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**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023,
CHANGES IN COMPOSITION OF BOARD COMMITTEES
AND
LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION**

FINANCIAL HIGHLIGHTS

- Total contracted sales amounted to RMB50,530 million, representing a YoY decrease of 50%.
- Revenue amounted to RMB46,459 million, representing a YoY increase of 1%.
- Gross profit was RMB1,183 million. Gross profit margin was 3%.
- Loss attributable to owners of the Company was RMB21,097 million. Basic and diluted loss per share was RMB2.770. The recorded loss was mainly attributable to (i) the downturn in the overall real estate market in the PRC, resulting in the decrease in gross profit margin, and the increase in the provision for impairment of property projects; and (ii) the decrease in the share of results from joint ventures and associates, for the year of 2023.

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023.

REVIEW OF THE ANNUAL RESULTS

For the twelve months ended 31 December 2023, the Group recorded RMB46,459 million in revenue, representing a YoY increase of approximately 1%; due to the continuous downturn in the overall real estate market in the PRC, gross profit was RMB1,183 million, decreased by approximately 50% compared to the previous year and the gross profit margin was 3% (2022: 5%). Loss attributable to owners of the Company and loss per share (basic and diluted) were RMB21,097 million and RMB2.770, respectively.

MARKET REVIEW AND OUTLOOK

2023 market review

In 2023, the real estate market in China generally appeared ‘high at the beginning, low in the middle and stable at the end’. During 2023, the government introduced a series of policy measures including ‘allowing first-time buyers favorable mortgage terms regardless of their existing loans’, ‘lowering deposit ratio and interest rate’ and ‘releasing purchase restrictions’. These measures were effective in stabilizing the overall market. In 2023, GFA of commodity housing sold was approximately 1.12 billion sq.m., 8.5% down YoY, of which residential GFA sold dropped by 8.2%. In 2023, property enterprises had achieved a capital inflow of approximately RMB12.7 trillion, 13.6% lower YoY. Property enterprises faced tremendous risks as a result of reduced cash collection from sales, difficulty in asset disposal and re-financing. The industry continues to undergo consolidation.

2024 market outlook

Looking ahead, the Group foresees that constraints still exist in the real estate market in the short term, demand may still drop in a stable manner. There is solid and strong support in the medium to long term, with demands generated by urbanization, upgrading and redevelopment. The real estate industry in China is still a major industry worthy of deep cultivation. Currently, the supply and demand relationship of properties is going through huge changes. It still takes a long time for the market to regain confidence, property enterprises to recuperate and weak players to be eliminated. The industry is entering a new development model, leaving the ‘high leverage, high turnover, high risk’ model behind. Downsizing of enterprises and converting to light asset is the way to go. They are turning to more product-oriented and service-oriented for sustainable operation.

FINANCIAL REVIEW

Revenue

The components of the revenue are analyzed as follows:

<i>(RMB million)</i>	2023	2022	Change
Property development	38,993	37,132	5%
Property investment	446	391	14%
Property management and related services	2,885	2,868	1%
Other real estate related businesses	4,135	5,736	-28%
Total	46,459	46,127	1%

The Group's revenue in 2023 increased by approximately 1% to RMB46,459 million, from RMB46,127 million in 2022. Property development segment remained the largest contributor, which accounted for about 84% of total revenue. During 2023, the revenue from property development contributed by the Beijing, Bohai Rim, Eastern, Southern, Central and Western Regions were 7%, 26%, 18%, 16%, 29% and 4%, respectively. We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, allowing the Group to stay focused on our future development plan.

Property management and related services include (i) property management and commercial operational services; (ii) community value-added services; and (iii) value-added services to non-property owners.

Due to the downturn trend of the overall real estate market in the PRC, the total revenue of other real estate businesses (including whole-industrial chain construction services, internet data center, senior living services, etc.) recorded a relatively larger decrease for 2023.

Cost of sales

The Group's total cost for the year was RMB45,276 million (2022: RMB43,750 million).

Excluding carpark, average land cost per sq.m. of property development business in 2023 increased to approximately RMB6,500 compared to RMB5,700 in 2022. The increase was mainly due to more projects located in tier-one and core tier-two cities, which have relatively higher land costs, being delivered in 2023. Average construction cost per sq.m. (excluding carpark) for property development business was approximately RMB5,700 for the year (2022: RMB5,500 per sq.m.).

Gross profit

Gross profit for the year was RMB1,183 million, representing a decrease of approximately 50% compared to that of 2022. Gross profit margin decreased to 3% in 2023 (2022: 5%). The decrease in gross profit margin was mainly because of the downturn in the overall real estate market sentiment in the PRC during 2023, of which (i) the industry gross profit margin has not recovered significantly; and (ii) the provision made by the Group for inventories increased.

Interest and other income and other losses (net)

Interest and other income decreased by approximately 22% to RMB854 million in 2023, compared to RMB1,094 million in 2022. The decrease was mainly attributable to the decrease in the interest income and dividend income during 2023.

The Group recorded other losses (net) of RMB672 million in 2023 (2022: RMB2,689 million). The recorded losses in 2023 were primarily due to the downturn and operational difficulties in the real estate market in the PRC. It was mainly comprised of net effect of net gains on disposal of joint ventures and associates, fair value losses of financial assets and financial liabilities at fair value through profit or loss and provision for litigations during the year.

Revaluation of investment properties

Due to the continual slump of the real estate industry in the PRC, the Group recognized fair value losses on its investment properties (before tax and non-controlling interests) of RMB928 million for 2023 (2022: RMB256 million).

Operating expenses

Selling and marketing expenses for 2023 were RMB1,170 million (2022: RMB1,803 million), which decreased by approximately 35% as compared to 2022. The decrease was mainly because of the negative real estate market sentiment in the PRC during 2023, with the combined effect of (i) the decrease in contracted sales; and (ii) the launch of more sales promotions by the Group so as to boost sales. These costs accounted for approximately 2.3% of the total contracted sales amount for 2023 (2022: 1.8%).

Under the Group's strict cost control policy, administrative expenses incurred for 2023 slightly decreased to RMB1,695 million (2022: RMB1,698 million), representing approximately 3.6% of the total revenue for 2023 (2022: 3.7%). The Group will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Net impairment losses on financial assets

The Group recorded the net impairment losses on financial assets of RMB11,283 million for the year (2022: RMB7,850 million (restated)). The increase in the expenses was mainly due to the provision made by the Group for expected credit losses on the trade and other receivables, considering the combined effects of sluggish macroeconomic and industry environments and tough financing channels during 2023.

Finance costs

Our weighted average interest rate increased from 5.16% for the year of 2022 to 5.63% for the year of 2023. The total interest expenses paid or accrued increased to RMB5,358 million in 2023 (2022: RMB5,064 million), of which RMB3,517 million (2022: RMB3,066 million) was not capitalized and charged through consolidated income statement during the year.

Taxation

The aggregate of enterprise income tax and deferred tax decreased to RMB361 million in 2023 (2022: RMB1,175 million), the decrease in the expense was mainly attributed by the decrease in taxable temporary differences recognized in the previous years primarily relating to the asset impairment loss. In addition, land appreciation tax in 2023 decreased to RMB1,063 million (2022: RMB1,451 million). The decrease was mainly due to lower applicable tax rate being applied during 2023.

Loss attributable to owners of the Company

The loss attributable to owners of the Company was RMB21,097 million for the year of 2023 (2022: RMB19,037 million (restated)). The loss recorded for 2023 was mainly attributable to (i) the downturn in the overall real estate market in the PRC, resulting in the decrease in gross profit margin, and the increase in the provision for impairment of property projects; and (ii) the decrease in the share of results from joint ventures and associates, for the year. Our management will continue to focus on the improvement of our Shareholders' return as on-going task.

Financial resources and liquidity

As at 31 December 2023, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB5,022 million, of which approximately 99% (31 December 2022: 99%) of the Group's cash resources were denominated in RMB with the remaining balances denominated in other currencies, such as USD and HKD. The current ratio was 0.95 time. During the year of 2023, the Group took the initiative in mitigating liquidity risks, kept focusing on high-quality delivery of property projects and revitalized operating cash flow, so as to secure the steady business operation.

As at 31 December 2023, the Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was approximately 438% (31 December 2022: 196% (restated)). The increase in net gearing ratio was a result of combined impact from multiple extreme factors including continued market downturn, noticeable decline in overall sales and a very harsh financing environment in 2023 in the PRC. In addition, the profitability of the overall industry was being eroded and cash collection process remained slow. All these pushed up the net gearing ratio. In 2024, following more easing macro policies in the real estate industry, the demand for property will gradually recover. We would continue to proactively manage the indebtedness, improve the cash collection from the delivery of property projects and lower the net gearing ratio.

The maturities of the Group's total borrowings are set out as follows:

<i>(RMB million)</i>	As at 31 December 2023	As a percentage of total borrowings	As at 31 December 2022	As a percentage of total borrowings
Within 1 year	69,751	73%	38,092	39%
1 to 2 years	11,027	11%	21,062	22%
2 to 5 years	9,386	10%	30,061	31%
Over 5 years	5,979	6%	7,808	8%
Total	96,143	100%	97,023	100%

BUSINESS REVIEW

Property Development

Recognized sales

Revenue from property development business increased by approximately 5% in 2023, amounting to RMB38,993 million (2022: RMB37,132 million). Saleable GFA delivered decreased by 5% from approximately 3,183,000 sq.m. in 2022 to approximately 3,015,000 sq.m. in 2023. Excluding carpark sales, the average selling price recognized in 2023 increased to approximately RMB14,400 per sq.m. (2022: RMB13,400 per sq.m.). The increase was mainly due to more projects in tier-one and core tier-two cities being delivered in 2023.

Revenue and saleable GFA delivered by cities during 2023 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Approximate average selling price recognized (RMB/sq.m.)
Beijing Region	Beijing	627	12,355	50,700
	Taiyuan	1,610	160,059	10,100
	Qinhuangdao	156	10,046	15,500
	Langfang	170	10,493	16,200
		2,563	192,953	13,300
Bohai Rim Region	Tianjin	5,353	302,974	17,700
	Qingdao	452	50,633	8,900
	Jinan	2,087	156,312	13,400
	Dalian	1,166	56,888	20,500
	Shenyang	186	17,858	10,400
		9,244	584,665	15,800
Eastern Region	Shanghai	34	1,012	33,600
	Hangzhou	1,233	34,880	35,300
	Nanjing	369	19,814	18,600
	Suzhou	293	28,048	10,400
	Wenzhou	2,126	108,348	19,600
	Yangzhou	630	45,531	13,800
	Suqian	1,435	224,830	6,400
		6,120	462,463	13,200

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Approximate average selling price recognized (RMB/sq.m.)
Southern Region	Shenzhen	714	17,317	41,200
	Guangzhou	817	46,364	17,600
	Foshan	4	275	14,500
	Zhangzhou	1,220	104,137	11,700
	Maoming	119	24,678	4,800
	Jiangmen	1,227	125,349	9,800
	Zhongshan	1,397	125,029	11,200
	Zhanjiang	431	54,737	7,900
	Hong Kong	339	1,480	229,100
		6,268	499,366	12,600
Central Region	Wuhan	9,894	454,112	21,800
	Zhengzhou	181	23,821	7,600
	Nanchang	87	8,956	9,700
	Ganzhou	1,009	137,281	7,300
		11,171	624,170	17,900
Western Region	Chongqing	357	21,732	16,400
	Xi'an	911	82,002	11,100
	Guiyang	407	48,839	8,300
	Liuzhou	12	1,279	9,400
	Xining	4	566	7,100
		1,691	154,418	11,000
	Other projects	1,060	130,086	8,100
Subtotal (excluding carparks)		38,117	2,648,121	14,400
Carparks (various projects)		876	367,205	2,400
Total		38,993	3,015,326	12,900

Contracted sales

Due to the adverse impacts caused by the downturn trend in the overall real estate market in the PRC, the contracted sales of the Group, together with its joint ventures and associates, for the twelve months ended 31 December 2023 decreased to RMB50,530 million, representing approximately 50% decrease compared to RMB100,290 million in 2022. Contracted saleable GFA sold in 2023 decreased by approximately 30% to 4,288,900 sq.m. (2022: 6,154,000 sq.m.). The average selling price (excluding car parks) decreased by 25% to approximately RMB13,500 per sq.m. (2022: RMB18,000 per sq.m.).

Contracted sales from tier-one and tier-two cities accounted for approximately 85% (2022: 80%). In terms of distribution, the Group's contracted sales contributed by the Beijing, Bohai Rim, Eastern, Southern, Central, Western and Other Regions were 18%, 36%, 17%, 13%, 11%, 4% and 1%, respectively in 2023.

The contracted sales amounts and saleable GFA sold by cities in 2023 are set out below:

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Beijing Region	Beijing	4,507	224,400	20,100
	Shijiazhuang	648	68,300	9,500
	Taiyuan	590	73,700	8,000
	Qinhuangdao	1,000	61,600	16,200
	Langfang	1,604	132,000	12,200
	Zhangjiakou	34	6,100	5,600
	Jinzhong	402	52,900	7,600
		8,785	619,000	14,200
Bohai Rim Region	Tianjin	6,508	376,900	17,300
	Qingdao	1,562	87,800	17,800
	Jinan	8,371	848,700	9,900
	Dalian	462	41,900	11,000
	Shenyang	298	33,600	8,900
	Changchun	190	22,700	8,400
		17,391	1,411,600	12,300

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Eastern Region	Shanghai	1,294	45,000	28,800
	Nanjing	239	14,200	16,800
	Suzhou	461	32,200	14,300
	Wuxi	1,783	91,700	19,400
	Wenzhou	1,866	104,300	17,900
	Yangzhou	126	10,400	12,100
	Jinhua	113	9,900	11,400
	Zhenjiang	552	65,400	8,400
	Suqian	531	56,200	9,400
		6,965	429,300	16,200
Southern Region	Shenzhen	1,387	51,800	26,800
	Guangzhou	1,071	61,700	17,400
	Fuzhou	398	22,100	18,000
	Foshan	622	53,900	11,500
	Quanzhou	24	1,600	15,000
	Xiamen	636	28,300	22,500
	Maoming	88	19,000	4,600
	Jiangmen	462	47,100	9,800
	Zhongshan	1,188	104,900	11,300
	Zhanjiang	365	50,900	7,200
	Hong Kong	14	100	140,000
		6,255	441,400	14,200
Central Region	Wuhan	3,080	134,100	23,000
	Zhengzhou	246	25,500	9,600
	Hefei	200	13,200	15,200
	Changsha	920	84,600	10,900
	Nanchang	468	48,300	9,700
	Ganzhou	323	39,900	8,100
		5,237	345,600	15,200

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Western Region	Chengdu	421	35,400	11,900
	Chongqing	74	11,100	6,700
	Xi'an	501	40,700	12,300
	Kunming	40	7,400	5,400
	Guiyang	161	13,600	11,800
	Urumqi	56	5,900	9,500
	Lanzhou	16	3,000	5,300
	Liuzhou	5	600	8,300
	Xining	186	16,500	11,300
	Xishuangbanna	562	80,100	7,000
		2,022	214,300	9,400
Other Region	Singapore	648	3,900	166,200
		648	3,900	166,200
	Other projects	1,139	121,100	9,400
Subtotal (excluding carparks)		48,442	3,586,200	13,500
Carparks (various projects)		2,088	702,700	3,000
Total		50,530	4,288,900	11,800

Landbank and Construction in Progress

The Group's total GFA and total saleable GFA (including its joint ventures and associates) completed in 2023 were approximately 6,766,500 sq.m. and 5,150,900 sq.m., respectively, which increased by 9% and 20%, respectively, as compared to that of 2022.

As at 31 December 2023, the landbank of the Group (including its joint ventures and associates)¹ decreased to approximately 36,213,000 sq.m. (31 December 2022: 42,981,000 sq.m.); and landbank with attributable interest decreased to approximately 19,073,000 sq.m. (31 December 2022: 22,603,000 sq.m.) accordingly. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 31 December 2023 was approximately RMB6,500 (31 December 2022: RMB7,100).

Note 1: In 2023, the Group with its joint ventures and associates, acquired 2 plots of land, with total GFA and attributable interest GFA of approximately 858,000 sq.m. and 797,000 sq.m., respectively. The average acquisition cost per sq.m. of the newly acquired land plots was approximately RMB3,600.

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

The landbank details of the Group and its joint ventures and associates as at 31 December 2023 are set out as follows:

Regions	Cities	Projects	Districts	Approximate total GFA (’000 sq.m.)	Approximate total saleable GFA (’000 sq.m.)	Remaining landbank (’000 sq.m.)	Interest attributable to the Group (%)
Beijing Region	Beijing	Anzhen Project	Chaoyang District, Beijing	46	–	46	17.96%
		Captain House	Fengtai District, Beijing	131	100	17	51.00%
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	28.57%
		Central Peak	Changping District, Beijing	256	193	201	50.00%
		Gold Mansion	Daxing District, Beijing	118	99	79	25.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	88	40.00%
		Hilltime	Mentougou District, Beijing	430	344	430	10.00%
		Jasper Epoch	Daxing District, Beijing	92	78	10	100.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	38	11.10%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	40	85.72%
		Ocean Metropolis	Mentougou District, Beijing	330	276	57	56.88%
		Ocean Poetic Dwelling	Shijingshan District, Beijing	249	187	249	31.00%
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	110	21.00%
		Our New World	Fangshan District, Beijing	109	91	13	100.00%
		Plot 6002, Mentougou New Town	Mentougou District, Beijing	125	97	75	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	12	20.00%
		Sino-Ocean Apple Garden No.6	Shijingshan District, Beijing	69	50	46	51.00%
		World View	Chaoyang District, Beijing	71	52	71	25.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	29	50.00%
		Xanadu & Ocean Palace	Daxing District, Beijing	300	207	103	50.00%
		Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%
		Xinchi Tower	Daxing District, Beijing	67	41	67	70.00%
		Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	52.15%
				5,153	4,073	2,916	
	Shijiazhuang	Ande Memorial Park	Jingxing County, Shijiazhuang	110	110	109	88.89%
		Family Park	Chang’an District, Shijiazhuang	132	108	11	47.72%
		Family Park, Phase II	Chang’an District, Shijiazhuang	84	66	7	47.72%
		Gaocheng Logistics Project	Gaocheng District, Shijiazhuang	54	–	54	64.30%
		Harmony Palace	Zhengding New District, Shijiazhuang	152	140	32	38.35%
		Ocean Home Park	Gaocheng District, Shijiazhuang	48	43	8	40.00%
		Sino-Ocean No. 7	Chang’an District, Shijiazhuang	115	103	115	39.36%
				695	570	336	

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Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA (‘000 sq.m.)	total saleable GFA (‘000 sq.m.)	landbank (‘000 sq.m.)	attributable to the Group (%)
	Taiyuan	Glory Mansion	Xinghualing District, Taiyuan	288	198	288	52.15%
		Jiefang Road Aegean Place	Xinghualing District, Taiyuan	125	–	125	52.15%
		Ocean Crown	Xiaodian District, Taiyuan	53	38	53	100.00%
		Ocean Seasons	Wanbailin District, Taiyuan	308	254	114	100.00%
		Sky Masion	Yingze District, Taiyuan	394	286	313	36.21%
		Sky of Palace	Wanbailin District, Taiyuan	897	529	897	26.60%
		Villa Epoch	Yangqu County, Taiyuan	54	34	18	44.00%
		Wangjiafeng Aegean Place	Yingze District, Taiyuan	109	–	109	36.21%
				2,228	1,339	1,917	
	Qinhuangdao	Seatopia	Funing District, Qinhuangdao	1,438	1,243	1,101	100.00%
	Langfang	Capital Palace	Anci District, Langfang	404	292	20	52.15%
		Jingkai Logistics Project	Jingkai District, Langfang	151	–	151	19.29%
		Ocean Brilliant City	Guangyang District, Langfang	1,897	954	1,375	43.20%
		Plot I, Guangyang Logistics Project	Guangyang District, Langfang	41	–	41	64.30%
		Plot II, Guangyang Logistics Project	Guangyang District, Langfang	144	–	144	19.29%
		Yanjiao Sanhe Internet Data Center	Yanjiao County, Langfang	73	–	73	24.50%
				2,710	1,246	1,804	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	28	60.00%
	Jinzhong	Sky Masion	Yuci District, Jinzhong	2,067	1,537	1,348	30.85%
				14,494	10,171	9,450	
Bohai Rim Region	Tianjin	Boda Logistics Project	Wuqing District, Tianjin	285	–	285	64.30%
		Capital Palace	Jizhou District, Tianjin	346	213	193	52.15%
		Happy Light Year	Wuqing District, Tianjin	504	317	298	49.98%
		Jixian Aegean Place	Jizhou District, Tianjin	87	–	87	52.15%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	1,905	51.00%
		Ocean Fantastic Time	Dongli District, Tianjin	151	115	64	100.00%
		Ocean Orient	Binhai New Area, Tianjin	164	126	108	100.00%
		Sky Masion	Binhai New Area, Tianjin	388	231	7	52.15%
		Sky Masion Bay	Binhai New Area, Tianjin	253	182	21	52.15%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	1	60.00%
		UPED	Binhai New Area, Tianjin	653	445	653	51.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	30.00%
				6,612	4,764	3,807	

Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining landbank	Interest attributable to the Group
				total GFA (‘000 sq.m.)	total saleable GFA (‘000 sq.m.)		
	Qingdao	Ocean Glory	Shibei District, Qingdao	102	76	102	10.75%
		Sino-Ocean Harmony	Shibei District, Qingdao	377	270	13	43.00%
		Sino-Ocean Landscape	Jimo District, Qingdao	113	86	48	100.00%
				592	432	163	
	Jinan	Fantastic Time	Tianqiao District, Jinan	535	435	535	100.00%
		Minghu Mansion	Tianqiao District, Jinan	555	461	555	60.00%
		Minghu Prospect	Tianqiao District, Jinan	97	83	97	100.00%
		Ocean Crown	Huaiyin District, Jinan	103	87	97	70.00%
		Ocean Epoch	Lixia District, Jinan	390	371	150	50.00%
		Ocean Mansion	Huaiyin District, Jinan	228	190	59	79.60%
		Ocean Orient	Licheng District, Jinan	544	422	518	42.00%
		Ocean Precious Land	Licheng District, Jinan	226	172	5	37.90%
		Sino-Ocean Metropolis	Tianqiao District, Jinan	379	255	49	70.00%
		Sky Masion	Shanghe County, Jinan	583	520	298	30.66%
				3,640	2,996	2,363	
	Dalian	Diamond Bay	Ganjingzi District, Dalian	1,497	1,345	587	100.00%
		Joy of Mountain and Sea	Ganjingzi District, Dalian	189	150	9	51.00%
		Ocean Orient	Jinpu New Area, Dalian	116	113	116	70.00%
		Ocean Tower River Bay	Lvshunkou District, Dalian	234	200	234	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
				2,147	1,860	1,057	
	Shenyang	Ocean Elite River Prospect	Shenbei New District, Shenyang	400	313	400	60.00%
		Ocean Noble Mansion	Tiexi District, Shenyang	47	32	21	100.00%
				447	345	421	
	Changchun	Dream Jilin	Shuangyang District, Changchun	326	255	326	52.15%
	Anshan	International Plaza	Tiedong District, Anshan	350	294	39	52.15%
				14,114	10,946	8,176	
Eastern Region	Shanghai	Baoshan Sky Masion	Baoshan District, Shanghai	213	115	76	52.15%
		Hongqiao Origin	Qingpu District, Shanghai	75	53	75	100.00%
		Lingang Aegean Place	Pudong New Area, Shanghai	66	–	66	52.15%
		Lingang Sky Masion	Pudong New Area, Shanghai	172	108	144	52.15%
		Moon Mirage	Chongming District, Shanghai	1,072	672	670	41.03%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	16	100.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	35.91%
				1,711	993	1,101	

Sino-Ocean Group Holding Limited

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Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA (‘000 sq.m.)	total saleable GFA (‘000 sq.m.)	landbank (‘000 sq.m.)	attributable to the Group (%)
	Hangzhou	Neo 1	Gongshu District, Hangzhou	43	40	15	50.00%
		Ocean New Masterpiece	Gongshu District, Hangzhou	44	33	1	51.00%
				87	73	16	
	Nanjing	Ocean Seasons	Lishui District, Nanjing	234	184	24	100.00%
		The One	Jiangning District, Nanjing	213	153	1	100.00%
				447	337	25	
	Suzhou	Mansion Yue	Wujiang District, Suzhou	150	147	50	70.00%
		Rocker Park	Huqiu District, Suzhou	240	198	26	30.00%
		Royal Seasons	Taicang City, Suzhou	105	77	28	34.00%
		Scenert East	Zhangjiagang City, Suzhou	108	77	76	100.00%
		Shengze Sky Masion	Wujiang District, Suzhou	262	211	262	41.66%
		Shihu Project	Wuzhong District, Suzhou	49	–	49	100.00%
		Zhangjiagang Internet Data Center	Zhangjiagang City, Suzhou	24	–	24	87.75%
				938	710	515	
	Ningbo	Yuyao Supply Chain Industrial Park	Yuyao City, Ningbo	56	–	56	28.19%
	Wuxi	Life in Park	Xinwu District, Wuxi	196	157	106	15.00%
		One Residence	Xinwu District, Wuxi	211	154	111	19.80%
				407	311	217	
	Changzhou	Aegean Place	Wujin District, Changzhou	197	–	197	52.15%
		International Plaza	Wujin District, Changzhou	508	374	85	52.15%
				705	374	282	
	Wenzhou	Aegean Place	Longwan District, Wenzhou	82	–	82	100.00%
		Center Mansion (formerly known as Plot ZX-14a-1, Central District, Leqing)	Leqing City, Wenzhou	40	30	40	100.00%
		Four Seasons Mansion	Longwan District, Wenzhou	85	60	85	100.00%
		Harbor Heart	Ouhai District, Wenzhou	87	66	12	100.00%
		Peninsula No.9	Ouhai District, Wenzhou	276	174	276	41.36%
				570	330	495	

Regions	Cities	Projects	Districts	Approximate		Remaining	Interest	
				total	total			
				GFA	saleable GFA			
				(<i>'000 sq.m.</i>)	(<i>'000 sq.m.</i>)	landbank	to the Group	
				(<i>'000 sq.m.</i>)	(<i>'000 sq.m.</i>)	(<i>'000 sq.m.</i>)	(%)	
	Yangzhou	Home Furniture Mall	Hanjiang District, Yangzhou	81	–	81	52.15%	
		Sky Masion	Hanjiang District, Yangzhou	467	348	467	52.15%	
				548	348	548		
	Jiaxing	Pinghu Logistics Project	Pinghu City, Jiaxing	72	–	72	21.86%	
	Jinhua	Mountain Courtyard	Wucheng District, Jinhua	171	124	171	26.60%	
	Zhenjiang	Central Mansion	Danyang City, Zhenjiang	607	502	463	50.00%	
	Huai'an	International Plaza	Qingjiangpu District, Huai'an	319	264	55	22.42%	
	Suqian	Aegean Place	Sucheng District, Suqian	117	–	117	14.08%	
		Shuyang Sky Masion	Shuyang County, Suqian	545	407	33	100.00%	
		Sky Masion	Sucheng District, Suqian	484	411	285	14.08%	
			1,146	818	435			
	Huzhou	Anji Internet Data Center	Anji County, Huzhou	135	–	135	64.30%	
				7,919	5,184	4,586		
	Southern Region	Shenzhen	Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%
			Ocean Express	Longgang District, Shenzhen	556	437	97	100.00%
			Ocean Filter	Longgang District, Shenzhen	92	64	92	100.00%
			Ocean Glitter	Nanshan District, Shenzhen	141	106	141	48.00%
			Ocean Purity	Longgang District, Shenzhen	152	108	152	39.20%
			Ocean Seafront Towers	Nanshan District, Shenzhen	115	52	59	64.90%
			Peace Palace	Longhua District, Shenzhen	278	201	278	63.01%
			Shanxia Project	Longgang District, Shenzhen	323	303	323	81.00%
				2,190	1,553	1,675		
		Guangzhou	East Bay	Zengcheng District, Guangzhou	141	96	8	40.00%
			Elite Palace	Tianhe District, Guangzhou	310	279	41	100.00%
			Hibiscus Villa	Huadu District, Guangzhou	179	87	54	51.00%
			Natural Mansion	Zengcheng District, Guangzhou	76	48	76	100.00%
			Ocean Prospect	Zengcheng District, Guangzhou	133	96	69	100.00%
				839	606	248		

Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA (‘000 sq.m.)	total saleable GFA (‘000 sq.m.)	landbank (‘000 sq.m.)	attributable to the Group (%)
	Fuzhou	Ocean Tianfu	Cangshan District, Fuzhou	128	97	128	63.01%
	Foshan	Delight River	Sanshui District, Foshan	207	192	46	100.00%
		Landscape	Shunde District, Foshan	80	63	80	49.00%
		Natural Mansion	Nanhai District, Foshan	140	107	140	50.00%
				427	362	266	
	Quanzhou	Ocean Prospect	Luojiang District, Quanzhou	51	35	51	42.00%
	Xiamen	Ocean Prospect	Tong'an District, Xiamen	199	144	199	51.00%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	299	249	164	51.00%
	Jiangmen	Cloud Mansion	Pengjiang District, Jiangmen	176	133	64	51.00%
		Top Mansion	Pengjiang District, Jiangmen	131	101	54	100.00%
				307	234	118	
	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	890	75.00%
		Ocean Palace	Southern District, Zhongshan	181	134	137	100.00%
				1,353	1,171	1,027	
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	285	67.50%
	Sanya	Ocean Hill	Jiyang District, Sanya	177	111	75	100.00%
	Hong Kong	Mt. La Vie	Islands District, Hong Kong	3	3	3	100.00%
		Nga Tsin Long Road Project, Kowloon City	Kowloon City District, Hong Kong	6	5	6	60.00%
		Uptify	Yau Tsim Mong District, Hong Kong	3	3	2	100.00%
				12	11	11	
				6,594	5,066	4,247	
Central Region	Wuhan	Aegean Place	Xinzhou District, Wuhan	62	–	62	52.15%
		Citylane	Hanyang District, Wuhan	450	–	450	70.00%
		Dongxihu Xingou Logistics Project	Dongxihu District, Wuhan	112	–	112	64.30%
		Huazhong Big Data Industrial Park	Jiangxia District, Wuhan	89	–	89	12.50%
		Oriental World View	Hanyang District, Wuhan	1,917	1,430	198	70.00%
		Oriental Worldview II	Hanyang District, Wuhan	322	229	322	7.75%
		Yangtze Opus	Jiang'an District, Wuhan	178	80	178	70.00%
				3,130	1,739	1,411	

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Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest	
				total GFA	total	landbank	attributable	
				(<i>'000 sq.m.</i>)	saleable GFA	(<i>'000 sq.m.</i>)	to the Group	
						(<i>'000 sq.m.</i>)	(%)	
	Zhengzhou	Fontaine Polaris	Zhongmu County, Zhengzhou	176	141	176	24.50%	
		Glory Mansion	Xinzheng City, Zhengzhou	135	103	135	28.68%	
		Grand Apartment	Jinshui District, Zhengzhou	172	133	172	36.98%	
		Ocean Landscape Courtyard	Yingyang District, Zhengzhou	204	150	15	55.00%	
		Ocean Melody	Zhongmu County, Zhengzhou	43	38	8	69.30%	
		Ocean Prospect	Xinzheng City, Zhengzhou	169	158	34	100.00%	
		Rong Fu	Xinzheng City, Zhengzhou	156	101	118	22.72%	
		The Collection	Erqi District, Zhengzhou	182	141	182	49.00%	
				1,237	965	840		
	Hefei	Hefei Logistics Project, Phase IV	Feidong County, Hefei	66	–	66	64.30%	
		Ideal Bourn	Feidong County, Hefei	104	83	104	100.00%	
		Ocean Glory	Feidong County, Hefei	197	186	35	100.00%	
		Ocean Landscape	Feidong County, Hefei	200	180	33	70.00%	
				567	449	238		
	Changsha	Aegean Place	Yuhua District, Changsha	69	–	69	41.72%	
		Sky Masion	Yuhua District, Changsha	878	616	575	41.72%	
		Special Mansion	Wangcheng District, Changsha	482	384	482	24.50%	
				1,429	1,000	1,126		
	Nanchang	Cloud View	Jingkai District, Nanchang	81	61	81	51.00%	
		Ocean Palace	Wanli District, Nanchang	173	122	15	51.00%	
		Sky Masion	Wanli District, Nanchang	175	163	33	52.15%	
				429	346	129		
	Ganzhou	Sky Masion	Nankang District, Ganzhou	888	705	154	53.59%	
				7,680	5,204	3,898		
	Western Region	Chengdu	Ocean Ecological Land	Xindu District, Chengdu	199	127	199	100.00%
			Ocean Luxury City	Qingyang District, Chengdu	122	106	11	24.50%
			Qingbaijiang Internet Data Center, Zone A	Qingbaijiang District, Chengdu	193	–	193	36.51%
			Wenjiang Internet Data Center	Wenjiang District, Chengdu	54	–	54	24.50%
				568	233	457		

Regions	Cities	Projects	Districts	Approximate total GFA (’000 sq.m.)	Approximate total saleable GFA (’000 sq.m.)	Remaining landbank (’000 sq.m.)	Interest attributable to the Group (%)
	Chongqing	Fenghua Melody	Shapingba District, Chongqing	102	71	20	24.50%
		Fontaine Island	Nan’an District, Chongqing	178	132	3	24.50%
		Liangjiang New Town Internet Data Center	Liangjiang New Area, Chongqing	40	–	40	49.00%
		Life In Art Dist	Jiulongpo District, Chongqing	52	37	22	34.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	119	17	100.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	36	56.10%
				1,130	839	138	
	Xi’an	Aegean Place	Xincheng District, Xi’an	104	–	104	26.60%
		Emperor Chic	Weiyang District, Xi’an	321	316	215	24.50%
		Fontaine Island	Chanba Ecological District, Xi’an	147	111	147	24.50%
		Ocean Mansion	Weiyang District, Xi’an	558	416	558	42.33%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi’an	292	208	113	80.00%
		Sky Masion	Xincheng District, Xi’an	462	312	462	26.60%
				1,884	1,363	1,599	
	Kunming	In Galaxy (formerly known as Chenggong Project)	Chenggong District, Kunming	222	218	84	69.80%
		In Galaxy (formerly known as Chenggong Project, Phase II)	Chenggong District, Kunming	99	88	99	69.80%
				321	306	183	
	Guiyang	Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	111	100.00%
		Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	11	100.00%
		Sky Masion	Guanshanhu District, Guiyang	780	565	780	26.60%
		Sky Masion, Retail	Guanshanhu District, Guiyang	89	–	89	26.60%
				1,134	775	991	
	Urumqi	Natural Century	Saybag District, Urumqi	74	63	74	26.60%
		Royal Mansion	Saybag District, Urumqi	402	293	302	28.97%
		Sky Masion	Saybag District, Urumqi	148	111	148	52.15%
				624	467	524	
	Lanzhou	Sky Masion	Yuzhong County, Lanzhou	397	301	264	31.29%
	Liuzhou	Aegean Place	Yufeng District, Liuzhou	85	–	85	76.55%
		Glory Mansion	Yufeng District, Liuzhou	357	251	108	76.55%
				442	251	193	

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Regions	Cities	Projects	Districts	Approximate total GFA (‘000 sq.m.)	Approximate total saleable GFA (‘000 sq.m.)	Remaining landbank (‘000 sq.m.)	Interest attributable to the Group (%)
	Luzhou	Sky Masion	Jiangyang District, Luzhou	279	207	279	52.15%
	Xining	Aegean Place	Haihu New District, Xining	121	–	121	76.55%
		Sky Masion	Chengzhong District, Xining	1,278	1,018	661	41.72%
		Sky Palace	Chengxi District, Xining	311	254	117	76.55%
				1,710	1,272	899	
	Xishuangbanna	Rainforest Resorts	Jinghong City, Xishuangbanna	515	429	259	26.07%
				9,004	6,443	5,786	
Other Region	Singapore	Cairnhill 16	Area 9, Singapore	4	4	4	30.00%
	Jakarta	Auraya	Greater Jakarta, Indonesia	66	57	66	28.00%
				70	61	70	
Total				59,875	43,075	36,213	

Property Investment

In 2023, revenue from property investment increased by approximately 14% to RMB446 million (2022: RMB391 million). As at 31 December 2023, the Group and its joint ventures and associates held more than 22 operating investment properties. Besides, the commercial part of Grand Canal Place in Beijing was launched in June 2023 and the office part also entered into the market in December 2023. We would continue to implement the asset-light mode for the Group's investment properties and accelerate the cash collection.

The investment properties of the Group and its joint ventures and associates as at 31 December 2023 are set out as follows:

Projects	Districts	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Logistics projects (sq.m.)	Others (sq.m.)	Occupancy rate (%)	Interest attributable to the Group (%)
E-wing Center (Beijing)	Haidian District, Beijing	12,000	12,000	-	-	-	52%	100%
Grand Canal Place (Beijing)	Tongzhou District, Beijing	111,000	60,000	51,000	-	-	84% ¹	62%
Ocean Incom (Beijing)	Shunyi District, Beijing	45,000	32,000	2,000	-	11,000	68%	100%
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	-	18,000	91%	100%
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	-	-	4,000	94%	72%
Ocean International Center (Tianjin)	Hedong District, Tianjin	53,000	53,000	-	-	-	77%	100%
Shuyang Aegean Place (Suqian)	Shuyang County, Suqian	40,000	-	40,000	-	-	68%	100%
San Francisco Project (USA)	Financial District, San Francisco	7,000	7,000	-	-	-	98%	100%
Other projects		109,000	-	61,000	-	48,000		
Subtotal		510,000	266,000	163,000	-	81,000		
Other								
INDIGO (Beijing)	Chaoyang District, Beijing	181,000	52,000	48,000	-	81,000	92%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	-	11,000	90%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	93,000	81,000	12,000	-	-	84%	29%
Eco-city Aegean Place (Tianjin)	Binhai New Area, Tianjin	41,000	-	41,000	-	-	87%	52%
Hedong Aegean Place (Tianjin)	Hedong District, Tianjin	94,000	-	94,000	-	-	91%	34%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	-	28,000	-	-	92%	70%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	42,000	-	42,000	-	-	95%	64%
Aegean Place (Jinan)	Shanghe County, Jinan	33,000	-	33,000	-	-	80%	31%
H88 Yuehong Plaza (Shanghai)	Xuhui District, Shanghai	56,000	56,000	-	-	-	77%	36%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	-	-	4,000	65%	28%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	64,000	46,000	4,000	-	14,000	76%	15%
Grand Canal Place (Hangzhou)	Gongshu District, Hangzhou	132,000	-	81,000	-	51,000	97%	60%
Aegean Place (Suzhou)	Wujiang District, Suzhou	49,000	-	49,000	-	-	88%	26%
Aegean Place (Fuzhou)	Cangshan District, Fuzhou	92,000	-	92,000	-	-	94%	31%
Other projects		2,250,000	225,000	114,000	1,846,000	65,000		
Subtotal		3,239,000	516,000	651,000	1,846,000	226,000		
Total		3,749,000	782,000	814,000	1,846,000	307,000		

Note 1: Since the office part of Grand Canal Place in Beijing entered into the market in late December of 2023, and the project operation team was arranging the overall leasing plan. Therefore, the occupancy rate only reflects the commercial part of the project.

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RELEVANT INFORMATION ON THE AUDIT QUALIFICATIONS FOR 2022

BDO had expressed a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2022. Such qualified opinion is related to the scope of limitation on (a) interests in associates and (b) transactions and balances relating to the funds transferred to a third party. The Company has taken positive steps to address the audit qualifications and additional information has been provided to BDO for audit purposes, following which the abovementioned audit qualifications have been resolved and removed. Further, in relation to the audit qualification (b), the Company has engaged one of the “Big-Four” accounting firms to perform an independent review on the matter, pursuant to which the following major measures as recommended have been agreed and will be implemented: (i) enhancing and strengthening standardised documentation processes and supervision and management of internal control processes in relation to the fund management; (ii) strengthening compliance trainings for employees and departure audit for employees in key positions; (iii) enhancing internal supervision and control processes related to the Listing Rules; and (iv) specifying the internal control process for transferring funds to joint ventures and associates.

The Company will continue to review its internal policies and procedures on a regular basis, and update such policies and procedures as and when appropriate to avoid re-occurrence of similar matters.

In addition, in relation to the abovementioned audit qualification (b) on transactions and balances relating to the funds transferred to a third party, the resultant balance of the receivables due from Wuhu Deye Investment Management Center (Limited Partnership)* (蕪湖德業投資管理中心(有限合夥)) (“**Wuhu Deye**”) to Beijing Zhonglian Real Estate Development Co. Ltd.* (北京中聯置地房地產開發有限公司) (“**Zhonglian Real Estate**”) (a non wholly-owned subsidiary of the Company) under the funding arrangements between the parties (the “**Funding Arrangements**”), which were made for the purpose of providing funds to Sino-Ocean Capital Limited* (遠洋資本有限公司) (“**Sino-Ocean Capital**”)’s joint venture for its working capital and investments as disclosed in Note 2.2(b) to the consolidated financial statements of the Group for the year ended 31 December 2023 in this annual results announcement, was reduced from approximately RMB10.6 billion as at 31 December 2022 to approximately RMB5.5 billion as at 31 December 2023.

The Company has taken positive steps to recover the outstanding balance under the Funding Arrangements. In this regard, SOG China (a wholly-owned subsidiary of the Company), Zhonglian Real Estate, Sino-Ocean Capital and Wuhu Deye entered into a memorandum of cooperation and a supplemental memorandum on 30 March 2023 and 27 November 2023, respectively, pursuant to which, among others, (i) Sino-Ocean Capital has agreed to provide assets, equity interests, partnership interests, receivables, etc., held by its joint venture to the Group as collateral for financing guarantee purposes; and (ii) the parties have agreed on a repayment schedule over the next five years up to 2028 with respect to the outstanding balance under the Funding Arrangements. Subsequently, the joint venture of Sino-Ocean Capital has further confirmed to the Group the above financing guarantee related matters. The Company will continue its efforts on the recovery of the outstanding receivables due from Wuhu Deye to the Group.

HOLISTIC DEBT MANAGEMENT FOR OFFSHORE DEBTS

References are made to the announcements of the Company dated 15 September 2023, 12 October 2023, 10 November 2023 and 8 February 2024 in relation to, among others, the proposed holistic offshore debt restructuring of the Group (collectively, the “**Offshore Debts Announcements**”).

The Company is fully committed to formulating a viable holistic restructuring of its offshore debts in accordance with the following guiding principles:

- (1) equitable treatment to all creditors by respecting their existing legal standing and inter-creditor legal priorities in repayment; and
- (2) achieving a long-term, sustainable capital structure to de-risk business operations and unlock value for all stakeholders.

In this regard, the Group has continued to actively and diligently work closely with its financial advisor and legal advisor to assess its current financial and operational conditions with a view to formulating a solution that respects the rights of all stakeholders and provides a sustainable capital structure, and establishes a runway for the Group to stabilise its operations. The Group will continue to engage in discussions with its creditors and other stakeholders and work with its advisors on the preparation work to facilitate the formulation of a practicable restructuring proposal for the Group’s offshore debts.

As set out in the Offshore Debts Announcements, in order to facilitate the holistic debt restructuring, except for payments which would facilitate or be incidental to the debt restructuring having regard to the rights and priorities of the relevant creditors, the Group has suspended payments under its offshore debts. At the request of the relevant issuers of the offshore USD securities, the trading in the offshore USD securities on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 September 2023, and will remain suspended until further notice(s).

The Group attaches great importance to the proposed holistic offshore debt restructuring exercise and its ongoing relationship with its creditors. In this regard, the Group respectfully requests that creditors allow the Group some time to resolve the current liquidity issue and work with its advisors to formulate an optimal restructuring solution.

RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS

References are made to the announcement of the Company published on the Stock Exchange and the announcement of SOG China published on The Shanghai Stock Exchange, both dated 28 March 2024, in relation to the onshore open market debts of the Group (collectively, the **“Onshore Open Market Debts Announcements”**).

As set out in the Onshore Open Market Debts Announcements, SOG China successively convened holders’ meetings in respect of the seven corporate bonds in January 2024 to consider the relevant resolutions in relation to (among others) the adjustment of the repayment arrangements for the principal and interest of the corporate bonds and the provision of credit enhancement safeguard measures (the **“Extension Resolutions”**). Following the voting at the holders’ meetings, the Extension Resolutions in respect of the seven corporate bonds were approved, involving a total outstanding principal amount of RMB13.27 billion. As of 28 March 2024, the registration procedures for additional credit enhancement safeguard measures in respect of the seven corporate bonds are progressing as planned. Given the elimination of uncertainties relating to the significant matters, SOG China has applied to The Shanghai Stock Exchange for the resumption of trading for the seven corporate bonds with effect from the commencement of the trading hours of The Shanghai Stock Exchange on 29 March 2024. After the trading resumption, the transfers of the seven corporate bonds will continue to be carried out in accordance with the relevant provisions under the “Notice on Matters Pertaining to the Provision of Transfer and Settlement Services for Designated Bonds During the Listing Period” (《關於為上市期間特定債券提供轉讓結算服務有關事項的通知》) published by The Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited.

In addition, the three outstanding inter-bank bonds of SOG China required repayment of principal and interest or repayment of interest during the trading suspension period, involving a total amount of approximately RMB6.420 billion. SOG China successively convened holders’ meetings from January to February 2024 to negotiate the repayment adjustment arrangements. As of 28 March 2024, effective resolutions have not been formed. SOG China is actively engaging with the investors of the relevant debt financing instruments to discuss the solutions, striving to reach an agreement as early as possible. The aforementioned matter will not trigger the cross-default or early repayment provisions of the corporate bonds of SOG China and will not have a substantial impact on the extension arrangements reached for the corporate bonds of SOG China.

Please refer to the Onshore Open Market Debts Announcements for details.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Save as disclosed in the above paragraphs headed “HOLISTIC DEBT MANAGEMENT FOR OFFSHORE DEBTS” and “RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS” and Note 13 to the audited consolidated financial statements in this annual results announcement, as at the date of this annual results announcement, there was no important event affecting the Group after the financial year ended 31 December 2023.

The audited consolidated results of the Group for the year ended 31 December 2023 are as follows:

Consolidated Statement of Profit or Loss

		Year ended 31 December	
		2023	2022
	Notes	RMB'000	RMB'000 (Restated)
Revenue	4	46,459,008	46,126,585
Cost of sales	5	(45,276,191)	(43,749,646)
Gross profit		1,182,817	2,376,939
Interests and other income		854,411	1,093,965
Other losses — net	6	(672,379)	(2,688,919)
Fair value change on investment properties		(928,020)	(256,118)
Selling and marketing expense	5	(1,169,502)	(1,803,313)
Impairment loss on financial assets	5	(11,282,720)	(7,850,341)
Administrative expense	5	(1,694,518)	(1,697,513)
Operating loss		(13,709,911)	(10,825,300)
Finance costs	7	(3,517,124)	(3,066,124)
Share of results of joint ventures		(936,319)	(956,523)
Share of results of associates		(1,397,411)	(1,282,834)
Loss before income tax		(19,560,765)	(16,130,781)
Income tax expense	8	(1,424,120)	(2,625,399)
Loss for the year		(20,984,885)	(18,756,180)
Attributable to:			
— Owners of the Company		(21,096,541)	(19,036,534)
— Non-controlling interests		111,656	280,354
		(20,984,885)	(18,756,180)
Loss per share attributable to owners of the Company during the year (expressed in RMB)			
Basic loss per share	9	(2.770)	(2.500)
Diluted loss per share	9	(2.770)	(2.500)

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Loss for the year	(20,984,885)	(18,756,180)
Other comprehensive (loss)/income, net of tax		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income, net of tax	(190,269)	(4,686,266)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(273,403)	(1,546,051)
Deferred hedging gains	56,486	43,346
Share of other comprehensive income of investments accounted for using the equity method	164,174	2,752
Other comprehensive loss for the year	(243,012)	(6,186,219)
Total comprehensive loss for the year	(21,227,897)	(24,942,399)
Total comprehensive (loss)/income for the year attributable to:		
— Owners of the Company	(21,410,410)	(25,559,391)
— Non-controlling interests	182,513	616,992
Total comprehensive loss for the year	(21,227,897)	(24,942,399)

Consolidated Statement of Financial Position

		As at 31 December	
		2023	2022
	Notes	RMB'000	RMB'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,492,480	3,536,637
Right-of-use assets		1,745,946	362,198
Land use rights		212,009	275,873
Intangible assets		400,164	459,807
Goodwill		1,243,182	888,654
Investment properties		15,857,341	7,734,474
Interests in joint ventures		18,679,921	20,463,935
Interests in associates		3,915,886	4,436,805
Financial assets at fair value through other comprehensive income		777,280	971,614
Financial assets at fair value through profit or loss		4,748,336	4,478,828
Trade and other receivables and prepayments	11	6,878,282	8,387,895
Deferred income tax assets		2,207,743	1,527,180
Total non-current assets		60,158,570	53,523,900
Current assets			
Properties under development		48,516,015	73,299,924
Inventories, at cost		1,379,381	1,223,421
Land development cost recoverable		1,279,428	1,275,688
Completed properties held for sale		26,713,610	20,234,097
Financial assets at fair value through profit or loss		646,833	972,284
Trade and other receivables and prepayments	11	62,409,893	80,795,277
Contract assets		46,590	29,177
Restricted bank deposits		3,033,268	4,763,360
Cash and cash equivalents		1,988,738	4,623,126
		146,013,756	187,216,354
Assets classified as held for sale		–	2,225,754
Total current assets		146,013,756	189,442,108

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

		As at 31 December	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
			(Restated)
Current liabilities			
Borrowings		69,750,588	38,091,736
Lease liabilities		150,898	74,782
Trade and other payables	12	49,096,209	44,882,027
Contract liabilities		20,872,878	41,025,991
Income tax payable		14,560,975	13,149,119
Financial liabilities at fair value through profit or loss		33,764	168,420
Total current liabilities		154,465,312	137,392,075
Net current (liabilities)/assets		(8,451,556)	52,050,033
Total assets less current liabilities		51,707,014	105,573,933
Non-current liabilities			
Borrowings		26,392,734	58,931,713
Lease liabilities		1,822,109	323,616
Trade and other payables	12	683,491	56,176
Deferred income tax liabilities		2,016,697	1,482,767
Total non-current liabilities		30,915,031	60,794,272
Net assets		20,791,983	44,779,661
EQUITY			
Equity attributable to owners of the Company			
Share capital		27,329,232	27,329,232
Shares held for Restricted Share Award Scheme		–	(1,062)
Other reserves		(7,854,369)	(7,337,248)
(Accumulated losses)/retained earnings		(12,446,306)	8,650,235
		7,028,557	28,641,157
Non-controlling interests		13,763,426	16,138,504
Total equity		20,791,983	44,779,661

Sino-Ocean Group Holding Limited

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Notes to the consolidated financial statements

1. GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together the “**Group**”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2024.

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement of annual results 2023 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s report for the year ended 31 December 2023 was disclaimed; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance. The auditor’s report for the year ended 31 December 2022 was qualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance. For details, please refer to sub-section under “EXTRACT OF INDEPENDENT AUDITOR’S REPORT”.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENT AND PRIOR YEAR ADJUSTMENTS

2.1 Basis of measurement and going concern assumption

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The Group incurred a net loss of approximately RMB20.98 billion for the year ended 31 December 2023 and, as of that date, the Group's current liabilities were in excess of current assets by approximately RMB8.45 billion. As disclosed in the consolidated financial statements, the Group had total borrowings of approximately RMB96.14 billion, of which the current borrowings amounted to approximately RMB69.75 billion, while the Group had cash and cash equivalents of approximately RMB1.99 billion only.

Subsequent to 31 December 2023, the total principal and interest amounts of three of the Group's bonds are approximately RMB8.42 billion, of which approximately RMB6.42 billion has already matured but has not been repaid. Another bond with a principal amount of RMB2 billion will mature in 2025. As of the approval date of the consolidated financial statements, the Group is in communication with the relevant bondholders of the bonds regarding the repayment adjustment arrangements. Please refer to the Group's announcement dated 28 March 2024 for details.

In view of the Group's tight liquidity position, on 15 September 2023, the Group announced to commence a holistic restructuring of its offshore debts ("**Offshore Debt Restructuring**") and to suspend payments of all its offshore debts (except for payments which would facilitate or be incidental to the debt restructuring having regard to the rights and priorities of the relevant creditors) until the Offshore Debt Restructuring and/or extension solutions are implemented. These offshore debts include seven guaranteed notes with carrying amount of approximately RMB23.25 billion and one perpetual subordinated guaranteed capital securities with carrying amount of approximately RMB4.57 billion as at 31 December 2023. Due to the suspended payments, the Group has received demand letters, acceleration notices and other legal letters with respect to certain offshore debts. As at the date of the approval of these consolidated financial statements, the Offshore Debt Restructuring is still in progress and the trading in the offshore USD securities on The Stock Exchange of Hong Kong Limited has been suspended.

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters for which the Group has made provision. Details are disclosed in the consolidated financial statements.

During the year ended 31 December 2023, the real estate sector in the PRC continued to experience volatility. This mainly includes the continued downturn of property market and the deteriorating consumer sentiment in the PRC, resulting in the whole real estate sector suffering from short-term liquidity pressures. As a result, the contracted sales of Chinese property developers has generally decreased in 2023. The Group also experienced a significant decline in its contracted sales in 2023.

The Group's internal funds were progressively shrinking. The Group also experienced liquidity pressure due to limited access to external capital to finance its construction projects. The current macroeconomic conditions and the timing of recovery in real estate industry have brought additional material uncertainties to the Group. It may be more challenging for the Group to generate operating cash inflows or refinance guaranteed notes, corporate bond and bank and other borrowings than it has historically been.

All these events or conditions indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have carefully considered the Group's cash flow forecast for the next eighteen months from 31 December 2023 (the "**Cash Flow Forecast**") and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with certain plans and measures to ensure the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but are not limited to, the following:

- The Group has been actively negotiating with bondholders on adjusting the principal and interest repayment arrangements for onshore corporate bonds;

As of the date of the approval of the consolidated financial statements, adjusted principal and interest repayment arrangements have been made in respect of seven onshore corporate bonds with total outstanding principal amount of approximately RMB13.27 billion. Under the adjusted arrangements, the repayment of the relevant corporate bonds has been extended to pay in accordance with repayment schedules from one year to five years. The adjusted repayment arrangements were approved in the relevant bondholders' meetings.

The Group has been actively communicating with bondholders of three onshore bonds with maturity dates in 2024 and 2025 respectively on the extension plans. As of the date of the approval of the consolidated financial statements, the extension procedures of both three bonds in relation to the holders' meeting are still in progress.

- The Group has been actively working with its advisors to formulate a practicable restructuring proposal for the Group's offshore debts. In September 2023, the Group has announced to commence the Offshore Debt Restructuring and has appointed Houlihan Lokey (China) Limited as the financial advisor and Sidley Austin as its legal advisor to assist the Group in assessing and formulating an optimal solution for its existing capital structure and liquidity challenges. The Group will continue to engage financial advisor and legal advisor to assess its current financial and operational conditions with a view to formulating a solution that respects the rights of all stakeholders and provides a sustainable capital structure, and establishes a runway for the Group to stabilise its operations. More detailed information of the Offshore Debt Restructuring is disclosed in the announcements of the Company dated 15 September 2023, 12 October 2023, 10 November 2023 and 8 February 2024 on the Stock Exchange of Hong Kong;
- The Group has been proactive in seeking ways to resolve the outstanding litigations of the Group. The Group is positive that it can continue to reach an amicable solution on the litigations which have not yet reached a definite outcome;
- The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions;
- The Group will continue to seek to obtain additional new sources of financing through all possible channels;

- The Group will continue to maintain active dialogue to secure a continuing and normal business relationship with major constructors and suppliers, including agreement on the payment arrangements with them and to complete the construction progress by them as scheduled;
- 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. Subject to the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending.

The Directors have reviewed the Cash Flow Forecast and consider multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

- Successful obtaining approvals on the extension plans from bondholders of three onshore bonds with maturity dates in 2024 and 2025 respectively;
- Successful formulation and implementation of the Offshore Debt Restructuring;
- The Group's ability to reach an amicable solution on the litigations which have not yet reached a definite outcome;
- Successful negotiation with existing lenders on the renewal of the Group's certain borrowings and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the construction projects and generated sufficient cash flows therefrom;
- The Group's ability to successfully obtain additional new financing as and when needed;
- The Group's ability to maintain continuing and normal business relationship with major constructors and suppliers;
- The Group's ability 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; and
- Successful implementation of the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position.

The Directors consider that, assuming the success of the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least eighteen months from 31 December 2023. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern basis, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 Prior year adjustments

In preparing the Group's consolidated financial statements for the financial year ended 31 December 2023, the management of the Group has identified accounting errors in the previously issued consolidated financial statement, details of which are as follows:

(a) *Restatements in relation to the interests in associates*

Up to 30 March 2023, the Group's associated company, Fortune Joy Ventures Limited ("**Fortune Joy**"), was unable to provide the requested information in full to determine whether the financial information of Fortune Joy used by the management of the Group contains any material misstatement.

(b) *Restatements in relation to the transaction and balance relating to the funds transferred to a third party*

One of the Group's subsidiaries, Beijing Zhonglian Real Estate Development Co., Ltd. ("**Beijing Zhonglian**"), had an amount due from Wuhu Deye Investment Management Center (Limited Partnership) ("**Wuhu Deye**"), resulting from the transfer of funds from the Group through Beijing Zhonglian to Wuhu Deye. Wuhu Deye would transfer the funds to the relevant project party, Yuanyang Investment Co., Ltd, which was a joint venture of Sino-Ocean Capital Limited ("**Sino-Ocean Capital**"), for its working capital and investments, in accordance with the instructions from Sino-Ocean Capital. The balance of the transaction as of 31 December 2022 was RMB10.6 billion with an impairment loss of RMB2.75 billion recognised.

For the financial year ended 31 December 2022, the management of Fortune Joy, Sino-Ocean Capital and Yuanyang Investment Co., Ltd did not provide complete and accurate information regarding the above, which resulted in:

- (a) Under-provision in the share of loss of associates as the financial information provided by the management of Fortune Joy did not contain the impairment already incurred by Sino-Ocean Capital, a wholly owned subsidiary of Fortune Joy, for its investment and other financial assets.
- (b) Under-provision in the impairment loss on financial assets as the management of the Group used incomplete and inaccurate information provided by the management of Sino-Ocean Capital and Yuanyang Investment Co., Ltd to estimate expected credit losses on the amount due from Wuhu Deye. The amount that could be recovered from Wuhu Deye had been over-estimated.

During the course of preparing the financial statements for the year ended 31 December 2023, the Group had received more reliable information from the above management that should have been available up to 30 March 2023, which is reasonably expected to have been obtained and used in preparing the Group's consolidated financial statements for the financial year ended 31 December 2022. As such, the Group had reassessed the carrying amount of the Group's investments in Fortune Joy as at 31 December 2022 and its share of profit or loss and other comprehensive income for the year ended 31 December 2022 and the amount of impairment loss that should have been recognised as at 31 December 2022.

The impact on the Group's consolidated financial statements is as follows:

		Prior year adjustments RMB'000
Consolidated statement of profit or loss		
Decrease in share of results of associates	(a)	(410,789)
Increase in impairment loss on financial assets	(b)	(2,695,536)
Consolidated statement of financial position		
Decrease in interests in associates	(a)	(410,789)
Decrease in trade and other receivables and prepayments	(b)	(2,695,536)

The following tables disclose the adjustments that have been made by the directors of the Board to each of the line items in the consolidated statement of profit or loss, the consolidated statement of other comprehensive income for the year ended 31 December 2022, and the consolidated statement of financial position as at 31 December 2022:

	2022		
	(As previously reported) RMB'000	Prior year adjustments RMB'000 (a)	(As restated) RMB'000 (b)
Revenue	46,126,585	–	46,126,585
Cost of sales	(43,749,646)	–	(43,749,646)
Gross profit	2,376,939	–	2,376,939
Interests and other income	1,093,965	–	1,093,965
Other losses — net	(2,688,919)	–	(2,688,919)
Fair value change on investment properties	(256,118)	–	(256,118)
Selling and marketing expense	(1,803,313)	–	(1,803,313)
Impairment loss on financial assets	(5,154,805)	–	(7,850,341)
Administrative expense	(1,697,513)	–	(1,697,513)
Operating loss	(8,129,764)	–	(10,825,300)
Finance costs	(3,066,124)	–	(3,066,124)
Share of results of joint ventures	(956,523)	–	(956,523)
Share of results of associates	(872,045)	(410,789)	(1,282,834)
Loss before income tax	(13,024,456)	(410,789)	(16,130,781)
Income tax expense	(2,625,399)	–	(2,625,399)
Loss for the year	(15,649,855)	(410,789)	(18,756,180)
Attributable to:			
— Owners of the Company	(15,930,209)	(410,789)	(19,036,534)
— Non-controlling interests	280,354	–	280,354
	(15,649,855)	(410,789)	(18,756,180)
Loss per share attributable to owners of the Company during the year (expressed in RMB)			
Basic loss per share	(2.092)	(0.054)	(2.500)
Diluted loss per share	(2.092)	(0.054)	(2.500)

	2022			
	(As previously reported)	Prior year adjustments		(As restated)
	RMB'000	RMB'000 (a)	RMB'000 (b)	RMB'000
Loss for the year	(15,649,855)	(410,789)	(2,695,536)	(18,756,180)
Other comprehensive (loss)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Fair value change on financial assets at fair value through other comprehensive income, net of tax	(4,686,266)	–	–	(4,686,266)
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	(1,546,051)	–	–	(1,546,051)
Deferred hedging gains	43,346	–	–	43,346
Share of other comprehensive income of investments accounted for using the equity method	2,752	–	–	2,752
Other comprehensive loss for the year	(6,186,219)	–	–	(6,186,219)
Total comprehensive loss for the year	<u>(21,836,074)</u>	<u>(410,789)</u>	<u>(2,695,536)</u>	<u>(24,942,399)</u>
Total comprehensive (loss)/income for the year attributable to:				
— Owners of the Company	(22,453,066)	(410,789)	(2,695,536)	(25,559,391)
— Non-controlling interests	616,992	–	–	616,992
Total comprehensive loss for the year	<u>(21,836,074)</u>	<u>(410,789)</u>	<u>(2,695,536)</u>	<u>(24,942,399)</u>

	2022		
	(As previously reported) RMB'000	Prior year adjustments RMB'000 (a)	(As restated) RMB'000 (b)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	3,536,637	–	3,536,637
Right-of-use assets	362,198	–	362,198
Land use rights	275,873	–	275,873
Intangible assets	459,807	–	459,807
Goodwill	888,654	–	888,654
Investment properties	7,734,474	–	7,734,474
Interests in joint ventures	20,463,935	–	20,463,935
Interests in associates	4,847,594	(410,789)	4,436,805
Financial assets at fair value through other comprehensive income	971,614	–	971,614
Financial assets at fair value through profit or loss	4,478,828	–	4,478,828
Trade and other receivables and prepayments	8,387,895	–	8,387,895
Deferred income tax assets	1,527,180	–	1,527,180
Total non-current assets	53,934,689	(410,789)	53,523,900
Current assets			
Properties under development	73,299,924	–	73,299,924
Inventories, at cost	1,223,421	–	1,223,421
Land development cost recoverable	1,275,688	–	1,275,688
Completed properties held for sale	20,234,097	–	20,234,097
Financial assets at fair value through profit and loss	972,284	–	972,284
Trade and other receivables and prepayments	83,490,813	–	80,795,277
Contract assets	29,177	–	29,177
Restricted bank deposits	4,763,360	–	4,763,360
Cash and cash equivalents	4,623,126	–	4,623,126
	189,911,890	–	187,216,354
Assets classified as held for sale	2,225,754	–	2,225,754
Total current assets	192,137,644	–	189,442,108

	2022		
	(As previously reported) RMB'000	Prior year adjustments RMB'000 (a)	(As restated) RMB'000 (b)
Current liabilities			
Borrowings	38,091,736	–	38,091,736
Lease liabilities	74,782	–	74,782
Trade and other payables	44,882,027	–	44,882,027
Contract liabilities	41,025,991	–	41,025,991
Income tax payable	13,149,119	–	13,149,119
Financial liabilities at fair value through profit or loss	168,420	–	168,420
Total current liabilities	137,392,075	–	137,392,075
Net current assets	54,745,569	–	(2,695,536)
Total assets less current liabilities	108,680,258	(410,789)	(2,695,536)
Non-current liabilities			
Borrowings	58,931,713	–	58,931,713
Lease liabilities	323,616	–	323,616
Trade and other payables	56,176	–	56,176
Deferred income tax liabilities	1,482,767	–	1,482,767
Total non-current liabilities	60,794,272	–	60,794,272
Net assets	47,885,986	(410,789)	(2,695,536)
EQUITY			
Equity attributable to owners of the Company			
Share capital	27,329,232	–	27,329,232
Shares held for Restricted Share Award Scheme	(1,062)	–	(1,062)
Other reserves	(7,337,248)	–	(7,337,248)
Retained earnings	11,756,560	(410,789)	(2,695,536)
	31,747,482	(410,789)	(2,695,536)
Non-controlling interests	16,138,504	–	16,138,504
Total equity	47,885,986	(410,789)	(2,695,536)

There are no prior year adjustments on the opening consolidated statement of financial position as at 1 January 2022.

3. SUMMARY OF ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

HKFRS 17	Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS 17)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Presentation of financial statements and Making materiality judgements: Disclosure of accounting policies
Amendments to HKAS 8	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction, International Tax Reform — Pillar Two Model Rules

These standards and amendments listed above did not have any impact on the amounts recognized in prior periods or disclosure are not expected to significantly affect the current or future periods except as described below:

Disclosure of Accounting Policies (Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements)

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

(b) New standards and interpretations not yet adopted by the Group

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Lease liability in a Sale and Leaseback (Amendments to HKFRS 16 Leases)
- Classification of Liabilities as Current or Non-current (Amendment to HKAS 1 Presentation of Financial Statements)
- Non-current Liabilities with Covenants (Amendment to HKAS 1 Presentation of Financial Statements)
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendment to HKAS 1 — Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)
- Supplier Finance Arrangements (Amendment to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates)

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company who make strategic decisions.

The executive directors of the Company consider the business from both a geographic and product perspective. From the product perspective, the management considers the performance of property development, property management and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly are property sales agency services and upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the executive directors of the Company. The results of these operations are included in the “All other segments” column.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of other gains/losses from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the executive directors of the Company, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any share of profits/losses from interests in joint ventures and associates as well as fair value change from investment properties, corporate overheads and other gains and losses-net. Other information provided to the executive directors of the Company, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, interests in joint ventures and associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities and financial liabilities at fair value through profit or loss, all of which are managed on a central basis as well. These are part of the reconciliation to total statement of financial position assets and liabilities.

The segment information provided to the executive directors of the Company for the reportable segments for the years ended 31 December 2023 and 2022 is as follows:

	Property development						Property investment	Property management	All other segments	Total
	Beijing Region RMB'000	Bohai Rim Region RMB'000	Eastern Region RMB'000	Southern Region RMB'000	Central Region RMB'000	Western Region RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023										
Total revenue	2,818,710	10,093,280	7,186,772	6,343,071	11,298,589	1,801,161	453,829	3,133,209	6,635,718	49,764,339
Inter-segment revenue	(39,610)	(118,271)	(306,673)	–	–	(84,119)	(7,900)	(248,172)	(2,500,586)	(3,305,331)
Revenue (from external customers)	2,779,100	9,975,009	6,880,099	6,343,071	11,298,589	1,717,042	445,929	2,885,037	4,135,132	46,459,008
Segment operating profit/(loss)	(103,427)	(169,802)	(173,793)	(67,505)	(241,597)	(559,371)	280,732	(119,487)	(10,706,295)	(11,860,545)
Depreciation and amortization (Note 5)	(18,316)	(1,716)	(1,283)	(1,673)	(2,020)	(1,400)	(2,296)	(58,921)	(313,434)	(401,059)
Year ended 31 December 2022 (Restated)										
Total revenue	4,234,290	10,873,200	8,245,348	5,497,254	6,810,585	1,499,089	394,866	3,269,905	9,321,561	50,146,098
Inter-segment revenue	–	(1,426)	–	(24,271)	(2,323)	(156)	(3,666)	(401,546)	(3,586,125)	(4,019,513)
Revenue (from external customers)	4,234,290	10,871,774	8,245,348	5,472,983	6,808,262	1,498,933	391,200	2,868,359	5,735,436	46,126,585
Segment operating profit/(loss)	(1,082,525)	(1,371,760)	(917,236)	(1,115,455)	547,376	(280,289)	122,726	46,909	(3,455,710)	(7,505,964)
Depreciation and amortization (Note 5)	(653)	(12,712)	(2,367)	(5,206)	(2,181)	(1,903)	(1,664)	(28,784)	(237,098)	(292,568)
As at 31 December 2023										
Total segment assets	18,956,191	15,850,019	14,392,027	19,716,285	14,895,793	7,542,554	15,709,032	3,794,514	64,310,813	175,167,228
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,627	104	3,492	97	18	12	2,372	24,833	789,730	822,285
Total segment liabilities	8,165,428	12,409,641	11,417,437	12,036,938	7,754,430	4,600,007	1,049,603	1,822,321	27,930,755	87,186,560
As at 31 December 2022 (Restated)										
Total segment assets	16,002,920	22,739,272	21,100,106	23,452,087	25,991,484	7,528,940	3,699,509	3,831,075	85,666,332	210,011,725
Additions to non-current assets (other than financial instruments and deferred income tax assets)	530,580	40,457	41	905	653	417	29	100,324	2,153,553	2,826,959
Total segment liabilities	6,170,793	15,356,930	15,458,748	13,118,688	15,354,419	5,026,319	174,213	1,836,577	27,015,024	99,511,711

A reconciliation of segment operating loss to loss before income tax is provided as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Segment operating loss	(11,860,545)	(7,505,964)
Corporate finance income	165	626
Corporate overheads	(249,132)	(374,925)
Fair value change on investment properties	(928,020)	(256,118)
Other losses — net (Note 6)	(672,379)	(2,688,919)
Finance costs (Note 7)	(3,517,124)	(3,066,124)
Share of results of joint ventures	(936,319)	(956,523)
Share of results of associates	(1,397,411)	(1,282,834)
Loss before income tax	(19,560,765)	(16,130,781)

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Total segment assets	175,167,228	210,011,725
Corporate cash and cash equivalents	29,099	103,637
Interests in joint ventures	18,679,921	20,463,935
Interests in associates	3,915,886	4,436,805
Financial assets at fair value through other comprehensive income	777,280	971,614
Financial assets at fair value through profit or loss	5,395,169	5,451,112
Deferred income tax assets	2,207,743	1,527,180
Total assets per consolidated statement of financial position	206,172,326	242,966,008
Total segment liabilities	87,186,560	99,511,711
Current borrowings	69,750,588	38,091,736
Non-current borrowings	26,392,734	58,931,713
Deferred income tax liabilities	2,016,697	1,482,767
Financial liabilities at fair value through profit or loss	33,764	168,420
Total liabilities per consolidated statement of financial position	185,380,343	198,186,347

The Company was incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2023 and 2022.

As at 31 December 2023, total non-current assets (other than financial instruments and deferred income tax assets) located in the PRC amounted to approximately RMB45,479,399,000 (2022: RMB37,956,016,000 (restated)), total non-current assets located in Hong Kong and in the United States amounted to approximately RMB1,307,000 (2022: RMB2,963,000) and approximately RMB66,223,000 (2022: RMB199,404,000), respectively.

For the years ended 31 December 2023 and 2022, the Group did not have any single customer with the transaction value over 10% of the total external sales.

5. EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Cost of properties and land use rights sold:		
— Land use rights	11,978,508	15,255,518
— Capitalised interest	4,232,640	2,531,580
— Construction related cost	21,063,798	18,309,012
Cost of upfitting services rendered	2,296,064	2,556,032
Direct investment property expenses	121,545	144,147
Employee benefit expense	1,893,308	1,960,313
Consultancy fee	425,700	518,918
Auditor's remuneration	16,530	19,680
— Audit services	12,930	14,990
— Non-audit services	3,600	4,690
Depreciation of property, plant and equipment	127,316	128,539
Depreciation of right-of-use assets	187,123	79,034
Amortization of land use rights and intangible asset	86,620	84,995
Advertising and marketing	1,150,589	1,686,689
Business taxes and other levies	290,045	269,951
Impairment charges	13,554,453	9,231,291
— Impairment loss on financial assets	11,282,720	7,850,341
— Impairment loss on properties under development	1,935,580	1,253,754
— Impairment loss on completed properties held for sale	336,153	127,196
Derecognition of goodwill	945	938
Office expenditure	79,854	89,577
Properties maintenance expenses	1,105,222	1,258,420
Energy expenses	332,527	283,568
Others	480,144	692,611
	59,422,931	55,100,813

6. OTHER LOSSES — NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Gains/(losses) on disposal of interests in subsidiaries	85,945	(621,555)
Fair value change of financial assets and financial liabilities at fair value through profit or loss	(736,129)	(267,133)
Gains/(losses) on disposal of joint ventures and associates, net	1,132,219	(389,605)
Losses on deemed disposal of joint ventures and associates, net	(206,078)	(64,212)
Exchange losses	(220,110)	(1,178,350)
Payment for the settlement of contracted obligations	(96,030)	(105,117)
(Losses)/gains on disposal of property, plant and equipment	(6,865)	677
Losses on disposal of investment properties	—	(63,624)
Provision for litigations	(618,713)	—
Other losses	(6,618)	—
	<u>(672,379)</u>	<u>(2,688,919)</u>

7. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	2,040,253	1,770,539
— Other borrowings	3,200,175	3,269,583
— Lease liabilities	117,672	24,204
	<u>5,358,100</u>	<u>5,064,326</u>
Less: interest capitalised at a capitalisation rate of 5.63% (2022: 5.16%) per annum	<u>(1,840,976)</u>	<u>(1,998,202)</u>
	<u>3,517,124</u>	<u>3,066,124</u>

8. INCOME TAX EXPENSE

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the years ended 31 December 2023 and 2022. Other Group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the statement of profit or loss represents:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	961,544	929,951
— PRC land appreciation tax	1,062,670	1,450,656
Deferred income tax	(600,094)	244,792
	<u>1,424,120</u>	<u>2,625,399</u>

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme.

	Year ended 31 December	
	2023	2022
		(Restated)
Loss attributable to owners of the Company (RMB'000)	(21,096,541)	(19,036,534)
Loss used to determine basic loss per share (RMB'000)	(21,096,541)	(19,036,534)
Weighted average number of ordinary shares in issue (thousands)	7,616,096	7,616,096
Basic loss per share (RMB per share)	<u>(2.770)</u>	<u>(2.500)</u>

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and vesting of awarded shares.

	Year ended 31 December	
	2023	2022
		(Restated)
Loss attributable to owners of the Company (RMB'000)	(21,096,541)	(19,036,534)
Loss used to determine diluted loss per share (RMB'000)	(21,096,541)	(19,036,534)
Weighted average number of ordinary shares in issue (thousands)	7,616,096	7,616,096
Weighted average number of ordinary shares for diluted loss per share (thousands)	7,616,096	7,616,096
Diluted loss per share (RMB per share)	(2.770)	(2.500)

10. DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 December 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables (a)	5,155,256	5,276,891
Other receivables and prepayments (b)	64,132,919	83,906,281
	69,288,175	89,183,172
Less: non-current portion	(6,878,282)	(8,387,895)
Current portion	62,409,893	80,795,277

(a) Trade receivables

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	5,935,207	5,787,523
Less: provision for impairment of trade receivables	(779,951)	(510,632)
	5,155,256	5,276,891
Less: non-current portion	–	–
Current portion	5,155,256	5,276,891

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement, and the credit term is very short. An ageing analysis of gross trade receivables mainly based on invoice or bills issuance date at the respective statement of financial position dates is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 6 months	1,590,839	1,952,854
Between 6 months to 1 year	2,332,846	2,047,211
Between 1 year to 2 years	1,467,025	1,269,705
Between 2 years to 3 years	308,612	443,507
Over 3 years	235,885	74,246
	5,935,207	5,787,523

As at 31 December 2023, trade receivables with carrying amount of approximately RMB67,105,000 (31 December 2022: RMBNil) were pledged for the Group's borrowings.

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At 1 January	(510,632)	(150,580)
Provision for receivable impairment	(269,567)	(360,384)
Derecognition from disposal of subsidiaries	248	332
At 31 December	(779,951)	(510,632)

(b) Other receivables and prepayments

	As at 31 December					
	Current RMB'000	2023 Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	2022 Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Entrusted loans due from joint ventures	3,425,068	223,476	3,648,544	3,842,277	439,078	4,281,355
Entrusted loans due from associates	–	636,206	636,206	–	–	–
Entrusted loans due from third parties	771,151	391,946	1,163,097	757,182	579,240	1,336,422
Amounts due from joint ventures	22,865,146	1,906,179	24,771,325	23,035,988	3,366,986	26,402,974
Amounts due from non-controlling interests	5,469,140	–	5,469,140	6,052,263	310,000	6,362,263
Amounts due from associates	10,038,587	–	10,038,587	10,255,224	10,000	10,265,224
Amounts due from third parties	16,370,118	–	16,370,118	22,029,602	662,107	22,691,709
	58,939,210	3,157,807	62,097,017	65,972,536	5,367,411	71,339,947
Less: provision for impairment	(16,419,776)	(76,453)	(16,496,229)	(7,110,576)	(173,828)	(7,284,404)
	42,519,434	3,081,354	45,600,788	58,861,960	5,193,583	64,055,543
Receivables from government	788,173	–	788,173	762,181	–	762,181
Payment for the cooperation of potential properties development projects	1,447,819	–	1,447,819	2,307,819	–	2,307,819
Receivables from disposal of interest in subsidiaries	79,102	2,851,390	2,930,492	22,603	2,732,942	2,755,545
Other receivables	2,322,218	–	2,322,218	1,816,171	200,000	2,016,171
	4,637,312	2,851,390	7,488,702	4,908,774	2,932,942	7,841,716
Less: provision for impairment	(949,379)	(4,000)	(953,379)	(538,989)	(4,834)	(543,823)
	3,687,933	2,847,390	6,535,323	4,369,785	2,928,108	7,297,893
Tax prepayments	6,772,228	2,165	6,774,393	8,516,285	3,037	8,519,322
Other prepayments	4,275,042	947,373	5,222,415	3,770,356	263,167	4,033,523
	11,047,270	949,538	11,996,808	12,286,641	266,204	12,552,845
Total other receivables and prepayments	57,254,637	6,878,282	64,132,919	75,518,386	8,387,895	83,906,281

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables (i)	13,908,768	13,773,570
Accrued expenses	9,080,971	4,776,062
Amounts due to joint ventures (ii)	7,038,388	7,708,753
Amounts due to associates (ii)	1,040,195	915,288
Amounts due to non-controlling interests (ii)	2,180,839	658,565
Amounts due to government	527,052	358,678
Other taxes payable	4,023,022	6,813,884
Deposits received	1,928,202	1,565,958
Other payables	10,052,263	8,367,445
	49,779,700	44,938,203
Less: non-current portion	(683,491)	(56,176)
Current portion	49,096,209	44,882,027

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) mainly based on the date of invoice is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 6 months	4,543,671	4,540,664
Between 6 months to 1 year	1,902,685	2,982,390
Between 1 year to 2 years	3,682,485	2,326,118
Between 2 years to 3 years	1,273,307	3,005,928
Over 3 years	2,506,620	918,470
	13,908,768	13,773,570

- (ii) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as the events disclosed under the “Note 2.1 Basis of measurement and going concern assumption”, there were had no other significant subsequent event affecting the Group after the financial year ended 31 December 2023 and up to the date of this annual results announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's external auditor, BDO, did not express an opinion on the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2023. An extract from the independent auditor's report is as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit 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 Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

The Group incurred a net loss of approximately RMB20.98 billion for the year ended 31 December 2023 and, as of that date, the Group's current liabilities were in excess of current assets by approximately RMB8.45 billion. As disclosed in the consolidated financial statements, the Group had total borrowings of approximately RMB96.14 billion, of which the current borrowings amounted to approximately RMB69.75 billion, while the Group had cash and cash equivalents of approximately RMB1.99 billion only.

Subsequent to 31 December 2023, the total principal and interest amounts of three of the Group's bonds are approximately RMB8.42 billion, of which approximately RMB6.42 billion has already matured but has not been repaid. Another bond with a principal amount of RMB2 billion will mature in 2025. As of the approval date of the consolidated financial statements, the Group is in communication with the relevant bondholders of the bonds regarding the repayment adjustment arrangements. Please refer to the Group's announcement dated 28 March 2024 for details.

In view of the Group's tight liquidity position, on 15 September 2023, the Group announced to commence a holistic restructuring of its offshore debts ("**Offshore Debt Restructuring**") and to suspend payments of all its offshore debts (except for payments which would facilitate or be incidental to the debt restructuring having regard to the rights and priorities of the relevant creditors) until the Offshore Debt Restructuring and/or extension solutions are implemented. These offshore debts include seven guaranteed notes with carrying amount of approximately RMB23.25 billion and one perpetual subordinated guaranteed capital securities with carrying amount of approximately RMB4.57 billion as at 31 December 2023. Due to the suspended payments, the Group has received demand letters, acceleration notices and other legal letters with respect to certain offshore debts. As at the date of the approval of these consolidated financial statements, the Offshore Debt Restructuring is still in progress and the trading in the offshore USD securities on The Stock Exchange of Hong Kong Limited has been suspended.

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters for which the Group has made provision. Details are disclosed in the consolidated financial statement.

During the year ended 31 December 2023, the real estate sector in the PRC continued to experience volatility. This mainly includes the continued downturn of property market and the deteriorating consumer sentiment in the PRC, resulting in the whole real estate sector suffering from short-term liquidity pressures. As a result, the contracted sales of Chinese property developers has generally decreased in 2023. The Group also experienced a significant decline in its contracted sales in 2023.

The Group's internal funds were progressively shrinking. The Group also experienced liquidity pressure due to limited access to external capital to finance its construction projects. The current macroeconomic conditions and the timing of recovery in real estate industry have brought additional material uncertainties to the Group. It may be more challenging for the Group to generate operating cash inflows or refinance guaranteed notes, corporate bond and bank and other borrowings than it has historically been.

All these events or conditions indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have carefully considered the Group's cash flow forecast for the next eighteen months from 31 December 2023 (the "**Cash Flow Forecast**") and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with certain plans and measures to ensure the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, those set out in the Note 2.1. The validity of going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including, but not limited to:

- Successful obtaining approvals on the extension plans from bondholders of three onshore bonds with maturity dates in 2024 and 2025 respectively;
- Successful formulation and implementation of the Offshore Debt Restructuring;

- The Group's ability to reach an amicable solution on the litigations which have not yet reached a definite outcome;
- Successful negotiation with existing lenders on the renewal of the Group's certain borrowings and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the construction projects and generated sufficient cash flows therefrom;
- The Group's ability to successfully obtain additional new financing as and when needed;
- The Group's ability to maintain continuing and normal business relationship with major constructors and suppliers;
- The Group's ability 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; and
- Successful implementation of the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position.

As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the use of the going concern basis of preparation is appropriate.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in Note 2.1, it may not be able to continue to operate as a going concern basis, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable 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 these adjustments have not been reflected in the consolidated financial statements.

AUDITOR'S PROCEDURES PERFORMED ON THIS ANNOUNCEMENT OF ANNUAL RESULTS

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 in this announcement of annual results for the year ended 31 December 2023 have been agreed by the Group's auditor, BDO, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with HKSAAs, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by BDO on this announcement of annual results.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2023 (2022: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, 24 May 2024. The notice of the AGM will be published and disseminated to the Shareholders in the manner as required by the Listing Rules in due course.

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both dates inclusive), during which period no transfer of Shares will be registered. In order to ascertain the right to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 May 2024.

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

Save as disclosed in the paragraphs headed "RESTRICTED SHARE AWARD SCHEME" below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

RESTRICTED SHARE AWARD SCHEME

The purpose of the Award Scheme is to provide an incentive to retain and encourage employees for the continual operation and development of our Group. During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 2 Shares from the market at an aggregate consideration of approximately RMB2 (including transaction costs). Since the RSS Adoption Date and up to 31 December 2023, an aggregate of 168,579,822 Shares, representing approximately 2.99% and 2.21% of the total issued share capital of the Company as at the RSS Adoption Date and the date of this announcement, respectively, had been acquired from the market at an aggregate consideration of approximately RMB543,737,144 (including transaction costs), and from receiving scrip Shares in lieu of cash dividend by the trustee.

Details of the number of Shares awarded under the Award Scheme but yet to be vested and the number of Shares vested during the year under review are set out below:

Category of awardee	Date of award	No. of Shares awarded but yet to be vested as at 1 January 2023	No. of Shares vested during the year	No. of Shares awarded but yet to be vested as at 31 December 2023
Employees of the Group	20 March 2020	4,887,247	4,887,247	–

Note: During the year ended 31 December 2023, no Share was awarded, cancelled or lapsed with respect to the Award Scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had applied the principles of the CG Code, which was in force throughout the year under review, to its corporate governance structure and practices which will be described in the annual report of the Company for the year ended 31 December 2023 and complied with the applicable code provisions of the CG Code, except for the deviations as disclosed herein.

The roles of the Chairman and the CEO are served by Mr. LI Ming and have not been segregated as required under code provision C.2.1 of the CG Code. The Company considers that the combination of the roles of the Chairman and the CEO involves a realignment of power and authority under the existing corporate structure and facilitates the ordinary business activities of the Company. Although the responsibilities of the Chairman and the CEO are vested in one person, all major decisions are made in consultation with the Board and the senior management of the Company. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates efficiency in the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

Code provision C.5.1 of the CG Code stipulates that the Board should meet regularly and Board meeting should be held at least four times a year at approximately quarterly intervals. During the year under review, the Board only held two regular Board meetings. The significant matters concerning the business activities and operation of the Company had been duly reported, discussed and resolved at two regular Board meetings by the Board, or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes. Besides, the Board held an ad hoc meeting to discuss and resolve certain significant issues during the year under review. The senior management of the Company also has provided the latest information of the Company's performance and position to the Directors from time to time. The Board will review and maintain the high standard of corporate governance, and will hold at least four regular Board meetings in the forthcoming year.

Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. During the year under review, the Board approved a potential connected transaction (the "**Transaction**") by way of passing written resolutions in lieu of a physical board meeting, in respect of which a substantial Shareholder and certain Directors who were nominated by such substantial Shareholder were regarded as having material interests. It is considered that the adoption of written resolutions in lieu of a physical board meeting allowed the Board to make decision in relation to the Transaction in a more efficient manner. Prior to the execution of the written resolutions, Board papers regarding details and information, reasons for and benefits, as well as fairness of the Transaction were provided to all Directors in advance for their review and consideration, and all Directors had declared their interests in the matters (if any) in accordance with the Articles and applicable laws. The Directors who had material interests in the Transaction abstained from passing the written resolutions.

Further information of the Company's corporate governance practices will be set out in the corporate governance report of the annual report of the Company for the year ended 31 December 2023 which will be disseminated to the Shareholders in due course.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceangroup.com). The Company's annual report for the year ended 31 December 2023 will be available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to extend its deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our Directors, management and the entire staff for their dedicated hard work.

CHANGES IN COMPOSITION OF BOARD COMMITTEES

The Board also hereby announces the following changes in composition of the Board committees with effect from 29 March 2024:

- (i) Mr. JIN Qingjun, an Independent Non-executive Director, has been appointed as a member of the Audit Committee and Mr. JIANG Qi, an Independent Non-executive Director, will cease to be a member of the Audit Committee;
- (ii) each of Mr. SUN Jinfeng, a Non-executive Director, and Mr. JIANG Qi has been appointed as a member of the Nomination Committee;
- (iii) Ms. CHAI Juan, an Executive Director, has been appointed as a member of the Remuneration Committee; and
- (iv) each of Mr. CUI Hongjie, an Executive Director, and Mr. ZHANG Zhongdang, a Non-executive Director, has been appointed as a member of the Strategic and Investment Committee, and each of Ms. CHAI Juan and Mr. JIN Qingjun will cease to be a member of the Strategic and Investment Committee.

LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION

With effect from 29 March 2024, the composition of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategic and Investment Committee will be as follows:

Board Committee Director	Audit Committee	Nomination Committee	Remuneration Committee	Strategic and Investment Committee
Executive Directors				
Mr. LI Ming (<i>Chairman of the Board and CEO</i>)		C		C
Mr. WANG Honghui				M
Mr. CUI Hongjie				M
Ms. CHAI Juan			M	
Non-executive Directors				
Mr. ZHAO Peng	M			
Mr. ZHANG Zhongdang				M
Mr. YU Zhiqiang	M			
Mr. SUN Jinfeng		M		M
Independent Non-executive Directors				
Mr. HAN Xiaojing		M	C	
Mr. JIN Qingjun	M	M		
Mr. LYU Hongbin	M		M	
Mr. LIU Jingwei	C			M
Mr. JIANG Qi		M	M	

Notes:

C Chairman of the relevant Board committees

M Member of the relevant Board committees

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"AGM"	annual general meeting of the Company
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Award Scheme"	the restricted share award scheme adopted by the Board on 22 March 2010
"BDO"	BDO Limited
"Board"	the board of directors of the Company
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Company"	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377)
"Director(s)"	director(s) of the Company
"Executive Director(s)"	executive director(s) of the Company
"GFA"	gross floor area
"Group" or "we"	the Company and its subsidiaries

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“net gearing ratio”	total borrowings less total cash resources divided by total equity
“Nomination Committee”	the nomination committee of the Company
“Non-executive Director(s)”	non-executive director(s) of the Company
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“RSS Adoption Date”	22 March 2010, being the date on which the Award Scheme was adopted by the Board
“Share(s)”	ordinary share(s) of the Company with no nominal value
“Shareholder(s)”	shareholder(s) of the Company
“SOG China”	Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic and Investment Committee”	the strategic and investment committee of the Company
“USD”	United States dollars, the lawful currency of the United States

“Xishuangbanna”	Xishuangbanna Dai Autonomous Prefecture
“YoY”	year-on-year
“%”	per cent

By order of the Board
Sino-Ocean Group Holding Limited
LI Ming
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. LI Ming, Mr. WANG Honghui, Mr. CUI Hongjie and Ms. CHAI Juan as Executive Directors; Mr. ZHAO Peng, Mr. ZHANG Zhongdang, Mr. YU Zhiqiang and Mr. SUN Jinfeng as Non-executive Directors; and Mr. HAN Xiaojing, Mr. JIN Qingjun, Mr. LYU Hongbin, Mr. LIU Jingwei and Mr. JIANG Qi as Independent Non-executive Directors.

* *For identification purposes only*