禹洲集團控股有限公司
YUZHOU GROUP HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

(Equity Stock Code: 01628)

(Debt Security Stock Codes: 40043, 40159, 40079, 40112, 40343, 40517 and 05287)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

1. Revenue decreased by 19.67% year-on-year to RMB21,477.08 million in 2023.

2. Loss attributable to owners of the parent was RMB10,520.57 million in 2023, compared to loss attributable to owners of the parent of RMB12,014.86 million in 2022.

3. Gross profit amounted to RMB367.84 million in 2023, decreased by 49.26% year on year. Gross profit margin was 1.71%.

4. As at 31 December 2023, total interest-bearing debts decreased by 1.05% to RMB54,544.36 million, and total equity decreased by 79.82% to RMB5,059.98 million.

5. Cash and bank balances (including restricted cash) amounted to RMB5,142.61 million.

6. The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2023.

The board of directors (the "**Board**") of Yuzhou Group Holdings Company Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**" or "**Yuzhou Group**") for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*3*	**21,477,083**	26,737,240
Cost of sales		**(21,109,247)**	(26,012,243)
Gross profit		**367,836**	724,997
Fair value loss on investment properties, net		**(3,033,881)**	(315,413)
Other income and gains	*3*	**351,047**	330,515
Selling and distribution expenses		**(385,384)**	(655,295)
Administrative expenses		**(861,313)**	(1,130,874)
Other expenses		**(571,090)**	(871,622)
Write-down of properties held for sale and properties under development to net realisable value		**(4,548,883)**	(3,208,465)
Impairment of investments in joint ventures and associates		**(93,456)**	(407,585)
Impairment of other receivables		**(1,603,056)**	(4,151,208)
Remeasurement of financial guarantee contracts		**(179,609)**	(1,650,167)
Finance costs	*5*	**(3,862,323)**	(674,450)
Share of profits and losses of joint ventures		**294,057**	(890,813)
Share of profits and losses of associates		**(105,278)**	(257,127)
LOSS BEFORE TAX	*6*	**(14,231,333)**	(13,157,507)
Income tax expense	*7*	**(78,077)**	(111,683)
LOSS FOR THE YEAR		**(14,309,410)**	(13,269,190)
Attributable to:			
Owners of the parent		**(10,520,568)**	(12,014,860)
Non-controlling interests		**(3,788,842)**	(1,254,330)
		(14,309,410)	(13,269,190)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
–Basic *(RMB cents per share)*	*9*	**(165.05)**	(186.10)
–Diluted *(RMB cents per share)*	*9*	**(165.05)**	(186.10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
LOSS FOR THE YEAR	**(14,309,410)**	(13,269,190)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(715,629)**	(1,489,067)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in financial assets at fair value through other comprehensive income	**(48,921)**	(193,932)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(764,550)**	(1,682,999)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(15,073,960)**	(14,952,189)
Attributable to:		
Owners of the parent	**(11,285,118)**	(13,697,859)
Non-controlling interests	**(3,788,842)**	(1,254,330)
	(15,073,960)	(14,952,189)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**2,474,948**	2,814,333
Investment properties	**12,339,900**	15,499,619
Land held for property development for sale	**–**	1,401,811
Goodwill	**65,963**	65,963
Investments in joint ventures	**2,373,722**	2,234,897
Investments in associates	**5,509,165**	6,189,766
Financial assets at fair value through profit or loss	**5,100**	5,100
Financial assets at fair value through other comprehensive income	**6,367**	55,288
Deferred tax assets	**1,050,453**	1,858,268
Total non-current assets	**23,825,618**	30,125,045
CURRENT ASSETS		
Land held for property development for sale	**1,624,455**	1,624,455
Properties under development	**29,607,234**	33,564,654
Properties held for sale	**15,734,875**	26,116,239
Prepayments, other receivables and other assets	**31,006,494**	43,041,371
Prepaid corporate income tax	**609,984**	732,252
Prepaid land appreciation tax	**959,254**	1,110,326
Financial assets at fair value through profit or loss	**240,813**	–
Restricted cash	**1,368,808**	1,108,558
Non-pledged time deposits with original maturity of over three months	**–**	400,000
Cash and cash equivalents	**3,773,803**	5,630,872
Total current assets	**84,925,720**	113,328,727

	Notes	**2023** *RMB'000*	2022 *RMB'000*
CURRENT LIABILITIES			
Contract liabilities		**12,069,626**	28,177,504
Trade payables	*10*	**10,118,689**	9,179,611
Other payables and accruals		**21,492,041**	18,537,002
Interest-bearing bank and other borrowings		**7,178,115**	7,037,893
Corporate bonds	*11*	**1,412,500**	4,850,000
Senior notes	*12*	**38,719,873**	37,964,733
Corporate income tax payables		**1,985,197**	2,215,571
Provision for land appreciation tax		**1,547,433**	1,661,061
Total current liabilities		**94,523,474**	109,623,375
NET CURRENT (LIABILITIES)/ASSETS		**(9,597,754)**	3,705,352
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,227,864**	33,830,397
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**5,433,869**	5,267,866
Corporate bonds	*11*	**1,800,000**	–
Deferred tax liabilities		**1,934,018**	3,487,174
Total non-current liabilities		**9,167,887**	8,755,040
Net assets		**5,059,977**	25,075,357
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**559,947**	559,947
Senior perpetual securities		**1,911,986**	1,911,986
Reserves		**(2,039,836)**	9,501,680
		432,097	11,973,613
Non-controlling interests		**4,627,880**	13,101,744
Total equity		**5,059,977**	25,075,357

Notes:

1. BASIS OF PRESENTATION

The Group incurred a loss of RMB14,309,410,000 for the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of RMB9,597,754,000 and failed to pay off a US$842,027,000 (equivalent to RMB5,960,657,000) senior notes' interests and non-payment of senior notes with principal in total of US$2,098,085,000 (equivalent to RMB14,852,211,000). Such non-payment of interest or overdue principal have caused an event of default pursuant to the terms and conditions of the senior note agreement. As a result, the holders of the senior notes have right to demand for the immediate repayment on the outstanding principal together with accrued interest. As at 31 December 2023, the Group has senior notes with an aggregate principal amount of RMB38,719,873,000, while available cash and cash equivalent on hand was RMB3,773,803,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this fact, the directors of the Company (the "**Directors**") consider it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for the next fifteen months based on its projected cash flow forecasts. The Directors have carried out a detailed review of the cash flow projections of the Group covering a period up to 31 March 2025, the Directors consider that the Group is financially viable to continue as a going concern.

In view of the above, the Group is implementing a debt restructuring plan, which includes the following plans and measures, to enable the Group to have sufficient financial resources to meet its financial obligations as and when they fall due:

(a) The Company and members of the Ad Hoc Group (the "**AHG**"), together with their respective advisors, have been engaging in constructive dialogue for the purposes of implementing a holistic restructuring of the Group's offshore indebtedness (the "**Proposed Restructuring**") through a scheme of arrangement (or parallel schemes of arrangement) (the "**Scheme**"). Since 8 February 2024, the date on which the Company and the AHG entered into the restructuring support agreement (the "**RSA**"), and up to the date of publication of this announcement, creditors representing approximately 90% of the Existing Notes (the "**Scheme Creditors**") have acceded to the RSA.

In doing so, the Scheme Creditors have undertaken to take all necessary actions and other steps, including to irrevocably and unconditionally vote in favour of the Scheme at the meeting of Scheme Creditors of the Company to facilitate the successful implementation of the Proposed Restructuring in respect of the Existing Notes with an outstanding principal amount of approximately US$6.437 billion (or approximately RMB45.57 billion).

Upon the consummation of the Proposed Restructuring, and on the Restructuring Effective Date, each Scheme Creditor will receive one or a combination of the following three options of scheme consideration:

(i) Option 1: New Notes with a short-term maturity and cash payment;

(ii) Option 2: New Notes with medium-term maturities, new shares to be issued by the Company and New Notes with long-term maturity ("**LTN**"); and

(iii) Option 3: LTN.

The Proposed Restructuring entails a significant deleveraging of the Group's offshore indebtedness, which will enable the Company to achieve a sustainable capital structure to cope with its business operations in the long-term, and de-risk the Group's ongoing operations. The Group will work with its financial and legal advisors to complete the remaining implementation steps to give effect to the Proposed Restructuring prior to the Longstop Date; and

(b) the Group has been in the process of implementing an asset disposal plan for investment properties to generate additional cash inflows. In addition, the Group has implemented cost control measures and minimized capital expenditures to preserve liquidity for on-going development of its existing property development projects.

Accordingly, the Directors consider that, taking into account the above-mentioned plans and measures and their progress, it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to cure its default on payment of its debt and have sufficient financial resources to meet its obligation as they fall due for at least the next twelve months from the date of approval the consolidated financial statements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current year has 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 HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 3.4 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Revenue from contracts with customers		
Sale of properties	**20,996,450**	26,288,907
Property management fee income	**231,509**	212,075
Hotel operation income	**9,780**	9,483
	21,237,739	26,510,465
Revenue from other sources		
Rental income from investment properties	**239,344**	226,775
	21,477,083	26,737,240
Other income and gains		
Bank interest income	**67,068**	188,924
Gain on disposal of subsidiaries, net	**205,530**	–
Gain on disposal of joint ventures and associates, net	**–**	62,840
Others	**78,449**	78,751
	351,047	330,515

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the provision of property management services;

(d) the hotel operation segment engages in the operation of hotels; and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that interest income and finance costs are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2023

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue						
Sales to external customers	20,996,450	239,344	231,509	9,780	–	21,477,083
Other income and gains	254,066	29,558	227	33	95	283,979
Total	21,250,516	268,902	231,736	9,813	95	21,761,062
Segment results	(7,428,135)	(2,925,730)	10,419	3,447	(96,079)	(10,436,078)
Reconciliation:						
Interest income						67,068
Finance costs						(3,862,323)
Loss before tax						(14,231,333)
Other segment information:						
Depreciation	28,428	27,307	2,258	41	317	58,351
Capital expenditure*	3,720	536	65	26	–	4,347
Fair value loss on investment properties, net	–	3,033,881	–	–	–	3,033,881
Impairment of goodwill	205,110	–	–	–	–	205,110
Impairment of investments in joint ventures and associates	93,456	–	–	–	–	93,456
Impairment of other receivables	1,603,056	–	–	–	–	1,603,056
Remeasurement of financial guarantee contracts	179,609	–	–	–	–	179,609
Share of profits of joint ventures	(294,057)	–	–	–	–	(294,057)
Share of losses of associates	105,278	–	–	–	–	105,278
Write-down of properties held for sale and properties under development to net realisable value	4,548,883	–	–	–	–	4,548,883
Investments in joint ventures	2,373,722	–	–	–	–	2,373,722
Investments in associates	5,509,165	–	–	–	–	5,509,165

* *Capital expenditure consists of additions to property, plant and equipment and investment properties.*

Year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
Segment revenue						
Sales to external customers	26,288,907	226,775	212,075	9,483	–	26,737,240
Other income and gains	117,579	4,091	814	25	19,082	141,591
Total	26,406,486	230,866	212,889	9,508	19,082	26,878,831
Segment results	(12,047,409)	(590,580)	64,030	867	(98,889)	(12,671,981)
Reconciliation:						
Interest income						188,924
Finance costs						(674,450)
Loss before tax						(13,157,507)
Other segment information:						
Depreciation	24,054	29,143	2,708	109	1,175	57,189
Capital expenditure*	40	256,846	97	7	40	257,030
Fair value loss on investment properties, net	–	315,413	–	–	–	315,413
Impairment of goodwill	661,049	–	–	–	–	661,049
Impairment of investments in joint ventures and associates	407,585	–	–	–	–	407,585
Impairment of other receivables	4,151,208	–	–	–	–	4,151,208
Remeasurement of financial guarantee contracts	1,650,167	–	–	–	–	1,650,167
Share of losses of joint ventures	890,813	–	–	–	–	890,813
Share of losses of associates	257,127	–	–	–	–	257,127
Write-down of properties under development to net realizable value	3,208,465	–	–	–	–	3,208,465
Investments in joint ventures	2,234,897	–	–	–	–	2,234,897
Investments in associates	6,189,766	–	–	–	–	6,189,766

* *Capital expenditure consists of additions to property, plant and equipment and investment properties.*

Information about a major customer

There were no sales to a single external customer which amounted to 10% or more of the Group's revenue during the year ended 31 December 2022 and 2023.

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Interest on bank loans, other loans, corporate bonds and senior notes	**4,370,122**	4,444,883
Less: Interest capitalised	**(507,799)**	(3,770,433)
	3,862,323	674,450

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2023 *RMB'000*	2022 *RMB'000*
Depreciation	**58,351**	57,189
Impairment of goodwill*	**205,110**	661,049
Employee benefit expense (including Directors' and chief executive officer's remuneration)		
Wages and salaries	**156,842**	416,236
Equity-settled share option expense	**6,921**	11,715
Retirement benefit scheme contributions	**22,487**	40,802

* *This item is included in "Other expenses" in the consolidated statement of profit or loss.*

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the current year as the Group has available tax losses brought forward to offset the assessable profits arising in Hong Kong (2022: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Current:		
PRC corporate income tax		
– Charge for the year	**199,195**	682,079
– Under provision in prior years	**14,983**	139,684
PRC land appreciation tax	**368,846**	339,126
	583,024	1,160,889
Deferred:		
Current year	**(504,947)**	(1,049,206)
Total tax charge for the year	**78,077**	111,683

8. DIVIDENDS

The Directors did not recommend the payment of a final dividend for the years end 31 December 2023 and 2022.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount for the year ended 31 December 2023 is based on the loss for the year attributable to ordinary equity holders of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 6,543,909,500 (2022: 6,543,909,500) in issue less the weighted average number of shares of 10,324,504 (2022: 10,324,504) held under the share award scheme during the year.

The calculation of the diluted loss per share amount is based on the loss attributable to ordinary equity holders, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, as used in the basic loss per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares (see below).

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

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the parent	**(10,520,568)**	(12,014,860)
Distribution related to senior perpetual securities	**(263,318)**	(144,133)
Loss used in the basic and diluted loss per share calculations	**(10,783,886)**	(12,158,993)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic loss per share calculation	**6,533,584,996**	6,533,584,996
Weighted average number of ordinary shares in issue during the year, used in the diluted loss per share calculation	**6,533,584,996**	6,533,584,996

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Due within 1 year or on demand	**7,302,454**	5,711,349
Due within 1 to 2 years	**2,816,235**	3,468,262
	10,118,689	9,179,611

The trade payables are non-interest-bearing and unsecured.

11. CORPORATE BONDS

	2023 *RMB'000*	2022 *RMB'000*
Corporate bonds due in 2024	**1,075,000**	2,000,000
Corporate bonds due in 2025	**2,137,500**	2,850,000
	3,212,500	4,850,000
Portion classified as current liabilities	**(1,412,500)**	(4,850,000)
Non-current liabilities	**1,800,000**	–

Included in the above are bonds in an aggregate principal amount of:

(i) RMB2,000,000,000 corporate bonds due in 2024 issued by a subsidiary of the Company in April 2019 (the "**6.5% Corporate Bonds**"). The 6.5% Corporate Bonds have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds are unsecured. At the end of the second, third and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In April 2021, the coupon rate was adjusted to 6.98% per annum. During the reporting period, a large Chinese state-owned asset management company made a redemption for a 6.5% Corporate Bonds with a principal amount of RMB925,000,000. During the year ended 31 December 2023, the remaining balance of RMB1,075,000,000 of the 6.5% corporate bonds will mature in 2024, therefore classified as current liabilities as at 31 December 2023. The 6.5% Corporate Bonds are classified as a current liability as at 31 December 2022.

(ii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in July 2020 (the "**6.5% Corporate Bonds II**"). The 6.5% Corporate Bonds II have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds II are unsecured. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bondholders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively and the remaining balance of the 6.5% Corporate Bonds II is RMB1,068,750,000 as at 31 December 2023. During the year ended 31 December 2023, the Group has agreed to change of repayment terms with respective bondholders in which the balance of RMB168,750,000 6.5% Corporate Bonds II are becoming due in 2024 and therefore classified as current liabilities as at 31 December 2023, while the remaining balance of RMB450,000,000 and RMB450,000,000 are becoming due in 2025 and 2026, which are classified as non-current liabilities as at 31 December 2023. The 6.5% Corporate Bonds II are classified as a current liability as at 31 December 2022.

(iii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in September 2020 (the "**6.5% Corporate Bonds III**"). The 6.5% Corporate Bonds III have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds III are unsecured. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bondholders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively and the remaining balance of the 6.5% Corporate Bonds III is RMB1,068,750,000 as at 31 December 2023. During the year ended 31 December 2023, the Group has agreed to change of repayment terms with respective bondholders in which the balance of RMB168,750,000 6.5% Corporate Bonds III are becoming due in 2024 and therefore classified as current liabilities as at 31 December 2023, while the remaining balance of RMB450,000,000 and RMB450,000,000 are becoming due in 2025 and 2026, which are classified as non-current liabilities as at 31 December 2023. The 6.5% Corporate Bonds III are classified as a current liability as at 31 December 2022.

12. SENIOR NOTES

	2023			2022		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
2016 Senior Notes-6%	**6.26**	**2023**	**1,769,734**	6.26	2023	1,732,254
2017 Senior Notes-6%	**6.35**	**2022**	**83,135**	6.35	2022	81,803
2019 Senior Notes-8.625%	**9.40**	**2022**	**102,227**	9.40	2022	98,957
2019 Senior Notes I-8.5%	**8.81**	**2023**	**3,539,469**	8.81	2023	3,480,241
2019 Senior Notes II-8.5%	**8.85**	**2024**	**3,537,638**	8.85	2024	3,458,598
2019 Senior Notes-6%	**7.74**	**2023**	**2,831,575**	7.74	2023	2,763,094
2019 Senior Notes-8.375%	**8.63**	**2024**	**3,532,547**	8.63	2024	3,463,812
2019 Senior Notes-8.3%	**8.56**	**2025**	**3,462,488**	8.56	2025	3,398,521
2020 Senior Notes-7.375%	**7.52**	**2026**	**4,503,615**	7.52	2026	4,426,678
2020 Senior Notes-7.7%	**7.87**	**2025**	**2,826,319**	7.87	2025	2,775,495
2020 Senior Notes-7.85%	**8.01**	**2026**	**2,080,451**	8.01	2026	2,044,072
2021 Senior Notes-6.35%	**6.36**	**2027**	**3,924,604**	6.36	2027	3,858,924
2021 Senior Notes-8.5%	**18.06**	**2022**	**814,078**	18.06	2022	801,326
2021 Senior Notes-9.95%	**14.06**	**2023**	**1,267,130**	14.06	2023	1,215,539
2021 Senior Notes-12%	**14.66**	**2023**	**707,894**	14.66	2023	696,774
2022 Senior Notes-7.8125%	**10.07**	**2023**	**3,736,969**	10.07	2023	3,668,645
			38,719,873			37,964,733
Portion classified as current liabilities			**(38,719,873)**			(37,964,733)

Note: During the year ended 31 December 2023, the Group failed to pay off a US$488,257,000 (equivalent to RMB3,456,341,000) senior notes' interest and non-payment of senior notes with principal in total of US$1,956,900,000 (equivalent to RMB13,852,773,000). As of 31 December 2023, the Group failed to pay off a US$842,027,000 (equivalent to RMB5,960,657,000) senior notes' interest and non-payment of senior notes with principal in total of US$2,098,085,000 (equivalent to RMB14,852,211,000). Such non-payment of interest or overdue principal have caused an event of default under the senior notes agreements. As a result, all note holders have right to demand immediate repayment of the principal and accrued interest. As at 31 December 2023, all senior notes are classified as current liabilities.

13. EVENTS AFTER THE REPORTING PERIOD

On 8 February 2024, the Company and members of the Ad Hoc Group (the "**AHG**") entered into a restructuring support agreement (the "**RSA**") of the Company's offshore indebtedness (the "**Proposed Restructuring**") and up to the date of publication of this announcement, creditors representing approximately 90% of the Existing Notes (the "**Scheme Creditors**") have acceded to the RSA. In doing so, the Scheme Creditors have undertaken to take all necessary actions and other steps, including to irrevocably and unconditionally vote in favour of the Scheme at the meeting of Scheme Creditors of the Company to facilitate the successful implementation of the Proposed Restructuring in respect of the Existing Notes with an outstanding principal amount of approximately US$6.437 billion (or approximately RMB45.57 billion). Upon the consummation of the Proposed Restructuring, and on the Restructuring Effective Date, each Scheme Creditor will receive one or a combination of the following three options of scheme consideration:

(i) Option 1: New Notes with a short-term maturity and cash payment;

(ii) Option 2: New Notes with medium-term maturities, new shares to be issued by the Company and New Notes with long-term maturity ("**LTN**"); and

(iii) Option 3: LTN.

Further details are set out in the Company's announcements dated 8 February 2024, 7 March 2024, 14 March 2024 and 21 March 2024 respectively.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements which discloses that, the Group incurred a loss of RMB14,309,410,000 for the year ended 31 December 2023 and, as of that date, the Group had net current liabilities of RMB9,597,754,000 and failed to pay off a US$842,027,000 (equivalent to RMB5,960,657,000) senior notes' interests and non-payment of senior notes with principal in total of US$2,098,085,000 (equivalent to RMB14,852,211,000). Such non-payment of interest or overdue principal have caused an event of default pursuant to the terms and conditions of the senior note agreement. As a result, the holders of the senior notes have right to demand for immediate repayment on the outstanding principal together with accrued interests. As at 31 December 2023, the Group has senior notes with an aggregate principal amount of RMB38,719,873,000, while available cash and cash equivalent on hand was RMB3,773,803,000.

This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

Under the combined effect of the lifted pandemic control measures, weaker-than-expected economic recovery, weak consumer confidence and macroeconomic policy incentives, the real estate market followed a pattern of "initial growth, subsequent decline, and eventual stabilization" in 2023. In the first quarter, the real estate industry ushered in a "short-lived resurgence" in sales as the lifting of pandemic restrictions on travel, tourism, and consumption stimulated demand. Then property sales fell due to weak recovery momentum, rising unemployment rates and falling residents' income. Residents became more cautious in consumption, favoring early loan repayments and heightened savings have gradually become a consensus among them. In the fourth quarter, the market gradually bottomed out and stabilized as national economic recovery stabilized. The sales performance of Yuzhou Group basically aligns with the industry trend. During the "short-lived resurgence" at the beginning of the year, the Company grasped the sales opportunity and laid a solid foundation for its annual sales, while sales data gradually weakened in the second and third quarters and stabilized at a low level in the fourth quarter, reflecting a serious lack of market confidence. According to the National Bureau of Statistics, the sales of commercial properties was RMB11,662.2 billion in 2023, down 6.5% year-on-year, with sales of residential properties down 6.0% year-on-year.

Although the Government rolled out various financial support policies to promote the healthy development of finance and real estate, the financing cash inflow channels remained tightly closed for real estate enterprises, especially for private ones. With the red line requirements of "guaranteeing project completion, guaranteeing housing delivery", coupled with lower-than-expected sales and the cash outflow for the Company's daily operation and maintenance expenses, such as principal and interest of outstanding debts, construction payments, staff wages and other rigid expenses, the Company's cash flow became increasingly strained. To relieve financial pressure and ensure normal operation, the Company has tried its best to save itself through various ways such as debt restructuring, asset disposal and relief funds from asset management companies by coordinating and making use of resources of all parties based on its conditions.

As for the land auction market, influenced by various factors such as weak macroeconomic recovery momentum, sluggish sales of new properties and subdued sentiment towards real estate consumption, the land transaction volume continued to shrink in 2023 along with a downward trend of transaction prices. In particular, a high proportion of the land transaction volume came from state-owned and central enterprises.

Overall Performance

During the year, the revenue of the Group was RMB21,477.08 million, down by 19.67% year-on-year. The loss attributable to owners of the parent for the year was RMB10,520.57 million. The total equity decreased by 79.82% to RMB5,059.98 million. The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

Sale of Properties

During the year, the Group's revenue from property sales was RMB20,996.45 million, accounting for 97.76% of the total revenue of the Group. The Group delivered a total gross floor area ("**GFA**") of approximately 1,825,658 sq.m.. The average selling price of the properties delivered and recognized as property sales in 2023 was RMB11,501 per sq.m..

The Group's recognized revenue from property sales derived from a number of regions across the country, including the Yangtze River Delta Region, Bohai Rim Region, West Strait Economic Zone, Southwest Region, Central China Region and Guangdong – Hong Kong – Macao Great Bay Area (the "Greater Bay Area"), which contributed 42.36%, 27.89%, 9.67%, 7.96%, 6.97% and 5.15% of the recognized revenue, respectively. The Yangtze River Delta Region, in particular, continued to stand as the principal contributor. Going forward, the Group will stick to its strategy of "Leading with Locality Development", facilitate synergetic development of various regions and inject more diversity into the revenue streams of the Group.

The recognized sales and GFA sold in each region in 2023 are set out in the following table:

Name of regions	**Amount**	**Saleable GFA**	**Average Selling Price (after tax)**
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone	2,029,457	311,935	6,506
Yangtze River Delta Region	8,893,521	663,565	13,403
Bohai Rim Region	5,856,630	367,850	15,921
Central China Region	1,462,726	163,045	8,971
Greater Bay Area	1,081,696	154,848	6,986
Southwest Region	1,672,420	164,415	10,172
Total sales of properties recognized	20,996,450	1,825,658	11,501

The recognized sales and GFA sold in each region in 2022 are set out in the following table:

Name of regions	**Amount**	**Saleable GFA**	**Average Selling Price (after tax)**
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone	4,729,341	434,266	10,890
Yangtze River Delta Region	14,873,624	924,518	16,088
Bohai Rim Region	1,693,394	116,668	14,515
Central China Region	2,067,946	120,323	17,187
Greater Bay Area	1,602,511	152,259	10,525
Southwest Region	1,322,091	134,803	9,808
Total sales of properties recognized	26,288,907	1,882,837	13,962

Contracted Sales

As of 31 December 2023, the Group's accumulated contracted sales amounted to approximately RMB17,840.17 million. The GFA of contracted sales amounted to 1,088,053 sq.m. and the contracted average selling price was approximately RMB16,396 per sq.m..

In 2023, the Yangtze River Delta Region recorded contracted sales of RMB8,608.14 million, accounting for 48.25% of the Group's total contracted sales and remained the region with a larger share with contracted sales of the Group. Specifically, Hangzhou, Suzhou, Hefei, Yangzhou and Wuxi constituted the core cities of our footprint in this region, contributing aggregate contracted sales of RMB6,136.84 million, which fully demonstrated the stellar performance of the Group's locality development strategy in the Yangtze River Delta Region. The total contracted sales of the Bohai Rim Region and West Strait Economic Zone amounted to RMB4,254.04 million, accounting for 23.85% of the Group's total contracted sales. The Greater Bay Area, Southwest Region and Central China Region, also contributed total contracted sales in the amount of RMB4,977.99 million, accounting for 27.90% of the Group's total contracted sales.

At the beginning of 2023, stimulated by the release of pandemic prevention and control measures, all restrictions on travel, consumption and shopping were completely lifted, and the real estate industry experienced a "short-lived resurgence". In the second and third quarters, due to the less-than-expected economic recovery and a decline in income expectations, residents became more cautious in consumption which caused a growing wait-and-see attitude towards property purchases, suppressing market demand and resulting in a decline in transaction volume across the industry. With the continuous introduction of real estate support policies and the stabilization of the national economic recovery in the fourth quarter, the market was hovering at a low level with significant downward pressure. Faced with such a severe industry development environment, Yuzhou Group spared no effort and responded actively to acutely grasp the trend of the real estate market, and capture the fleeting "short-lived resurgence" in time, thereby setting a good foundation for sales throughout the year. With the market weakening and expectations declining, Yuzhou Group proactively analyzed the favorable policies released by various cities to tailor strategies accordingly, respond flexibly and change actively. With a tenacious fighting spirit, Yuzhou Group overcame various obstacles in the highly competitive market, constantly forged ahead and never gave up. In addition, in line with its "moderate and excellent" operation philosophy, Yuzhou Group actively adapted to the changes in market and customers' consumption habits by initiating the "Yuzhou New Momentums Initiative". In particular, by constantly exploring Wechat, Weibo and TikTok and other platforms, Yuzhou Group actively expanded its digital marketing channels and reconsidered its "Brand + Efficiency" sales strategy, consistently facilitating the achievement of sales targets.

The contracted sales and GFA sold in each region in 2023 are set out in the following table:

	Total Amount of Contracted Sales *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone	2,390,717	159,956	14,946
Yangtze River Delta Region	8,608,139	456,936	18,839
Central China Region	1,456,163	107,828	13,504
Greater Bay Area	2,807,251	174,853	16,055
Southwest Region	714,575	62,011	11,523
Bohai Rim Region	1,863,326	126,469	14,733
Total	17,840,171	1,088,053	16,396

The contracted sales and GFA sold in each region in 2022 are set out in the following table:

	Total Amount of Contracted Sales *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone	5,619,901	394,374	14,250
Yangtze River Delta Region	17,189,461	859,155	20,007
Central China Region	1,490,337	102,440	14,548
Greater Bay Area	4,609,903	250,645	18,392
Southwest Region	2,291,214	166,024	13,800
Bohai Rim Region	4,407,462	243,682	18,087
Total	35,608,278	2,016,320	17,660

PROPERTY INVESTMENT

The Group's property investment segment covers a variety of commercial properties and strives to shape three product lines, namely "Yu Yue" brand for shopping centers, "Yuzhou Plaza" brand for office buildings and shopping streets, so as to meet the needs of various consumption groups in cities. The Yuzhou property investment projects, whose business is mainly operated in economically developed areas such as the West Strait Economic Zone, Yangtze River Delta Region and the Greater Bay Area, currently cover areas of Shenzhen, Shanghai, Hangzhou, Xiamen, Suzhou, Nanjing, Hefei, Wuhan and Quanzhou. There were a total of 41 projects, consisting of 32 projects under operation and 9 projects in the preparation stage. These projects covered a commercial area of over 1.74 million sq.m., where shopping center, office building and community business accounted for 62%, 20% and 18%, respectively. We also cooperated with over 1,000 brands and were in strategic cooperation with approximately 1,600 brands.

In 2023, Yuzhou Commercial practiced the concept of striving for steady development with innovation through diverse perspectives such as scene upgrades, marketing activities, and operational services. It actively implemented various measures and adopted differentiated strategies to initiate self-transformation and upgrades, in a bid to provide intimate and superior shopping experience for urban living. At the beginning of 2023, Yuzhou Commercial carried out renewal and upgrade on original brands of Hefei Yuyue Hui by introducing a number of new high-end brands, setting sail again with the wind and waves, shaping a new commercial force, and stimulated a new wave of consumption in the region with vitality. Shanghai Pudong Yuyue Hui embraced upgrades and showed a new look with introducing cutting-edge brands, updating and upgrading the business scenarios to establish a new immersive business space, create a quality consumer scenario and empower a happy shopping experience. At the same time, Yuzhou Commercial also organized a series of colorful events, such as Quanzhou Yuyue Hui's "Yuyue Light Show", Xiamen Yuyue Hui's "Hanfu Themed Preliminary Eve", Hefei Yuyue Li's "New Year Shopping Market" and the "Instant Love" themed event during the five-day May Day holiday. Moreover, Xiamen Yuyue Hui and Fujian Fighting Association jointly organized the "King of Fighters Tournament". Yuzhou Commercial launched the first session of "Intangible Cultural Heritage Season", in which more than 30 Chinese intangible cultural heritages were displayed in six cities, not only attracting traffic, but also continuously bring new vitality into the business.

By shaping the scene of live streaming room, Yuzhou Commercial made a breakthrough in the limitations of domain and actively innovated to launch a new way of online shopping through all-format live streaming rooms. By establishing a digital marketing matrix, Yuzhou Commercial unlocked a new marketing pattern that integrates online and offline scenarios, to actively foster a new force of operations on Douyin. Therefore, Yuzhou Commercial was honored with the "2023 Good Company Top 50 – Innovative Development Award" by Jiemian（界面新聞）of Shanghai United Media Group. In addition to providing commercial operational services for cities, Yuzhou Commercial consistently practiced social responsibilities, giving back to society with love and dedication. In 2023, Yuzhou Commercial organized a series of activities with the theme of "Spreading Love with Yuzhou for Public Charity", such as art exhibitions, charity sales, philanthropy events, book clubs, and pet-friendly events, with nearly 12 million participants involved, demonstrating its business philosophy of engraving business companionship with passion and love.

Hotel Operation

In 2023, the Group's hotels adopted a diversified and innovative model of operation and management by continuously optimizing the existing operation and management system as well as upgrading the brand with a focus on the improvement of service quality, consumer experience and customer reputation, so as to create more space for the revenue growth of the Group on an ongoing basis. In 2023, this segment contributed approximately RMB9.78 million to the Group's revenue. In addition, Camelon Hot Spring Hotel in Tong'an District of Xiamen, Camelon Business Hotel in Hui'an of Quanzhou, and hotels in Feidong of Hefei, Taizi Lake of Wuhan and Jinhui Area of Fengxian District, Shanghai, etc. were still under construction in an orderly manner. Sticking to the service concept of "family-like service for you", the Group will bring high-quality service experience to its customers.

Quality, Safety and Product Line Design

Over the years, Yuzhou Group has always adhered to the concept of low-carbon environmental protection and green development, attached great importance to sustainable development, and taken the initiative to respond to the national goal of "carbon peaking and carbon neutrality" by building green boutique projects with "craftsmanship" and continuously increasing its practice of green building, striving to construct ecological communities where people and nature can coexist in harmony. "Environmental protection and energy saving, building green communities" has always been one of the development philosophies of Yuzhou Group's projects. As of the end of the year, 145 property projects of the Group (with a total area of over 21 million sq.m.) have achieved green building standards, of which approximately 5.55 million sq.m. have even reached two-star or above green building standards, either nationally or internationally. Shenzhen Yuzhou Plaza, Shanghai Yuzhou Plaza and Xiamen Yuzhou Plaza were awarded the "US LEED CS Certification", and the project at No.48 Caine Road, Central, Hong Kong, was awarded the highest platinum level of BEAM Plus.

In 2023, while passing on the establishments of the three residential product series, namely "Royale", "Langham" and "Honor", Yuzhou Group also made certain improvements with the product system further standardized and top-level design concept of products more clarified to fully demonstrate the products' values and orientation, so as to continuously improve its products. Committing to "Providing Highly Competitive Products", Yuzhou Group has been updating and iterating its design management procedures, taking projects as the key line and focusing on fine management to guarantee the implementation effect and quality of projects. Drawing on years of exploration and practice in spatial aesthetics, Yuzhou Group excels in creating diverse architectural styles. Whether it is the elegant Chinese style, the minimalist and refined modern style, or the grand metropolitan style, Yuzhou Group has pushed the boundaries of unique aesthetic living to the extreme. Meanwhile, Yuzhou Group integrated the ecological balance between people and residences, the interaction of people with intelligent information, and the exquisite living experience of devoted services into one.

In 2023, Yuzhou Group continued to refine its "Ucube-Temperature space" product system, iteratively upgrading the building standards of the product line while maintaining the essence of the original product system. Upholding the core concept of "people-oriented" and the principles of "design with warmth" and "forms follow functions", Yuzhou remained dedicated to creating comfortable and high-quality living spaces. Using the Yuzhou Zhuhai Xiangshan Mansion project as a prime example, Yuzhou Group has masterfully embodied the design philosophy of "Temperature Space". With over 1,000 days of dedicated craftsmanship and innovative design, Yuzhou has seamlessly blended modern oriental aesthetics into the essence of Xiangshan Mansion. Through distinctive design elements such as a unique main entrance gate, tree-themed enameled artwork decorations, and a nine-level landscaped garden, Xiangshan Mansion offers residents a living experience reminiscent of a tranquil park. It also promotes regional economic development, creating an outstanding community covering one square kilometer in Zhuhai.

Land Reserves

Adhering to its strategic deployment of leading with locality development and following the principle of "In-depth Cultivation", the Group extensively develops the six metropolitan areas in the Yangtze River Delta Region, West Strait Economic Zone, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region through the bidding and auction, merger and acquisition, urban redevelopment, land acquisition by application list system and project cooperation, so as to ensure stable and sustainable development.

As of 31 December 2023, the Group had land reserves amounting to approximately 11.91 million sq.m. of aggregate saleable GFA, with 163 projects located in 38 cities in the six metropolitan areas. The average land cost was approximately RMB6,221 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next two to three years.

SALEABLE GFA OF LAND RESERVES (SQ.M.)
(As at 31 December 2023)

Region	Number of projects	GFA (sq.m.)	As of Total
West Strait Economic Zone			
Xiamen	26	840,842	7.0%
Fuzhou	7	153,620	1.3%
Quanzhou	3	674,244	5.7%
Longyan	1	21,013	0.2%
Zhangzhou	4	662,955	5.6%
Sub-total	**41**	**2,352,674**	**19.8%**
Yangtze River Delta Region			
Shanghai	15	623,679	5.2%
Nanjing	15	298,507	2.5%
Hangzhou	2	220,885	1.9%
Shaoxing	1	127,952	1.1%
Ningbo	2	53,341	0.4%
Suzhou	14	596,026	5.0%
Changzhou	1	45,477	0.4%
Wuxi	3	134,992	1.1%
Hefei	14	746,121	6.3%
Bengbu	1	482,085	4.1%
Jinhua	1	3,316	0.0%
Yangzhou	3	361,192	3.0%
Zhoushan	1	46,165	0.4%
Xuzhou	1	53,713	0.5%
Sub-total	**74**	**3,793,451**	**31.9%**
Bohai Rim Region			
Beijing	1	28,129	0.2%
Tianjin	10	1,160,801	9.7%
Qingdao	4	82,042	0.7%
Shijiazhuang	1	7,960	0.1%
Tangshan	2	785,639	6.6%
Shenyang	1	94,118	0.8%
Sub-total	**19**	**2,158,689**	**18.1%**

Region	Number of projects	GFA (sq.m.)	As of Total
Central China Region			
Wuhan	4	759,302	6.4%
Xinxiang	1	149,848	1.3%
Kaifeng	1	125,904	1.0%
Zhengzhou	3	485,246	4.1%
Sub-total	**9**	**1,520,300**	**12.8%**
Greater Bay Area			
Hong Kong	1	2,214	0.0%
Shenzhen	1	51,281	0.4%
Huizhou	2	342,998	2.9%
Foshan	5	183,591	1.5%
Zhongshan	1	45,007	0.4%
Jiangmen	1	127,387	1.1%
Sub-total	**11**	**752,478**	**6.3%**
Southwest Region			
Chongqing	4	433,733	3.6%
Chengdu	2	2,297	0.0%
Sub-total	**6**	**436,030**	**3.6%**
Total	**160**	**11,013,622**	**92.5%**
Urban Redevelopment			
Greater Bay Area			
Shenzhen	1	117,008	1.0%
Zhuhai	1	627,022	5.3%
Huizhou	1	150,308	1.2%
Total	**3**	**894,338**	**7.5%**
Grand total	**163**	**11,907,960**	**100.0%**

FINANCIAL REVIEW

REVENUE

The revenue of the Group was mainly derived from four business categories, including property sales revenue, rental income from investment properties, property management fee income and hotel operation income. In 2023, the total revenue of the Group was RMB21,477.08 million, down by 19.67% year-on-year. This was mainly due to a decrease in property sales revenue. Specifically, property sales revenue was approximately RMB20,996.45 million, accounting for 97.76% of the total revenue; rental income from investment properties was approximately RMB239.34 million, up by 5.54% year-on-year; property management fee income was approximately RMB231.51 million, up by 9.16% year-on-year; and hotel operation income was approximately RMB9.78 million.

COST OF SALES

The cost of sales mainly encompassed land cost, construction cost, capitalized interest of the Group and fair value adjustments on properties upon reclassification to subsidiaries from joint ventures and associates in current and prior periods. In 2023, the cost of sales of the Group was approximately RMB21,109.25 million, down by 18.85% from approximately RMB26,012.24 million in 2022. The decrease in the cost of sales was mainly due to the decrease in GFA of properties delivered by the Group during the year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group was approximately RMB367.84 million in 2023. The gross profit margin was 1.71%. The decrease in gross profit margin was mainly due to recognition of loss-making projects in Zhangzhou, Foshan, Nanjing and Hefei in 2023.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

In 2023, the Group recorded a fair value loss on investment properties of approximately RMB3,033.88 million (2022: RMB315.41 million). Fair value loss on investment properties was mainly due to the decrease in fair value of certain investment properties in Xiamen, Wuhan, Quanzhou and Shenzhen resulted from the deteriorated market environment.

OTHER INCOME AND GAINS

Other income and gains increased by approximately 6.21% year-on-year from approximately RMB330.52 million in 2022 to approximately RMB351.05 million in 2023, mainly due to the increase in gain on disposal of subsidiaries.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses of the Group decreased by 41.19% year-on-year from approximately RMB655.30 million in 2022 to approximately RMB385.38 million in 2023. With an effective cost control measures, the Group continued to decrease the marketing and promotion expenses in 2023.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group decreased by 23.84% year-on-year from approximately RMB1,130.87 million in 2022 to approximately RMB861.31 million in 2023, which was mainly due to the decrease in staff costs.

OTHER EXPENSES

Other expenses decreased from approximately RMB871.62 million in 2022 to approximately RMB571.09 million in 2023, which was mainly due to the decrease in an impairment loss on goodwill.

FINANCE COSTS

Finance costs of the Group increased from approximately RMB674.45 million in 2022 to approximately RMB3,862.32 million in 2023, which was mainly due to the decrease in the portion of interest capitalized during the year.

SHARE OF RESULTS OF JOINT VENTURES

The Group's share of profit of joint ventures was approximately RMB294.06 million in 2023, and the loss in 2022 was RMB890.81 million. The total revenue of joint ventures amounted to RMB15,423.33 million in 2023. The gross profit margin of joint ventures was 12.8%.

SHARE OF RESULTS OF ASSOCIATES

The Group's share of loss of associates was approximately RMB105.28 million in 2023, compared with share of loss of associates of RMB257.13 million in 2022. The total revenue of associates amounted to RMB9,019.88 million in 2023. The gross profit margin of associates was 10.1%.

INCOME TAX

The Group recorded income tax expense of RMB78.08 million in 2023. Income tax expense of the Group in 2022 was approximately RMB111.68 million. The decrease in income tax expense was mainly due to the decrease in profit before tax during the year.

LOSS FOR THE YEAR

The loss for the year was RMB14,309.41 million, as compared to the loss of RMB13,269.19 million in 2022. The loss mainly resulted from the decrease in gross profit and portion of interest capitalized, increase in fair value loss on investment properties and provision for impairment losses during the year.

LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

For the year ended 31 December 2023, the loss attributable to non-controlling interests amounted to approximately RMB3,788.84 million, as compared to the loss attributable to non-controlling interests of approximately RMB1,254.33 million in 2022. The loss was mainly attributable to impairment of inventories and losses on certain non-wholly owned projects and fair value loss on non-wholly owned investment properties.

BASIC LOSS PER SHARE

For the year ended 31 December 2023, basic loss per share was RMB1.65.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2023, the Group had cash and cash equivalents, restricted cash and non-pledged time deposits with original maturity of over three months of approximately RMB5,142.61 million, decreased by 27.97% from approximately RMB7,139.43 million as at 31 December 2022.

Borrowings

The Group adopts prudent financial policy for proactively conducting debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs.

As at 31 December 2023, the Group had total bank and other borrowings, corporate bonds and senior notes balance of RMB54,544.36 million, of which certain loans were secured by certain investment properties, properties held for sale and properties under development of the Group, representing a year-on-year decrease of 1.05%. The interest rate of average borrowing cost was 8.16% per annum, increased by 0.74 percentage points from 7.42% in the period ended 30 June 2023. As at 31 December 2023, asset-liability ratio after excluding advance receipts (total liability after excluding contract liabilities divided by total asset after excluding contract liabilities) was 94.77%, which was up by 16.52 percentage points as compared to that as at 31 December 2022.

NET GEARING RATIO

As of 31 December 2023, the Group's net gearing ratio (calculated as the interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents, restricted cash and non-pledged time deposits with original maturity of over three months and then divided by total equity) was 976.32%.

As at 31 December 2023, the Group provided guarantees to banks amounting to RMB18,807.96 million (31 December 2022: RMB25,946.75 million) in respect of mortgage facilities granted to certain purchasers of the Group's properties. The amounts of guarantee to banks and other lenders by the Group in terms of facilities awarded to joint ventures and associates were RMB195.62 million (31 December 2022: RMB819.15 million) and RMB871.20 million (31 December 2022: RMB1,288.56 million), respectively. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to certain contractors for construction cost were RMB8.46 million (31 December 2022: RMB58.59 million). The amounts of guarantees to banks and other lenders in respects of facilities granted to independent third parties, net of the principal of RMB2,773.23 million (31 December 2022: RMB2,717.49 million) included in the Group's interest-bearing bank and other borrowings and the provision of expected credit loss on the financial guarantee of RMB1,833.51 million (31 December 2022: RMB1,744.05 million), were RMB114.91 million (31 December 2022: RMB185.94 million). The Group provided guarantees to banks and other lenders in respects of facilities granted to independent third parties amounting to RMB4,721.65 million (31 December 2022: RMB4,647.48 million).

CURRENCY RISK

As of 31 December 2023, the Group had total borrowings, corporate bonds and senior notes of approximately RMB54,544.36 million, approximately 20.12% was denominated in RMB and 79.88% was denominated in Hong Kong dollars and United States dollars.

The proportions of balance of bank and other borrowings, corporate bonds, senior notes and cash of the Group in terms of the currencies are as follows:

	Bank and other borrowings, corporate bonds, and senior notes balance *(RMB'000)*	**Cash balance*** *(RMB'000)*
HK$	1,067,162	12,392
RMB	10,975,964	5,086,747
US$	42,501,231	43,472
Total	54,544,357	5,142,611

* Including restricted cash and non-pledged time deposits with original maturity of over three months

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

INFORMATION TECHNOLOGY SYSTEM

With the rapid development of information technology, informatization has become the foundation and premise of modern management. The Group actively promoted and enhanced its level of informatization, built a management + IT management and control system, improved the independent planning and design capability of IT, and adhered to empowering enterprises with technology to comprehensively enhance operational efficiency and quality. During the year, Yuzhou Group optimized certain items of its financial budget system, in particular, the business and financial systems were integrated to achieve functions of data sharing, collaboration and integrated management, and the operational efficiency, financial transparency, decision accuracy were thus improved while the operating costs reduced. Meanwhile, the Group launched and operated the online version of cost control system, procurement system, and payment mini program for its commercial sector, which may improve the expense and procurement process management for higher operating efficiency and better cost control, and thus stronger competitiveness. Users may pay their fees and check the payment records or track payment status through the payment mini program to understand their concerns about payments at any time, which is rather convenient. Such a new payment option also allows the Company to improve work efficiency, reduce cost and strengthen users' satisfaction and payment security.

HUMAN RESOURCES

Yuzhou Group always adheres to the sage spirit of "King Yu tamed the flood and making desert an oasis", and with the vision of becoming a century-old enterprise that supports urban growth and achieves win-win outcome situation for its customers, staff and shareholders, penetrates the core values of responsibility, pragmatism, coordination and win-win into every corner of corporate culture. In 2023, Human Resources Department of the Group carried out a number of corporate culture initiatives around the annual theme "Cooperation, Cohesion, and Creativity".

Yuzhou Group consistently emphasizes the transmission of corporate culture and its initial aspiration of founding, "Walking Together with One Heart to Reach Afar", and actively fulfills its commitment to the same in its daily operations, management, and various corporate cultural activities to forge ahead despite difficulties. 2023 remained a tough year for the market. Therefore, only by enhancing team spirit, making concerted efforts, and keeping a positive mindset can we achieve our goals as a team and navigate the economic and industry cycles. Yuzhou Group endeavors to build a resilient, cohesive and competent staff team through a series of activities, thereby laying a solid foundation for the Company's sustainable growth. To inspire all employees to strive and progress with greater enthusiasm and cohesion, in January, the Group held the 2023 Work Initiation and Mobilization Meeting with the theme of "Fearless to Overtake and Ready to Rise（無畏向上蓄勢而發）"; in March, the Group held a 10KM hiking event with the theme of "Pursuing the Future with Yuzhou amidst the Surging Mountains and Sea（山海澎湃禹健未來）"; in July, the Group mounted a Mountaineering Challenge with the theme of "Gathering Strength, Leap Up with Passion（聚力向心，躍'燃'而上）"; and in October, the Group organized a Year-end Morning Speed Running Race with the theme of "Race against Time, Advance with the Team（和時間賽跑與團隊共進）". In addition, through a series of "moderate and excellent" care and warmth activities, Yuzhou Group expressed its tenderness to employees and built team cohesiveness. Despite the challenging industry environment, Yuzhou Group remained persistent in employee care by providing welfare and gifts for festivals such as Chinese New Year, Lantern Festival, and Women's Day, as well as organizing featured celebration activities. During the difficult period of urgent project delivery, Yuzhou Group organized condolence visits to offer bread, milk, and other caring replenishment. As summer arrived, Yuzhou Group provided colleagues working on sites or managing projects with scented tea and fruit to relieve the summer heat and facilitate productive work under the Group's care.

In 2023, guided by the annual theme of "Cooperation, Cohesion and Creativity", the Group persistently refined the organizational structure of its regional companies, clarified job responsibilities, and established clear boundaries of accountability. Based on the current industry situation and the characteristics of urban business scale, dynamic management and control measures were implemented to achieve feasible control over organization, business, and personnel, effectively enhancing organizational efficiency. Meanwhile, the Group incorporated the cultural assessment into each stage of talent selection and appointment to promote the main theme of incorporating corporate culture into the talent development of Yuzhou Group. In the future, following the core values of "responsibility, practicability, synergy and win-win results", Yuzhou Group will actively reserve talents in line with long-term strategic footprint to provide powerful talent support for the Group.

As of 31 December 2023, the Group had 1,211 staff in total (2022: 1,985).

PAYMENT OF DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company did not enter into other material acquisitions and disposals during the reporting period.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Save as the Proposed Restructuring as set out in note 13 to the consolidated financial statements of the Group, there are no significant events after the reporting period and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on 30 May 2024 and the notice of AGM will be published and despatched to the shareholders in due course. In order to determine the entitlement to attend and vote at the AGM, the Register of Members will be closed from 27 May 2024 to 30 May 2024, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 24 May 2024.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "**Securities Code**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited. The directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all the Shareholders.

During the year, the Company had adopted, applied and complied with the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules except the following deviation:

Code Provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Kwok Ying Lan（郭英蘭）has been assuming the roles of both the Chairman and the Chief Executive Officer since 24 June 2022. Although these two roles are performed by the same individual, certain responsibilities are shared with the executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

SHARE SCHEME

The Company did not grant any share options for the year ended 31 December 2023.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Company's auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's 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 HKICPA and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the website of the Company (http://yuzhou-group.com/) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2023 annual report of the Company will be despatched to the shareholders of the Company and be made available on the above websites in due course.

DEVELOPMENT STRATEGIES AND PROSPECTS

Looking ahead to 2024, China's national and local governments will continue to focus on "stabilizing growth and expectations and boosting confidence", continuously optimize and improve relevant policies and systems, promoting the healthy and stable development of the real estate industry in the long run. Under this guidance, more efforts will be made to support the real estate industry, which will have a positive effect on the recovery of residents' confidence along with stable recovery of macroeconomic development. Sales expectations are expected to improve, and the decline in industry sales may narrow as a result.

The meeting of the Political Bureau of the Central Committee convened in July 2023 explicitly stated for the first time that there have been significant changes in the supply-demand relationship of the real estate market. The meeting further pointed out that main contradiction in China's housing development has shifted from a shortage of total supply to insufficient structural supply under a basic balance between total supply and demand. In response, China has introduced policies on accelerating the construction of the "three major projects", namely the planning and construction of affordable housing, urban village renovation, and construction of public infrastructure for both normal and emergency use, which has led to expectations of significant structural changes in the future real estate market. On the one hand, the main consumer group of commercial housing will shift from customers with rigid demand in the past to customers with improvement-oriented demand. Due to factors such as slowing economic development and declining population, the demand for housing among residents has shifted from possession to comfort, reflecting people's demand for better living conditions. Meanwhile, the government has been increasing efforts in the construction and supply of affordable housing to alleviate the problems of high housing prices and housing faced by young people in major cities, which has further released the purchasing power of some essential demand groups and reduced the number of customers of this group. On the other hand, residents, out of caution and safety considerations, prefer buying second-hand or quasi-existing houses, resulting in a decrease in the market share of first-hand houses. Statistics indicate that the proportion and growth in the volume of second-hand housing transactions in 2023 have both increased. This shifting trend will have a deep influence on the management and operation concepts of real estate development enterprises.

Faced with unprecedented and profound changes in the industry, Yuzhou Group is well aware of the challenges and difficulties involved. The 30 years of operations have laid a solid foundation for Yuzhou Group, and the twists and turns along the way have forged a strong will to work hard and never give up. The awareness of difficulties always existing for start-up and development of a business has been deeply rooted in Yuzhou's cultural genes. Yuzhou Group will adhere to its initial aspiration of founding, constantly break through inherent concepts, proactively explore innovative measures, actively carry out self-transformation, be brave to overcome difficulties, strive for self-protection while seizing opportunities, implement strategies centered on results and goals, and continue to work hard and forge ahead for the next 30 years for Yuzhou Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our shareholders, investors, partners and customers for their trust and support. By virtue of our optimized corporate governance and management structure as well as our prudent financial strategies and our spirit of "Building Cities with Heart, Building Homes with Love", we will remain dedicated to maximizing the value for our shareholders and investors, and creating the best returns.

By order of the Board
Yuzhou Group Holdings Company Limited
Kwok Ying Lan
Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the executive Directors of the Company are Ms. Kwok Ying Lan (Chairman) and Mr. Lin Conghui, the non-executive Directors of the Company are Mr. Lam Lung On (J.P.) and Mr. Song Jiajun, and the independent non-executive Directors of the Company are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.