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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 2022**

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 2022, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*For the year ended 31 December 2022*

	<i>NOTES</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue	(4)		
Contracts with customers		<b>18,459,360</b>	49,767,069
Leases		<b>251,712</b>	254,547
		<hr/>	<hr/>
Total revenue		<b>18,711,072</b>	50,021,616
Cost of sales		<b>(17,870,190)</b>	(61,956,498)
		<hr/>	<hr/>
Gross profit/(loss)		<b>840,882</b>	(11,934,882)
Other income, gains and losses, net	(6)	<b>(3,731,073)</b>	(13,138,832)
Change in fair value of investment properties		<b>(171,810)</b>	95,844
Selling and distribution expenses		<b>(1,215,099)</b>	(2,536,220)
Administrative expenses		<b>(2,372,462)</b>	(3,920,746)
Loss on disposal of subsidiaries		<b>(943,837)</b>	(2,506,669)
Share of results of joint ventures		<b>(111,680)</b>	(443,107)
Share of results of associates		<b>60,935</b>	(75,550)
Finance costs	(7)	<b>(427,772)</b>	(1,777,276)
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	NOTES	2022 RMB'000	2021 RMB'000
Loss before tax	(8)	(8,071,916)	(36,237,438)
Income tax (expense)/credit	(9)	<u>(424,110)</u>	<u>749,892</u>
<b>LOSS FOR THE YEAR</b>		<b><u>(8,496,026)</u></b>	<b><u>(35,487,546)</u></b>
Attributable to:			
Owners of the Company		(7,842,958)	(33,074,609)
Non-controlling interests		<u>(653,068)</u>	<u>(2,412,937)</u>
		<b><u>(8,496,026)</u></b>	<b><u>(35,487,546)</u></b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>			
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gain/(loss) on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		4,476	(72,081)
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		<u>(4,965)</u>	<u>(16,559)</u>
<b>OTHER COMPREHENSIVE EXPENSES FOR THE YEAR</b>		<b><u>(489)</u></b>	<b><u>(88,640)</u></b>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR</b>		<b><u>(8,496,515)</u></b>	<b><u>(35,576,186)</u></b>
Attributable to:			
– Owners of the Company		(7,843,447)	(33,163,249)
– Non-controlling interests		<u>(653,068)</u>	<u>(2,412,937)</u>
		<b><u>(8,496,515)</u></b>	<b><u>(35,576,186)</u></b>
Loss per share ( <i>RMB cents</i> )			
Basic	(11)	<u>(264.47)</u>	<u>(1,214.45)</u>
Diluted	(11)	<u>(264.47)</u>	<u>(1,214.45)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTE	2022 RMB'000	2021 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,694,201	4,121,069
Right-of-use assets		900,102	1,122,439
Investment properties		12,623,124	14,147,700
Goodwill		829,948	875,737
Intangible assets		78,858	91,932
Interests in joint ventures		1,623,823	2,696,282
Interests in associates		1,080,977	1,667,386
Financial assets at fair value through profit or loss ("FVTPL")		259,217	214,727
Equity instruments designated at FVTOCI		490,369	479,317
Deferred tax assets		3,478,210	4,011,528
Deposits paid for acquisition of property, plant and equipment		2,524	31,289
		<u>25,061,353</u>	<u>29,459,406</u>
Total non-current assets			
<b>CURRENT ASSETS</b>			
Properties for sale		142,718,029	152,482,119
Inventories		200,091	208,066
Trade and other receivables	(12)	33,237,234	34,664,054
Amounts due from non-controlling shareholders of subsidiaries		2,474,933	4,783,687
Amounts due from joint ventures		9,826,733	13,555,280
Amounts due from associates		547,480	447,528
Financial assets at FVTPL		68,397	52,342
Tax recoverable		5,098,240	5,104,409
Restricted bank deposits		4,231,253	9,152,960
Bank balances and cash		5,110,292	9,262,210
		<u>203,512,682</u>	<u>229,712,655</u>
Assets classified as held for sale		5,851,850	2,250,746
		<u>209,364,532</u>	<u>231,963,401</u>
Total current assets			

	<i>NOTE</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(13)	51,734,603	50,431,777
Contract liabilities		62,997,380	70,954,970
Amounts due to non-controlling shareholders of subsidiaries		2,968,840	3,863,048
Amounts due to joint ventures		8,501,038	12,300,210
Amounts due to associates		1,209,978	1,185,393
Tax liabilities		9,677,345	10,280,800
Bank and other borrowings		66,690,263	83,295,322
Lease liabilities		353,571	196,733
Senior notes and bonds		32,755,541	29,481,330
		<u>236,888,559</u>	<u>261,989,583</u>
Liabilities directly associated with assets classified as held for sale		<u>2,345,111</u>	<u>1,725,227</u>
Total current liabilities		<u>239,233,670</u>	<u>263,714,810</u>
<b>Net current liabilities</b>		<u>(29,869,138)</u>	<u>(31,751,409)</u>
<b>Total assets less current liabilities</b>		<u>(4,807,785)</u>	<u>(2,292,003)</u>
<b>Non-current liabilities</b>			
Bank and other borrowings		9,604,087	1,632,119
Deferred tax liabilities		1,484,375	1,570,996
Lease liabilities		1,161,505	1,447,449
Senior notes and bonds		–	–
Deferred income		579,144	587,222
Total non-current liabilities		<u>12,829,111</u>	<u>5,237,786</u>
Net liabilities		<u>(17,636,896)</u>	<u>(7,529,789)</u>
<b>EQUITY</b>			
Capital and reserves			
Share capital		27,726	27,726
Reserves		(22,745,141)	(15,532,523)
Equity attributable to owners of the Company		<u>(22,717,415)</u>	<u>(15,504,797)</u>
Non-controlling interests		<u>5,080,519</u>	<u>7,975,008</u>
<b>TOTAL EQUITY</b>		<u>(17,636,896)</u>	<u>(7,529,789)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 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.

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 of the Company (the “Directors”) have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and its subsidiaries (collectively referred to as the “Group”) has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### Going concern basis

During the year ended 31 December 2022, the Group recorded a net loss of approximately RMB8,496 million and a net operating cash outflow. As at 31 December 2022, the Group’s current liabilities (after reclassifying certain bank and other borrowings and senior notes and bonds with scheduled repayment dates beyond one year after 31 December 2022 as current liabilities due to defaults and cross defaults in repayment) exceeded its current assets by approximately RMB29,869 million. At the same date, the Group’s total bank and other borrowings and senior notes and bonds amounted to RMB109,050 million, out of which RMB99,446 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 RMB22,884 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB9,341 million.

As at 31 December 2022, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB23,812 million and senior notes and bonds of approximately RMB32,756 million. Such events triggered default and cross-default clauses in several other bank borrowings and senior notes and bonds of the Group. As a result of such, the relevant banks and financial institutions have the rights to request the Group to immediately repay bank and other borrowings of approximately RMB29,261 million. Subsequent to 31 December 2022 and up to the date of these consolidated financial statements, apart from the aforesaid bank and other borrowings and senior notes and bonds, the Group had not repaid bank and other borrowing of approximately RMB3,223 million that are due for repayment. Furthermore, as at 31 December 2022 and up to the date of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group implemented or is in the process of implementing the following measures:

- (a) The Group, together with its financial and legal advisors, have maintained active communication with the offshore creditors to formulate and agree a practical and feasible offshore holistic debt restructuring plan (the “Holistic Restructuring”) aimed at addressing the current liquidity issue, enhancing credit profile of the Group and protecting the interests of all stakeholders.

The Group and an ad-hoc group comprising holders of certain offshore senior bond and notes issued by the Company (the “AHG”), together with respective advisors, have been engaged in constructive discussion towards a consensual Holistic Restructuring that would provide the Group with a sustainable capital structure to deliver long term value for all of its stakeholders. As at the date of approval of these consolidated financial statements, the Group has agreed the key commercial terms of the Holistic Restructuring with the AHG. Directors are confident that the Holistic Restructuring will ultimately reach a conclusion based on recently successful outcomes that have been completed.

- (b) The Group has been actively negotiating with onshore open market bond investors on the extension of debts. As at the date of approval of these consolidated financial statements, a modified repayment arrangement was made in respect of the principal and related interests amounting to approximately RMB6,834 million in aggregate, where the repayment period has been extended to 2026 with the interest rates remaining unchanged.

The Group has been also actively negotiating with other onshore lenders on the extension of borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contract all arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements involving borrowings of approximately RMB19,751 million in principal amount.

The Directors believe that the Group will be able to extend the repayment period for its other onshore open market bonds and onshore financing arrangements.

- (c) The Group has been actively exploring and will continue to explore potential opportunities of asset disposal to create liquidity for, and alleviate or resolve debt issues.
- (d) To ensure the stability and sustainable operation of the Group’s business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and make every effort to improve the Group’s liquidity position.

- (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 has adjusted organisational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses. The Group will continue to actively assess additional measures to further reduce discretionary spending.

- (IV) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

Taking 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 31 December 2022 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 consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, 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 the consolidated financial statements of the Group for the year ended 31 December 2022.

### **3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")**

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In current year, the Group has applied the following amendments to IFRSs, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements.

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to IFRSs	<i>Annual Improvements to IFRSs 2018 – 2020 cycle</i>

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

#### **Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use**

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. The amendments did not have any significant impact on the financial position or performance of the Group.

#### 4. REVENUE

##### Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2022			
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Other <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>				
Sales of properties				
Residential apartments	12,024,761	–	–	12,024,761
Commercial apartments	93,225	–	–	93,225
Retail shops and others	1,114,660	–	–	1,114,660
Low-density residential	2,119,868	–	–	2,119,868
	<u>15,352,514</u>	<u>–</u>	<u>–</u>	<u>15,352,514</u>
Others				
Property management services	–	–	1,308,946	1,308,946
Others	–	–	1,797,900	1,797,900
	<u>–</u>	<u>–</u>	<u>3,106,846</u>	<u>3,106,846</u>
Revenue from contracts with customers	15,352,514	–	3,106,846	18,459,360
Property investment				
Commercial and retail shops	–	251,712	–	251,712
	<u>–</u>	<u>251,712</u>	<u>–</u>	<u>251,712</u>
Total	<u>15,352,514</u>	<u>251,712</u>	<u>3,106,846</u>	<u>18,711,072</u>
<b>Timing of revenue recognition</b>				
At a point of time				
	15,352,514	–	1,795,451	17,147,965
Recognised over time				
	–	–	1,311,395	1,311,395
	<u>15,352,514</u>	<u>–</u>	<u>3,106,846</u>	<u>18,459,360</u>
Rental income				
	–	251,712	–	251,712
	<u>–</u>	<u>251,712</u>	<u>–</u>	<u>251,712</u>
Total	<u>15,352,514</u>	<u>251,712</u>	<u>3,106,846</u>	<u>18,711,072</u>



For the year ended 31 December 2021

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>				
Sales of properties				
Residential apartments	34,832,198	–	–	34,832,198
Commercial apartments	5,146,343	–	–	5,146,343
Retail shops and others	3,840,666	–	–	3,840,666
Low-density residential	1,741,888	–	–	1,741,888
	<u>45,561,095</u>	<u>–</u>	<u>–</u>	<u>45,561,095</u>
Others				
Property management services	–	–	1,628,858	1,628,858
Others	–	–	2,577,116	2,577,116
	<u>–</u>	<u>–</u>	<u>4,205,974</u>	<u>4,205,974</u>
Revenue from contracts with customers	45,561,095	–	4,205,974	49,767,069
Property investment				
Commercial and retail shops	–	254,547	–	254,547
Total	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</u>
<b>Timing of revenue recognition</b>				
At a point of time	45,561,095	–	2,595,737	48,156,832
Recognised over time	–	–	1,610,237	1,610,237
	<u>45,561,095</u>	<u>–</u>	<u>4,205,974</u>	<u>49,767,069</u>
Rental income	–	254,547	–	254,547
Total	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</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:

	<b>For the year ended 31 December 2022</b>			
	<b>Property development <i>RMB'000</i></b>	<b>Property investment <i>RMB'000</i></b>	<b>Others <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
External segment revenue	<u>15,352,514</u>	<u>251,712</u>	<u>3,106,846</u>	<u>18,711,072</u>
Segment result	<u>(3,262,186)</u>	<u>(5,666)</u>	<u>(97,401)</u>	(3,365,253)
Other income, gains and losses, net				(2,709,595)
Loss on disposal of subsidiaries				(943,837)
Unallocated corporate expenses				(574,714)
Share of results of joint ventures				(111,680)
Share of results of associates				60,935
Finance costs				<u>(427,772)</u>
Loss before tax				<u>(8,071,916)</u>
	<b>For the year ended 31 December 2021</b>			
	<b>Property development <i>RMB'000</i></b>	<b>Property investment <i>RMB'000</i></b>	<b>Others <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
External segment revenue	<u>45,561,095</u>	<u>254,547</u>	<u>4,205,974</u>	<u>50,021,616</u>
Segment result	<u>(28,399,301)</u>	<u>140,898</u>	<u>(3,679,786)</u>	(31,938,189)
Other income, gains and losses, net				1,377,070
Loss on disposal of subsidiaries				(2,506,669)
Unallocated corporate expenses				(873,717)
Share of results of joint ventures				(443,107)
Share of results of associates				(75,550)
Finance costs				<u>(1,777,276)</u>
Loss before tax				<u>(36,237,438)</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, 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 People’s Republic of China (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. All 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	
	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Mainland China	<b>18,458,501</b>	48,812,656	<b>20,580,123</b>	24,373,537
Hong Kong	–	–	<b>233,958</b>	328,854
Australia	<b>250,805</b>	1,200,157	–	5,170
Canada	<b>1,766</b>	8,803	<b>19,476</b>	46,273
	<b><u>18,711,072</u></b>	<u>50,021,616</u>	<b><u>20,833,557</u></b>	<u>24,753,834</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 2022 and 2021.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Exchange loss/(gains), net	2,835,381	(805,277)
Gain on change in fair value of financial assets at FVTPL	(44,487)	(19,720)
Investment return from financial assets at FVTPL	(10,110)	(23,945)
Bank interest income	(65,138)	(820,010)
Other interest income	–	(103,106)
Government subsidy*	(29,235)	(23,882)
(Gain)/Loss on disposal of property, plant and equipment	(26,977)	173,815
(Gain)/Loss on disposal of joint ventures	(206,450)	98,469
Loss/(Gain) on disposal of associates	192,327	(765)
Impairment losses on trade and other receivables	154,207	6,344,987
Impairment losses on amounts due from joint ventures	–	433,773
Impairment losses on amounts due from non-controlling shareholders of the subsidiaries (“NCI”)	–	2,034,996
Impairment losses on amounts due from associates	–	33,225
Impairment losses on interests in joint ventures	–	1,843,914
Impairment losses on interests in associates	18,907	306,268
Impairment losses on right-of-use assets	–	1,056,178
Impairment losses on intangible assets	–	159,424
Impairment losses on property, plant and equipment	–	883,777
Impairment losses on goodwill	45,789	593,785
Impairment losses on contract assets	–	11,766
Impairment loss on assets classified as held for sale	1,021,478	1,193,941
Others	(154,619)	(232,781)
	<b><u>3,731,073</u></b>	<b><u>13,138,832</u></b>

\* Government subsidy represented unconditional cash payments granted by government authorities and conditional grants related to development of property projects.

## 7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on:		
Bank and other borrowings	6,089,568	8,901,816
Senior notes and bonds	2,099,497	2,250,401
Amount due to a joint venture	18,000	18,000
Other payables	63,994	53,874
Lease liabilities	136,250	64,174
	<u>8,407,309</u>	<u>11,288,265</u>
Total borrowing costs	8,407,309	11,288,265
Less: amounts capitalised to properties under development for sale	(7,929,694)	(9,465,519)
amounts capitalised to investment properties under construction	(49,843)	(45,470)
	<u>(49,843)</u>	<u>(45,470)</u>
	<u><u>427,772</u></u>	<u><u>1,777,276</u></u>

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.56% (2021: 7.22%) per annum to expenditure on the qualifying assets.

## 8. LOSS BEFORE TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):		
Directors' emoluments	13,124	30,112
Other staffs' salaries	1,377,924	2,745,540
Other staffs' retirement benefit scheme contributions	18,622	104,918
	<u>1,409,670</u>	<u>2,880,570</u>
Total staff costs	1,409,670	2,880,570
Less: amounts capitalised to properties under development for sale	(292,109)	(507,626)
	<u>(292,109)</u>	<u>(507,626)</u>
	<u><u>1,117,561</u></u>	<u><u>2,372,944</u></u>
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	15,274,293	40,992,348
Impairment loss on properties for sale (included in cost of sales)	–	18,391,036
Depreciation of property, plant and equipment	328,062	366,498
Depreciation of right-of-use assets	260,564	414,795
Amortisation of intangible assets (included in administrative expenses)	13,074	60,594
(Gain)/Loss on disposal of property, plant and equipment	(26,977)	173,815
Gross rental income in respect of investment properties	(251,712)	(254,547)
Less: direct operating expenses from investment properties that generated rental income during the year	177,653	179,091
	<u>177,653</u>	<u>179,091</u>
	<u><u>(74,059)</u></u>	<u><u>(75,456)</u></u>

## 9. INCOME TAX EXPENSE/(CREDIT)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Income tax expense/(credit) recognised comprises of:		
Current tax:		
PRC		
Enterprise Income Tax (“EIT”)		
– Current year	178,099	2,571,109
– Underprovision in prior year	1,020	31,038
Land Appreciation Tax (“LAT”)	(31,363)	(372,119)
Other jurisdiction	20,930	3,368
	<u>168,686</u>	<u>2,233,396</u>
Deferred tax		
PRC	276,221	(2,922,528)
Other jurisdictions	(20,797)	(60,760)
	<u>255,424</u>	<u>(2,983,288)</u>
Income tax expense/(credit) for the year	<u><u>424,110</u></u>	<u><u>(749,892)</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 Australian tax law, the tax rate used for the year is 30% (2021: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2021: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2021 as there were assessable profits while no tax provision for Canadian profits tax has been made in the consolidated financial statements for 31 December 2021 as there was no assessable profit arises in Canada.

## 10. DIVIDENDS

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Dividends, recognised as distribution during the year:		
No final dividend for 2021 (2021: 2020 final dividend of RMB66 cents and a special dividend of RMB11 cents)	<u>–</u>	<u>2,075,830</u>

A final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,000 (equivalent to approximately HK\$2,466,733,000), taking into account of 2,695,883,354 ordinary shares in issue at 31 December 2020, have been proposed by the Board of Directors and approved by the shareholders of the Company in the annual general meeting.

At a meeting of the board of directors held on 30 June 2023, the directors resolved not to declare any dividend to shareholders for the year ended 31 December 2022.

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share are based on:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Loss:</b>		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation:	<u>(7,842,958)</u>	<u>(33,074,609)</u>

	<b>2022</b> <b>'000</b>	2021 <i>'000</i>
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### Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,965,571</u>	<u>2,723,419</u>
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For the purpose of computation of diluted loss per share of the Company for the years ended 31 December 2022 and 2021, 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 during both years.

The diluted loss per share of the Company for the years ended 31 December 2022 and 2021 are the same as the basic loss per share for the respective year.

## 12. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade and bills receivables	1,369,723	1,104,271
Less: Allowance for credit losses	<u>(521,768)</u>	<u>(443,450)</u>
	<u>847,955</u>	<u>660,821</u>
Rental receivables	106,681	98,795
Other receivables	23,545,542	22,382,500
Security deposits	1,626,143	1,959,937
Less: Allowance for credit losses	<u>(6,048,996)</u>	<u>(6,140,071)</u>
	<u>19,122,689</u>	<u>18,202,366</u>
Contract assets	97,789	357,084
Contract costs	861,149	814,730
Advances to constructors and suppliers	3,401,609	4,531,471
Deposits paid for potential purchases of land use rights and property projects	4,912,719	5,242,599
Other tax prepayments	<u>3,886,643</u>	<u>4,756,188</u>
	<u><u>33,237,234</u></u>	<u><u>34,664,054</u></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 60 days	209,420	164,958
61 to 180 days	123,340	133,861
181 to 365 days	222,440	501,321
1 to 2 years	614,921	174,802
2 to 3 years	133,344	82,868
Over 3 years	<u>66,258</u>	<u>46,461</u>
	<u><u>1,369,723</u></u>	<u><u>1,104,271</u></u>



### 13. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	19,827,754	20,034,796
Other payables	23,505,472	22,001,063
Consideration payables for acquisition of subsidiaries	1,420,493	1,529,802
Other taxes payables	6,980,884	6,866,116
	<u>51,734,603</u>	<u>50,431,777</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 60 days	6,175,361	5,647,757
61 to 180 days	9,803,077	10,180,844
181 to 365 days	1,788,539	1,907,225
1 to 2 years	1,010,969	1,146,930
2 to 3 years	663,287	739,930
Over 3 years	386,521	412,110
	<u>19,827,754</u>	<u>20,034,796</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 2022:

### **Disclaimer of Opinion**

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022. 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 relating to going concern***

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the “Directors”), which states that during the year ended 31 December 2022, the Group recorded a net loss of approximately RMB8,496 million and a net operating cash outflow. As at 31 December 2022, the Group’s current liabilities exceeded its current assets by approximately RMB29,869 million, the Group’s total bank and other borrowings and senior notes and bonds amounted to RMB109,050 million and the Group has total commitments (including its share of commitments made jointly with other investors relating to its joint ventures) of approximately RMB22,884 million, while the Group has total bank balances and cash (including restricted bank deposits) of approximately RMB9,341 million. In addition, as at 31 December 2022 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank and other borrowings and senior notes and bonds and has been and is being sued by various parties for various reasons, details of which are set out by the Directors in note 2 to these consolidated financial statements. 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 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 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2022, the pandemic was continuing and the authorities set up various anti-Covid 19 policies. The real estate market was sluggish. Real estate investment and housing demand were weakening. According to the National Bureau of Statistics, the national real estate investment was down by 10.0% year-on-year to approximately RMB13.3 trillion, while the sales of commodity housing was down by 26.7% year on year to approximately RMB13.3 trillion. As the pandemic restriction policies lifted at the end of the year, the government introduced a number of policies to stabilise market expectations.

During the Reporting Period, the Group achieved property contracted sales of approximately RMB20.22 billion with contracted GFA sold of approximately 2.09 million sq.m.. Details of property contracted sales breakdown by region are as follow:

<b>Region</b>	<b>Property Contracted sales amount (RMB billion)</b>	<b>Contracted GFA Sold (‘000 sq.m.)</b>
South China	8.28	809.1
Core Region of Central & Western China	4.94	683.7
East China	5.23	467.2
Bohai Rim	1.47	103.9
Offshore	0.3	26.6
	<hr/>	<hr/>
Total	<u>20.22</u>	<u>2,090.5</u>

In 2022, the Group actively stabilised its operations, while steadily advancing the construction of projects to ensure delivery. During the Reporting Period, the Group achieved delivery of approximately 2.09 million sq.m. in 45 cities nationwide.

The Group continues to focus on the urban redevelopment in Greater Bay Area. As at 31 December 2022, the Group had urban redevelopment projects with a planned total GFA of 31.55 million sq.m. and a planned saleable area of approximately 13.56 million sq.m..

As at 31 December 2022, the Group has 267 projects with a total landbank of approximately 30.83 million sq.m. and attributable GFA of approximately RMB24.89 million sq.m..

## **OUTLOOK**

2023 is a pivotal year for the implementation of the 14th Five-Year Plan. The Central Economic Work Conference stated the property sector is one of pillar industries, while stressing to ensure a stable property market.

The Group will continue to strive to resolve risks amid challenges, gradually resume normal operation, striving for a “low debt” and “petite but beautiful” development position to create more value for the shareholders of the Company (the “Shareholder(s)”), investors of the Company (the “Investor(s)”) and the society.

## **FINANCIAL REVIEW**

### **Operating Results**

The revenue is primarily generated from property development. In 2022, the Group’s total revenue was approximately RMB18,711 million, representing a decrease of approximately RMB31,311 million or 62.6% over approximately RMB50,022 million in 2021. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 82.1%, 16.6% and 1.3% respectively.

In 2022, the Group’s revenue generated from property development amounted to approximately RMB15,353 million, representing a decrease of approximately RMB30,208 million or 66.3% over approximately RMB45,561 million in 2021. The GFA of delivered properties decreased by 62.5% to 2.09 million sq.m. from 5.58 million sq.m. in 2021, while the average selling price decreased by 10.2% to RMB7,335 per sq.m. from RMB8,169 per sq.m. in 2021. This was mainly attributable to the further decrease in the average selling price of residential apartments which accounted for the highest portion of properties delivered compared to the corresponding period in 2021.

### **Gross Profit and Margin**

In 2022, the gross profit of the Group was approximately RMB841 million, representing an increase of 107.0% over negative gross profit of RMB11,935 million in 2021, and the gross profit margin was 4.5%.

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

In 2022, the other income, gains and losses of the Group recorded approximately RMB3,731 million net loss, which mainly included exchange loss of approximately RMB2,835 million, interest income of approximately RMB65 million, impairment loss on assets classified as held for sale of approximately 1,021 million and other gains of approximately RMB60 million.

## **Selling and Distribution and Administrative Expenses**

In 2022, total selling and distribution expenses of the Group were approximately RMB1,215 million, representing a decrease of 52.1% from approximately RMB2,536 million in 2021, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales amount during the year. Total administrative expenses decreased by 39.5% from approximately RMB3,921 million in 2021 to approximately RMB2,372 million.

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

In 2022, loss attributable to owners of the Company was approximately RMB7,843 million, representing an increase of 76.3% over approximately loss of RMB33,075 million in 2021.

## **Financial Position**

As at 31 December 2022, the Group's total assets amounted to approximately RMB234,426 million (as at 31 December 2021: approximately RMB261,423 million) and total liabilities were approximately RMB252,063 million (as at 31 December 2021: approximately RMB268,953 million).

Current ratio was 0.9 as at 31 December 2022 (as at 31 December 2021: 0.9).

## **Cash Position**

As at 31 December 2022, the Group had cash and bank deposits of approximately RMB5,110 million (as at 31 December 2021: approximately RMB9,262 million). As at 31 December 2022, the Group had restricted bank deposits of approximately RMB4,231 million (as at 31 December 2021: approximately RMB9,153 million).

As at 31 December 2022, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB9,341 million, of which 86.6% was denominated in Renminbi and 13.4% was denominated in other currencies (mainly in HK dollar, Australian dollar and Canadian dollar).

## Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2022, the Group had bank and other borrowings of approximately RMB76,294 million (as at 31 December 2021: approximately RMB84,927 million) and senior notes and corporate bonds of approximately RMB32,756 million (as at 31 December 2021: approximately RMB29,481 million) as follows:

	<b>31 December 2022 (RMB million)</b>	31 December 2021 (RMB million)
Repayment period		
Repayable on demand and within one year	<b>99,446</b>	112,777
More than one year, but not exceeding two years	<b>5,935</b>	1,563
More than two years, but not exceeding five years	<b>3,219</b>	68
More than five years	<b>450</b>	–
	<b><u>109,050</u></b>	<b><u>114,408</u></b>

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 31 December 2022, 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 joint ventures and associated companies of the Group amounting to approximately RMB95,373 million (as at 31 December 2021: approximately RMB100,523 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 loans and the loan interest accrual 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 2022, the Group had construction cost and land payments but not provided for of approximately RMB18,868 million (as at 31 December 2021: approximately RMB23,951 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 RMB4,016 million (2021: RMB4,938 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 denominated in US dollar and bank loans denominated in US dollars, HK dollars and Canadian 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 should the need arise.

## **Pledge of Assets**

As at 31 December 2022, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB45,321 million (as at 31 December 2021: approximately RMB48,562 million) to various banks to secure project loans and general banking facilities granted to the Group.

## **CHAIRMAN'S STATEMENT**

Dear Shareholders and Investors,

Since the second half of 2021, the real estate industry of China has experienced unprecedented changes. In 2022, real estate investments, new starts GFA and contracted GFA sold saw a downward trend, while it still took time for market confidence and demand to recover. As a result, real estate enterprises were facing various degrees of operating pressure. The Group has been working in unity to actively address different difficulties and treating people with sincerity, and striving and commitment. On behalf of the Board, I would like to express my sincere gratitude to our shareholders, investors and other stakeholders for their support and trust in the Company, as well as the tolerance and support given by domestic and foreign creditors in the Company.

In the face of challenges, the Group has been taking all measures to achieve operating targets including delivery and sales. We continued to optimise its cost structure and squeeze on all unnecessary expenses in order to maintain operational stability. Our top priority is to ensure delivery of the project. As a result, the capital flow has been revitalized and the corporate creditability has been restored, while a sound foundation for sales has been laid.

At the same time, the Group also actively consolidated resources to revitalise its assets and promote sales through the introduction of strategic investors and cooperation with branded project manager on the project level. During the year, the Group signed project management agreements with various well known enterprises to revitalise sales of projects in Chongqing, Chengdu, Xi'an and Xiamen, etc. Since 2023, the Group introduced central state-owned enterprises and competent corporate groups to jointly develop various urban redevelopment projects including the Zhuhai Cuiwei urban redevelopment project and reached a strategic cooperation agreement. In 2022, the Group recorded contracted sales of approximately RMB20.22 billion and contracted GFA sold of approximately 2.09 million sq.m..

While stabilising operations, the Group has been actively pushing forward the restructuring of its domestic and overseas debt. Domestically, the Group has entered into arrangements with certain domestic financial institutions to extend the maturity of existing domestic financing arrangements for principal amount in excess of RMB32.7 billion. Progress was also made in the restructuring of overseas debts. The Group has reached agreement in principle with an ad hoc group of foreign senior noteholders on the key terms of the full restructuring. The Group believes that with the support of the domestic and overseas creditors, the completion of the domestic and overseas debt restructuring by stage will be beneficial to the continued recovery of the Group's overall business.

In 2023, although domestic and international situations remain complex, the Chinese government is insisting on stability seeking progress in the midst of focusing on stable growth, employment and commodity prices. Further supportive measures will be introduced to promote the stable development of the real estate industry and the economy as a whole. The Group will continue to ensure the development and smooth delivery of projects and speed up sales and cash collection by strengthening its capability, opening up new resources and saving outflows. Moreover, the Group continuously makes every effort to reach the settlement with domestic and foreign creditors as soon as possible, in order to ensure the stable development of the Company.

The Company are following HKEx's guidance to propel the resumption with a good progress.

Again, I really appreciate all the understanding and trust our shareholders and investors have given as well as the support from all creditors.

## **EVENTS AFTER THE REPORTING PERIOD**

Except for the measures the Group implemented or is in the process of implementing to improve the liquidity and cash flows as disclosed in Note 2 to this announcement, subsequent to 31 December 2022, the following significant events have taken place:

### ***Progress of the Offshore Debt Restructuring***

The Company and its advisors have been engaged in active discussions with certain major offshore creditors to implement a holistic financial restructuring that would provide the Group with a sustainable capital structure to deliver long term value for all of its stakeholders. Progress has been made with the AHG (representing approximately 33.01% of the outstanding principal amount of certain offshore senior notes issued by the Company) on the terms of the Holistic Restructuring as described below. Once



implemented, the Restructuring will provide the Group with a sustainable capital structure, allowing the Company to focus on its daily operations with a view to enhance stakeholder value.

The Company is pleased to announce that it has agreed the key commercial terms of the Holistic Restructuring with the AHG. Please refer to the Company's inside information announcement dated 2 July 2023 for further information on the terms that have been agreed.

The Company continues to engage in constructive discussions with all relevant stakeholders with the assistance of KPMG.

Offshore creditors of the Company are encouraged to contact the following representative to facilitate the Company's efforts to implement a potential restructuring plan:

**KPMG Advisory (China) Limited**

Address: 8/F, Prince's Building, 10 Chater Road, Hong Kong

Email: aoyuan.restructuring@kpmg.com

**EMPLOYMENT AND REMUNERATION POLICY**

As at 31 December 2022, the Group had 9,002 employees (31 December 2021: 13,032 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 2022 (2021: Nil).

**ANNUAL GENERAL MEETING**

The 2022 annual general meeting of the Company was held on 24 August 2022. Due to the delay in the publication of the audited consolidated financial statements of the Group and the reports of the Directors and of the independent auditor for the year ended 31 December 2021, the resolution to consider and approve the aforesaid documents will be transacted in the adjourned annual general meeting of 2022 of the Company (the "2022 Adjourned Annual General Meeting").

The 2022 Adjourned Annual General Meeting and the 2023 annual general meeting of the Company (collectively, the “AGMs”) will be held on Thursday, 24 August 2023 and the notice of the AGMs 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 of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the entitlement of shareholders of the Company to attend and vote at the AGMs, the register of members of the Company will be closed from Thursday, 17 August 2023 to Thursday, 24 August 2023, both days inclusive. In order to be eligible to attend and vote at the AGMs, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 16 August 2023.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

## **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 14 to the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2022, 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 10 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 from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2022.

## **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 2022.

## **SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("the External Auditor"), 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](http://www.hkexnews.hk)) and the Company ([www.aoyuan.com.cn](http://www.aoyuan.com.cn)). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 1 April 2022 and will remain suspended until further notice.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Ma Jun, Mr. Chen Zhi Bin and Mr. Tan Yi; 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**  
**Guo Zi Wen**  
*Chairman*

Hong Kong, 30 June 2023