Ontario, Canada at a total consideration of CAD68,000,070 (equivalent to approximately HK$391,000,000). The Disposal, which constituted a major transaction of the Company, was approved at the extraordinary general meeting of the Company held on 10 July 2024. Particulars of the above were set out in the circular of the Company dated 17 June 2024 and the announcements of the Company dated 13 May 2024 and 10 July 2024.

PROGRESS OF THE OFFSHORE DEBT RESTRUCTURING

The Company consummated the restructuring of the Group's material offshore indebtedness (the "Restructuring") on 20 March 2024. Pursuant to the terms of the Restructuring, obligations of the Company and its subsidiaries, which are incorporated outside of the People's Republic of China, under certain senior notes and bonds and borrowings with an outstanding amount of approximately RMB45,083 million have been compromised in exchange for the affected creditors receiving the following scheme consideration:

(a) under the China Aoyuan Schemes: (i) new notes with a principal amount of USD500 million issued by the Company, (ii) mandatory convertible bonds with a principal amount of USD143 million issued by the Company, (iii) perpetual securities with a principal amount of USD1,600 million issued by the Company, (iv) 400 million shares in the Company which are originally beneficially owned by the controlling shareholder of the Company and (v) 1,000 million newly issued shares in the Company; and

(b) under the Add Hero Schemes: (i) new notes with a principal amount of USD1,800 million issued by Add Hero Limited and (ii) USD2.9 million in cash.

INTERIM DIVIDEND

The Board has resolved not to declare interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE CODE

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules. For the six months ended 30 June 2024, the Company has complied with 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") contained in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 June 2024.

EMPLOYMENT AND REMUNERATION POLICY

As of 30 June 2024, the Group had about 3,678 employees (31 December 2023: 3,998). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed accounting and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.aoyuan.com.cn). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 29 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Chen Zhi Bin, Mr. Tan Yi and Mr. Cheng Siu Fai; 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.