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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Total contracted sales amounted to RMB35,660 million, representing a YoY decrease of 17%.
- Revenue amounted to RMB20,807 million, representing a YoY decrease of 11%.
- Gross loss for the period was RMB125 million. Gross loss margin was approximately 1%.
- Loss attributable to owners of the Company was RMB18,369 million. Basic and diluted loss per share was RMB2.412. The recorded loss was mainly attributed to (i) the downturn in the overall real estate market in the PRC, resulting in the decrease in revenue and 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 reporting period.
- The Group's weighted average interest rate was 5.78%. The current ratio was 1.15 times.
- The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023 after considering that it would take time for the recovery of market confidence and the improvement of the cash flow of the Company.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2023.

REVIEW OF THE INTERIM RESULTS

For the six months ended 30 June 2023, our Group's revenue was RMB20,807 million, representing a YoY decrease of 11%. Due to the impact caused by the downturn in the overall real estate market in the PRC, the Group's gross loss was RMB125 million (first half of 2022: gross profit of RMB4,311 million), and the gross loss margin was 1% (first half of 2022: gross profit margin of 18%). Loss attributable to owners of the Company and loss per share (basic and diluted) were RMB18,369 million and RMB2.412, respectively.

MARKET REVIEW AND OUTLOOK

In the first half of 2023, the overall performance of China's real estate market hyped first and then declined. In the first quarter, relaxation of policies and release of concentrated demands have pushed up the China's real estate market, resulting in a 4% growth in sales of national commercial housing YoY. Since late April, demands dwindled and real estate policies were not as strong as anticipated, home purchasers' income and ownership expectations are becoming increasingly sluggish, the market momentum has changed from 'Indian summer' to 'late spring cold'. Transactions volume further dropped and sales increment of commercial housing in June turned negative YoY. As sales sluggishness prolonged, the Central Government's '16-Point' and '3 Arrows' policies supporting financing activities in the real estate industry were released from end of 2022, however, financial institutions are still cautious towards the real estate industry, making financing activities extremely difficult for most of real estate enterprises. Since the latter half of 2021 till now, real estate enterprises have suffered for two years of their declining cash collection and net financing cash outflows. Cash flow has been fully utilised and more enterprises are experiencing liquidity crisis or debt default.

Looking forward to the second half of the year, China's Politburo meeting in July has released encouraging messages signalling an upturn in policies. Control measures in first-tier and core second-tier cities are likely to be further relaxed to promote urban villages renewal, which is expected to be beneficial to the return of core cities demand. However, as the macroeconomy is still under pressure, conservative citizen's anticipated income and weak home purchase sentiment, the effects of the policies are probably weakened and it is not optimistic on the market recovery.

However, in the medium to long term, the Group is still optimistic in China's about RMB10 trillion real estate market and the structural opportunities therein. Having departed from the 'high risks, high profits, high turnover' model, China's real estate industry is entering into the new development model of 'medium risks, medium profits, medium turnover'. Followed by market clearing and improving the competition, real estate companies are expected to be more focus on product quality, customer service and health and safety, and hence, bright future is ahead.

FINANCIAL REVIEW

The components of the revenue are analyzed as follows:

(RMB million)	Unaudited Six months ended 30 June		Changes
	2023	2022	
Property development	17,318	18,495	-6%
Property investment	197	210	-6%
Property management and related services	1,440	1,390	4%
Other real estate related businesses	1,852	3,317	-44%
Total	20,807	23,412	-11%

The revenue of the Group in the first half of 2023 was RMB20,807 million, representing a 11% decrease as compared to RMB23,412 million in the first half of 2022. The property development segment remained the largest contributor, which accounted for approximately 83% of the Group's total revenue. During the first half of 2023, the revenue from property development contributed by the Beijing, Bohai Rim, Eastern, Southern, Central and Western Regions were 11%, 25%, 14%, 13%, 33% 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 of our future development plan.

Property management and related services includes (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 revenue of other real estate related businesses (including whole-industrial chain construction services, internet data center and senior living services and etc.) recorded a relative larger decrease during the first half of 2023.

The Group's total cost of sales for the period was RMB20,931 million (first half of 2022: RMB19,102 million).

The Group's total cost of sales was mainly the cost of property development, which mainly consisted of land cost and construction cost.

Excluding car parks, average land cost per sq.m. of property development business during the period increased to approximately RMB8,500, compared to approximately RMB5,300 in the first half of 2022; and average construction cost per sq.m. (excluding car parks) for property development business increased to approximately RMB5,700 for the first half of 2023, compared to approximately RMB4,900 in the first half of 2022. The increase in average land cost and construction cost was mainly because more mid-to-high end projects in tier-one and core tier-two cities were delivered during the period.

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

Gross loss for the period was RMB125 million (first half of 2022: gross profit of RMB4,311 million). Gross loss margin was approximately 1% (first half of 2022: gross profit margin of 18%). Gross loss for the period was mainly because of the downturn in the overall real estate market sentiment in the PRC for the first half of 2023, (i) the decrease in the revenue and gross profit margin of the Group; and (ii) the increase in the provision made by the Group for inventories.

Interest and other income for the six months ended 30 June 2023 decreased by 51% to RMB477 million (first half of 2022: RMB968 million). Such decrease was mainly due to the decrease in the interest income and dividend income during the period.

The Group recorded other losses (net) of RMB1,194 million for the period (first half of 2022: other losses (net) of RMB1,115 million). Other losses (net) for the first half of 2023 mainly comprised of provision made for litigation, fair value losses of financial assets and liabilities at fair value through profit or loss and exchange losses. The other losses (net) for the period were primarily due to the downturn and operational difficulties in the real estate market in the PRC and ongoing depreciation of RMB against USD.

The Group recognized fair value gains on its investment properties (before tax and non-controlling interests) of RMB150 million for the first half of 2023 (first half of 2022: fair value losses of RMB74 million).

Selling and marketing expenses for the first half of 2023 was RMB572 million (first half of 2022: RMB533 million). The increase for the period was mainly because of the downturn in the overall real estate market in the PRC, more sales promotions were launched by the Group to improve the sales. These costs accounted for approximately 1.6% of the total contracted sales amount for the first half of 2023 (first half of 2022: 1.2%).

Administrative expenses for the first half of 2023 increased to RMB816 million (first half of 2022: RMB648 million), representing approximately 3.9% of the total revenue for the first half of 2023 (first half of 2022: 2.8%). The increase was mainly because of the slower selling pace of the overall real estate market in the PRC, resulted in part of administrative expenses were not capitalized and charged to condensed consolidated interim statement of profit or loss. We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and low level.

For the first half of 2023, the Group recorded the net impairment losses¹ on financial assets of RMB11,294 million (first half of 2022: RMB50 million). The increase in such losses was mainly due to the provision made by the Group for the expected credit losses on the trade and other receivables and etc., considering the combined adverse effects of sluggish macroeconomic and industry environments, tough financing channels during the period.

Note 1: The net impairment losses on financial assets was included in the amount of administrative expenses in the interim results announcement of 2022. For provision of more detailed financial information, the losses is disclosed separately in this announcement.

Our weighted average interest rate increased from 5.07% for the first half of 2022 to 5.78% for the first half of 2023. During the first half of 2023, the total interest expenses paid or accrued for the period increased to RMB2,747 million (first half of 2022: RMB2,431 million), of which RMB1,881 million (first half of 2022: RMB1,345 million) was not capitalized and charged to condensed consolidated interim statement of profit or loss.

The aggregate of enterprise income tax and deferred income tax decreased to RMB304 million for the first half of 2023 (first half of 2022: RMB1,016 million). The decrease was mainly attributed to the combined effects of the decrease in revenue and gross profit during the first half of 2023. In addition, land appreciation tax for the first half of 2023 decreased to RMB89 million (first half of 2022: RMB629 million). The decrease was mainly due to lower applicable tax rate during the period.

The loss attributable to owners of the Company was RMB18,369 million for the first half of 2023 (first half of 2022: loss of RMB1,087 million). The loss recorded for the reporting period was mainly attributed to (i) the downturn in the overall real estate market in the PRC, resulting in the decrease in revenue and 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 reporting period. Our management will continue to focus on the improvement of our Shareholders' return as their on-going tasks.

As at 30 June 2023, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB7,650 million, of which approximately 99.7% (31 December 2022: 98.9%) of the Group's cash resources were denominated in RMB with the remaining balances mainly denominated in USD and HKD. The current ratio was 1.15 times. During the first half of 2023, the Group was taking the initiative in mitigating liquidity risks, and revitalizing operating cash flow, so as to secure the steady business operation.

As at 30 June 2023, the Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was approximately 326% (31 December 2022: 183%). The increase in net gearing ratio was a result of combined impact from multiple extreme factors including continuous real estate market downturn, noticeable decline in overall sales and a very harsh financing environment in the first half of the year 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. Even facing the sharp deterioration of the overall financing environment in the PRC real estate market, thanks to the strong supports from our major Shareholder and other stakeholders, the Group maintained the operational soundness. In the second half of 2023, following more stimulus policies in the real estate market are expected to release, we would continue to proactively manage the indebtedness and focus on ensuring the delivery of property projects and lowering the net gearing ratio.

As at 30 June 2023, approximately 67% of the Group's borrowings were made at fixed interest rate. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements and acquiring certain interest rate swap hedging instruments.

As at 30 June 2023, approximately 57% of the Group's total borrowings were denominated in RMB and the remaining were denominated in other currencies, such as HKD and USD. As a result, the Group had a net currency exposure to fluctuations in foreign exchange rates. As non-RMB currency borrowings are subject to fluctuations of exchange rates, the Group is careful in having borrowings in non-RMB currencies and has entered into certain forward contracts so as to hedge against the potential exchange loss in future years. The Group has never engaged in the dealing of any financial derivative instruments for speculative purposes.

In view of the potential RMB exchange rate fluctuations, the Group will continuously consider appropriate measures including matching non-RMB borrowings with corresponding non-RMB assets and arranging appropriate level of hedging instruments.

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

<i>(RMB million)</i>	As at 30 June 2023	As a percentage of total borrowings	As at 31 December 2022	As a percentage of total borrowings
Within 1 year	44,616	49%	38,092	39%
1 to 2 years	19,834	21%	21,062	22%
2 to 5 years	18,863	21%	30,061	31%
Over 5 years	8,603	9%	7,808	8%
Total	91,916	100%	97,023	100%

As at 30 June 2023, total pledged assets accounted for approximately 18% of the total assets of the Group (31 December 2022: 17%).

In line with the prevailing commercial practice in the mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 30 June 2023, the total amount of the aforesaid guarantees provided by the Group was RMB25,234 million (31 December 2022: RMB20,677 million).

BUSINESS REVIEW

Property development

Recognized sales

The Group's revenue from property development segment decreased by approximately 6% in the first half of 2023 to RMB17,318 million as compared to RMB18,495 million for the corresponding period in 2022. Saleable GFA delivered decreased by approximately 15% from 1,446,000 sq.m. for the first half of 2022 to 1,223,000 sq.m. for the first half of 2023. Excluding car park sales, the average selling price recognized for the first half of 2023 increased to approximately RMB15,900 per sq.m. (first half of 2022: RMB14,700 per sq.m.). The increase was mainly due to more mid-to-high end projects in tier-one and core tier-two cities being delivered during the first half of 2023.

Revenue and saleable GFA delivered by cities during the first half of 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	110	5,218	21,100
	Taiyuan	1,570	156,394	10,000
	Qinhuangdao	85	5,897	14,400
	Langfang	91	5,320	17,100
		1,856	172,829	10,700
Bohai Rim Region	Tianjin	1,423	79,300	17,900
	Qingdao	317	36,994	8,600
	Jinan	1,412	99,074	14,300
	Dalian	825	40,047	20,600
		3,977	255,415	15,600
Eastern Region	Shanghai	35	1,012	34,600
	Hangzhou	1,217	34,526	35,200
	Nanjing	182	9,027	20,200
	Suzhou	49	5,019	9,800
	Wenzhou	138	9,328	14,800
	Yangzhou	631	45,659	13,800
		2,252	104,571	21,500

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Approximate average selling price recognized (RMB/sq.m.)
Southern Region	Shenzhen	395	5,297	74,600
	Guangzhou	602	32,766	18,400
	Zhangzhou	57	3,529	16,200
	Maoming	104	21,806	4,800
	Jiangmen	554	54,087	10,200
	Zhongshan	25	4,066	6,100
	Zhanjiang	112	13,099	8,600
	Hong Kong	323	1,377	234,600
		2,172	136,027	16,000
Central Region	Wuhan	5,232	247,189	21,200
	Zhengzhou	85	10,071	8,400
	Nanchang	54	5,631	9,600
	Ganzhou	306	37,110	8,200
		5,677	300,001	18,900
Western Region	Chongqing	346	20,956	16,500
	Xi'an	44	3,658	12,000
	Guiyang	371	45,775	8,100
	Xining	3	207	14,500
		764	70,596	10,800
	Other projects	259	25,996	10,000
Subtotal (excluding carparks)		16,957	1,065,435	15,900
Carparks (various projects)		361	157,835	2,300
Total		17,318	1,223,270	14,200

Contracted sales

Due to the impact caused by the downturn trend in the overall real estate market in the PRC, the Group's contracted sales (including its joint ventures and associates) during the six months ended 30 June 2023 amounted to RMB35,660 million, representing an approximately 17% decrease as compared to RMB43,010 million from the corresponding period in 2022. GFA sold for the first half of 2023 increased by approximately 8% to 2,760,900 sq.m. (first half of 2022: 2,555,000 sq.m.). Excluding car park sales, the average selling price decreased by approximately 19% to RMB14,700 per sq.m. (first half of 2022: RMB18,200 per sq.m.). The decrease in average selling price was primarily because (i) the recovery of the real estate market in the PRC was against expectation and the overall selling price decreased; (ii) the decrease in the number of the Group's new pre-sale projects located in tier-one cities, which were in higher selling price; and (iii) more sales promotions were launched to improve the sales and funding revitalisation, during the first half of 2023.

There were over 180 projects available for sale during the first half of 2023 (first half of 2022: 210 projects).

The contracted sales amounts and saleable GFA sold by cities during the first half of 2023 are set out as follows:

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Beijing Region	Beijing	4,223	164,000	25,800
	Shijiazhuang	551	46,600	11,800
	Taiyuan	314	38,200	8,200
	Qinhuangdao	644	42,200	15,300
	Langfang	961	66,500	14,500
	Zhangjiakou	4	1,000	4,000
	Jinzhong	318	41,400	7,700
		7,015	399,900	17,500
Bohai Rim Region	Tianjin	5,013	307,700	16,300
	Qingdao	1,036	41,600	24,900
	Jinan	5,022	465,700	10,800
	Dalian	249	24,900	10,000
	Shenyang	237	26,400	9,000
	Changchun	50	6,500	7,700
		11,607	872,800	13,300

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Eastern Region	Shanghai	812	29,000	28,000
	Nanjing	175	8,800	19,900
	Suzhou	276	22,300	12,400
	Wuxi	1,146	58,400	19,600
	Wenzhou	1,754	97,500	18,000
	Yangzhou	125	9,700	12,900
	Jinhua	80	6,800	11,800
	Zhenjiang	274	28,600	9,600
	Suqian	358	35,700	10,000
		5,000	296,800	16,800
Southern Region	Shenzhen	1,053	40,300	26,100
	Guangzhou	638	33,300	19,200
	Fuzhou	365	19,100	19,100
	Foshan	459	43,000	10,700
	Quanzhou	5	300	16,700
	Xiamen	477	20,700	23,000
	Maoming	61	12,400	4,900
	Jiangmen	322	32,100	10,000
	Zhongshan	848	72,500	11,700
	Zhanjiang	292	40,200	7,300
		4,520	313,900	14,400
Central Region	Wuhan	2,063	75,800	27,200
	Zhengzhou	253	24,800	10,200
	Hefei	146	11,200	13,000
	Changsha	648	64,800	10,000
	Nanchang	395	39,400	10,000
	Ganzhou	267	34,400	7,800
		3,772	250,400	15,100

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Western Region	Chengdu	309	26,500	11,700
	Chongqing	45	3,900	11,500
	Xi'an	358	31,700	11,300
	Kunming	16	3,400	4,700
	Guiyang	161	13,600	11,800
	Urumqi	13	1,700	7,600
	Lanzhou	12	2,300	5,200
	Liuzhou	4	500	8,000
	Xining	82	6,900	11,900
	Xishuangbanna	296	42,300	7,000
		1,296	132,800	9,800
Other Region	Singapore	456	2,700	168,900
	Jakarta	73	5,200	14,000
		529	7,900	67,000
	Other projects	565	55,900	10,100
Subtotal (excluding car parks)		34,304	2,330,400	14,700
Carparks (various projects)		1,356	430,500	3,100
Total		35,660	2,760,900	12,900

Landbank

As at 30 June 2023, the landbank of the Group (including its joint ventures and associates) decreased to 40,951,000 sq.m. (as at 31 December 2022: 42,981,000 sq.m.); and landbank with attributable interest decreased to 21,541,000 sq.m. (as at 31 December 2022: 22,603,000 sq.m.) accordingly. During the first half of 2023, we together with our joint ventures and associates acquired 2 plots of land, of which the total GFA and attributable interest GFA were approximately 858,000 sq.m. and 700,000 sq.m., respectively. All the new acquired land plots are for residential development, and the average acquisition cost per sq.m. was approximately RMB3,600. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 30 June 2023 was approximately RMB6,700 (as at 31 December 2022: RMB7,100).

The landbank details of the Group and its joint ventures and associates as at 30 June 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	14.70%		
		Captain House	Fengtai District, Beijing	131	100	131	51.00%		
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	28.57%		
		Central Peak	Changping District, Beijing	256	193	251	50.00%		
		Gold Mansion	Daxing District, Beijing	118	99	80	25.00%		
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	89	40.00%		
		Hilltime	Mentougou District, Beijing	430	344	430	10.00%		
		Jasper Epoch	Daxing District, Beijing	92	78	12	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	44	85.72%		
		Ocean Metropolis	Mentougou District, Beijing	330	276	77	56.88%		
		Ocean Poetic Dwelling	Shijingshan District, Beijing	249	187	249	31.00%		
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	129	21.00%		
		Our New World	Fangshan District, Beijing	109	91	14	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	30	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	3,129	
		Shijiazhuang	Shijiazhuang	Ande Memorial Park	Jingxing County, Shijiazhuang	18	3	18	88.89%
				Family Park	Chang’an District, Shijiazhuang	132	108	14	35.70%
				Family Park, Phase II	Chang’an District, Shijiazhuang	84	66	84	35.70%
				Gaocheng Logistics Project	Gaocheng District, Shijiazhuang	54	–	54	64.30%
				Harmony Palace	Zhengding New District, Shijiazhuang	152	140	41	38.35%
Ocean Home Park	Gaocheng District, Shijiazhuang			48	43	48	40.00%		
Sino-Ocean No. 7	Chang’an District, Shijiazhuang			115	103	115	20.00%		
Vigorous Mansion	Chang’an District, Shijiazhuang			228	171	18	51.00%		
						831	634	392	

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 (%)
	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	119	100.00%
		Sky Masion	Yingze District, Taiyuan	394	286	313	36.21%
		Sky of Palace	Wanbailin District, Taiyuan	897	529	897	19.56%
		Villa Epoch	Yangqu County, Taiyuan	54	34	18	44.00%
		Wangjiafeng Aegean Place	Yingze District, Taiyuan	109	–	109	36.21%
				2,228	1,339	1,922	
	Qinhuangdao	Seatopia	Funing District, Qinhuangdao	1,438	1,243	1,112	100.00%
	Langfang	Capital Palace	Anci District, Langfang	404	292	25	52.15%
		Jingkai Logistics Project	Jingkai District, Langfang	151	–	151	19.29%
		Ocean Brilliant City	Guangyang District, Langfang	1,897	954	1,385	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	1,819	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	35	60.00%
	Tangshan	Ocean Landscape	High-tech Zone, Tangshan	170	137	170	100.00%
	Jinzhong	Sky Masion	Yuci District, Jinzhong	2,067	1,537	1,349	30.85%
				14,800	10,372	9,928	
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	321	49.98%
		Jixian Aegean Place	Jizhou District, Tianjin	87	–	87	52.15%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	2,102	51.00%
		Ocean Fantastic Time	Dongli District, Tianjin	151	115	151	100.00%
		Ocean Orient	Binhai New Area, Tianjin	164	126	164	100.00%
		Sino-Ocean Brilliant Courtyard	Binhai New Area, Tianjin	675	488	100	100.00%
		Sky Masion	Binhai New Area, Tianjin	388	231	8	52.15%
		Sky Masion Bay	Binhai New Area, Tianjin	253	182	253	52.15%
		Southend Airport Logistics Project	Dongli District, Tianjin	69	–	69	64.30%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	4	60.00%
		UPED	Binhai New Area, Tianjin	653	445	653	51.00%
		Westend Airport Logistics Project	Dongli District, Tianjin	52	–	52	64.30%
		Xanadu	Binhai New Area, Tianjin	185	135	185	30.00%
				7,408	5,252	4,627	

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 (%)
	Qingdao	Ocean Glory	Shibei District, Qingdao	102	76	102	10.75%
		Sino-Ocean Harmony	Shibei District, Qingdao	377	270	23	43.00%
		Sino-Ocean Landscape	Jimo District, Qingdao	113	86	64	100.00%
				592	432	189	
	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	60.00%
		Ocean Crown	Huaiyin District, Jinan	103	87	97	66.50%
		Ocean Epoch	Lixia District, Jinan	390	371	153	50.00%
		Ocean Mansion	Huaiyin District, Jinan	228	190	112	79.60%
		Ocean Orient	Licheng District, Jinan	544	422	521	42.00%
		Ocean Precious Land	Licheng District, Jinan	226	172	226	58.82%
		Sino-Ocean Metropolis	Tianqiao District, Jinan	379	255	64	70.00%
		Sky Masion	Shanghe County, Jinan	583	520	303	30.66%
				3,640	2,996	2,663	
	Dalian	Diamond Bay	Ganjingzi District, Dalian	1,497	1,345	658	100.00%
		Joy of Mountain and Sea	Ganjingzi District, Dalian	189	150	13	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	1,132	
	Shenyang	Ocean Elite River Prospect	Shenbei New District, Shenyang	400	313	400	60.00%
		Ocean Noble Mansion	Tiexi District, Shenyang	47	32	47	100.00%
				447	345	447	
	Changchun	Dream Jilin	Shuangyang District, Changchun	326	255	326	52.15%
	Harbin	Venice Manor	Songbei District, Harbin	181	152	8	52.15%
	Anshan	International Plaza	Tiedong District, Anshan	350	294	39	52.15%
				15,091	11,586	9,431	
Eastern Region	Shanghai	Baoshan Sky Masion	Baoshan District, Shanghai	213	115	151	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	172	52.15%
		Moon Mirage	Chongming District, Shanghai	1,072	672	672	41.03%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	16	100.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	23.94%
				1,711	993	1,206	

Regions	Cities	Projects	Districts	Approximate total GFA (<i>'000 sq.m.</i>)	Approximate total saleable GFA (<i>'000 sq.m.</i>)	Remaining landbank (<i>'000 sq.m.</i>)	Interest attributable to the Group (%)
	Hangzhou	Neo 1 Ocean New Masterpiece	Gongshu District, Hangzhou	43	40	15	50.00%
			Gongshu District, Hangzhou	44	33	1	51.00%
				87	73	16	
	Nanjing	Ocean Seasons The One	Lishui District, Nanjing	234	184	27	100.00%
			Jiangning District, Nanjing	213	153	12	100.00%
				447	337	39	
	Suzhou	Mansion Yue Rocker Park Royal Seasons Scenert East Shengze Sky Masion Shihu Project Zhangjiagang Internet Data Center	Wujiang District, Suzhou	150	147	51	70.00%
			Huqiu District, Suzhou	240	198	77	30.00%
			Taicang City, Suzhou	105	77	28	34.00%
			Zhangjiagang City, Suzhou	108	77	108	100.00%
			Wujiang District, Suzhou	262	211	262	34.68%
			Wuzhong District, Suzhou	49	–	49	100.00%
			Zhangjiagang City, Suzhou	24	–	24	75.01%
							938
	Ningbo	Yuyao Supply Chain Industrial Park	Yuyao City, Ningbo	56	–	56	28.19%
	Wuxi	Life in Park One Residence Sky Masion	Xinwu District, Wuxi	196	157	121	15.00%
			Xinwu District, Wuxi	211	154	211	10.00%
			Huishan District, Wuxi	223	172	8	31.29%
				630	483	340	
	Changzhou	Aegean Place International Plaza	Wujin District, Changzhou	197	–	197	52.15%
			Wujin District, Changzhou	508	374	85	52.15%
				705	374	282	
	Wenzhou	Aegean Place Binhai Sky Masion Center Mansion (formerly known as Plot ZX-14a-1, Central District, Leqing) Center Mansion (formerly known as Shan Hai One) Four Seasons Mansion Harbor Heart Peninsula No.9	Longwan District, Wenzhou	82	–	82	100.00%
			Longwan District, Wenzhou	488	306	2	100.00%
			Leqing City, Wenzhou	40	30	40	100.00%
			Leqing City, Wenzhou	123	100	123	100.00%
			Longwan District, Wenzhou	85	60	85	100.00%
			Ouhai District, Wenzhou	87	66	13	100.00%
			Ouhai District, Wenzhou	276	174	276	35.74%
				1,181	736	621	

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 (%)	
	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	23.41%	
	Jinhua	Mountain Courtyard	Wucheng District, Jinhua	171	124	171	26.60%	
	Zhenjiang	Central Mansion	Danyang City, Zhenjiang	607	502	539	50.00%	
	Huai'an	International Plaza	Qingjiangpu District, Huai'an	319	264	65	22.42%	
	Suqian	Aegean Place	Sucheng District, Suqian	117	–	117	5.22%	
		Shuyang Sky Masion	Shuyang County, Suqian	545	407	334	100.00%	
		Sky Masion	Sucheng District, Suqian	484	411	344	5.22%	
				1,146	818	795		
	Huzhou	Anji Internet Data Center	Anji County, Huzhou	135	–	135	64.30%	
				8,753	5,762	5,484		
Southern Region	Shenzhen	Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%	
		Ocean Express	Longgang District, Shenzhen	556	437	110	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	60.00%	
		Peace Palace	Longhua District, Shenzhen	278	201	278	63.01%	
		Shanxia Project	Longgang District, Shenzhen	323	303	323	51.00%	
					2,190	1,553	1,688	
			Guangzhou	East Bay	Zengcheng District, Guangzhou	141	96	8
		Elite Palace	Tianhe District, Guangzhou	310	279	41	100.00%	
		Hibiscus Villa	Huadu District, Guangzhou	179	87	73	51.00%	
		Natural Mansion	Zengcheng District, Guangzhou	76	48	76	100.00%	
		Ocean Prospect	Zengcheng District, Guangzhou	133	96	88	100.00%	
				839	606	286		

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 (%)
	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%
	Zhangzhou	Sea and Star	Longwen District, Zhangzhou	266	210	127	51.00%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	299	249	168	51.00%
	Jiangmen	Cloud Mansion	Pengjiang District, Jiangmen	176	133	95	51.00%
		Top Mansion	Pengjiang District, Jiangmen	131	101	116	100.00%
				307	234	211	
	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	920	75.00%
		Natural Mansion	Xiaolan Town, Zhongshan	76	62	76	51.00%
		Ocean Palace	Southern District, Zhongshan	181	134	181	69.80%
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	7	51.00%
				1,639	1,392	1,184	
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	337	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	
				7,146	5,497	4,731	

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 (%)
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	476	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	1,689	
	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	17.84%
		Ocean Landscape Courtyard	Yingyang District, Zhengzhou	204	150	33	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	17.84%
	The Collection	Erqi District, Zhengzhou	182	141	182	49.00%	
				1,237	965	858	
	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%
		West Furong Road Plot, Jingkai District	Jingkai District, Hefei	455	279	455	30.00%
				1,022	728	693	
Changsha	Aegean Place	Yuhua District, Changsha	69	–	69	41.72%	
	Sky Masion	Yuhua District, Changsha	878	616	638	41.72%	
	Special Mansion	Wangcheng District, Changsha	482	384	482	24.50%	
			1,429	1,000	1,189		
Nanchang	Aegean Place	Wanli District, Nanchang	124	–	124	52.15%	
	Cloud View	Jingkai District, Nanchang	81	61	81	51.00%	
	Ocean Palace	Wanli District, Nanchang	173	122	20	51.00%	
	Sky Masion	Wanli District, Nanchang	175	163	36	52.15%	
			553	346	261		
Ganzhou	Sky Masion	Nankang District, Ganzhou	888	705	453	53.59%	
			8,259	5,483	5,143		

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 (%)
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%
		Qingbaijiang Internet Data Center, Zone C	Qingbaijiang District, Chengdu	38	–	38	49.00%
		Wenjiang Internet Data Center	Wenjiang District, Chengdu	54	–	54	24.50%
			606	233	495		
Chongqing	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	23	34.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	119	17	100.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	37	56.10%
			1,130	839	140		
Xi'an	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	223	80.00%
		Sky Masion	Xincheng District, Xi'an	462	312	462	26.60%
			1,884	1,363	1,709		
Kunming	Kunming	In Galaxy (formerly known as Chenggong Project)	Chenggong District, Kunming	222	218	87	69.80%
		In Galaxy (formerly known as Chenggong Project, Phase II)	Chenggong District, Kunming	99	88	99	69.80%
			321	306	186		
Guiyang	Guiyang	Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	112	100.00%
		Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	14	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	995		

Regions	Cities	Projects	Districts	Approximate total GFA (<i>'000 sq.m.</i>)	Approximate total saleable GFA (<i>'000 sq.m.</i>)	Remaining landbank (<i>'000 sq.m.</i>)	Interest attributable to the Group (%)
	Urumqi	Natural Century	Saybag District, Urumqi	74	63	74	26.60%
		Royal Mansion	Saybag District, Urumqi	402	293	402	28.97%
		Sky Masion	Saybag District, Urumqi	148	111	148	52.15%
		Sky Palace	Saybag District, Urumqi	85	68	85	52.15%
				709	535	709	
	Lanzhou	Sky Masion	Yuzhong County, Lanzhou	397	301	265	31.29%
	Liuzhou	Aegean Place	Yufeng District, Liuzhou	85	–	85	76.55%
		Glory Mansion	Yufeng District, Liuzhou	357	251	112	76.55%
				442	251	197	
	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	663	41.72%
		Sky Palace	Chengxi District, Xining	311	254	118	76.55%
				1,710	1,272	902	
	Xishuangbanna	Rainforest Resorts	Jinghong City, Xishuangbanna	515	429	287	26.07%
				9,127	6,511	6,164	
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				63,246	45,272	40,951	

Property Investment

During the first half of 2023, affected by the downturn in the property leasing market in the PRC, revenue from property investment decreased by approximately 6% to RMB197 million (first half of 2022: RMB210 million). As at 30 June 2023, the Group (including its joint ventures and associates) held more than 21 operating investment properties. Besides, the commercial part of Grand Canal Place in Beijing was launched in June 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 30 June 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	-	-	-	76%	100%
Ocean Incom (Beijing)	Shunyi District, Beijing	45,000	32,000	2,000	-	11,000	66%	100%
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	-	18,000	86%	100%
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	-	-	4,000	95%	72%
Ocean International Center (Tianjin)	Hedong District, Tianjin	53,000	53,000	-	-	-	84%	100%
San Francisco Project (USA)	Financial District, San Francisco	7,000	7,000	-	-	-	98%	100%
Other projects		88,000	-	55,000	-	33,000		
Subtotal		338,000	206,000	66,000	-	66,000		
Other								
Grand Canal Place (Beijing)	Tongzhou District, Beijing	51,000	-	51,000	-	-	75%	75%
INDIGO (Beijing)	Chaoyang District, Beijing	181,000	52,000	48,000	-	81,000	96%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	-	11,000	89%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	108,000	81,000	12,000	-	15,000	82%	29%
Eco-city Aegean Place (Tianjin)	Binhai New Area, Tianjin	41,000	-	41,000	-	-	83%	52%
Hedong Aegean Place (Tianjin)	Hedong District, Tianjin	94,000	-	94,000	-	-	88%	34%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	-	28,000	-	-	86%	70%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	42,000	-	42,000	-	-	89%	64%
Aegean Place (Jinan)	Shanghe County, Jinan	35,000	-	35,000	-	-	76%	31%
H88 Yuehong Plaza (Shanghai)	Xuhui District, Shanghai	56,000	56,000	-	-	-	78%	24%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	-	-	4,000	74%	37%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	64,000	46,000	4,000	-	14,000	79%	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	-	-	87%	26%
Aegean Place (Fuzhou)	Cangshan District, Fuzhou	92,000	-	92,000	-	-	97%	31%
Other projects		2,250,000	225,000	114,000	1,846,000	65,000		
Subtotal		3,307,000	516,000	704,000	1,846,000	241,000		
Total		3,645,000	722,000	770,000	1,846,000	307,000		

Employees and Human Resources

As at 30 June 2023, the Group had 14,778 employees (31 December 2022: 13,428 employees). The increase in the number of employees was due to the expansion of related customer services. Meanwhile, the Group continued to proactively optimize staff deployment for improving operational efficiency and resources allocation in the first half of 2023.

The Group's remuneration system has been determined by reference to, including but not limited to, the corporate business performance, the efficiency and accomplishments of the staff and the remuneration level of the same industry in the market. The Company offers share options to motivate competitive staff at appropriate times. We adhere to the performance-oriented payment concept and incentive scheme, and properly prioritize limited resources to outstanding employees. The Group will always keep pace with the times and provide different employee learning and training programmes to achieve the effect of attracting, motivating and retaining talented staff, so that these talented staff can ultimately bring in higher return to our Shareholders and investors.

IMPORTANT EVENT AFTER THE PERIOD ENDED 30 JUNE 2023

Internal restructuring of assets

On 21 July 2023, SOG China and Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司) ("**Ocean Homeplus**", a wholly-owned subsidiary of Sino-Ocean Service and a non wholly-owned subsidiary of the Company) entered into a parking spaces transfer framework agreement and a commercial properties transfer framework agreement in relation to the acquisition by Ocean Homeplus and its subsidiaries from SOG China and its subsidiaries of 4,961 parking spaces and 168 commercial properties (with a total GFA of approximately 12,901 sq.m. in aggregate) in the PRC (collectively, the "**Target Assets**") respectively (the "**Assets Transfer**"). The aggregate consideration for the Assets Transfer was RMB626,350,000, which shall be offset against the refundable deposit receivables due from the Group (for the avoidance of doubt, excluding the Sino-Ocean Service Group) to the Sino-Ocean Service Group in its entirety.

The Assets Transfer is in substance an internal restructuring of assets of the Group. Upon completion of the Assets Transfer, the financial results of the Target Assets will continue to be consolidated into the financial statements of the Group. The Assets Transfer has not been completed as at the date of this announcement.

Details of the Assets Transfer have been disclosed in the joint announcement of the Company and Sino-Ocean Service dated 21 July 2023.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 are as follows:

Condensed Consolidated Interim Statement of Profit or Loss

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2023	2022
		RMB'000	RMB'000
Revenue	4	20,806,596	23,412,414
Cost of sales		(20,931,389)	(19,101,833)
Gross (loss)/profit		(124,793)	4,310,581
Interest and other income		476,630	968,241
Other losses — net	7	(1,193,515)	(1,114,973)
Fair value change on investment properties		150,368	(73,599)
Selling and marketing expenses		(572,267)	(532,885)
Impairment loss on financial assets		(11,294,463)	(50,011)
Administrative expenses		(815,519)	(647,592)
Operating (loss)/profit		(13,373,559)	2,859,762
Finance costs	8	(1,881,267)	(1,344,637)
Share of results of joint ventures		(1,255,889)	67,094
Share of results of associates		(1,405,411)	170,708
(Loss)/profit before income tax		(17,916,126)	1,752,927
Income tax expense	9	(393,264)	(1,645,043)
(Loss)/profit for the period		(18,309,390)	107,884
Attributable to:			
— Owners of the Company		(18,369,229)	(1,087,353)
— Non-controlling interests		59,839	1,195,237
		(18,309,390)	107,884
Loss per share attributable to owners of the Company during the period (expressed in RMB)			
Basic loss per share	10	(2.412)	(0.143)
Diluted loss per share		(2.412)	(0.143)

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(Loss)/profit for the period	(18,309,390)	107,884
Other comprehensive income/(loss), 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	4,961	(122,182)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(372,000)	(866,029)
Deferred hedging gains	56,486	–
Share of other comprehensive income of investments accounted for using the equity method	2,089	430
Other comprehensive loss for the period	(308,464)	(987,781)
Total comprehensive loss for the period	(18,617,854)	(879,897)
Total comprehensive (loss)/income attributable to:		
— Owners of the Company	(18,826,273)	(2,283,082)
— Non-controlling interests	208,419	1,403,185
Total comprehensive loss for the period	(18,617,854)	(879,897)

Condensed Consolidated Interim Statement of Financial Position

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,487,446	3,536,637
Right-of-use assets		1,818,068	362,198
Land use rights		218,941	275,873
Intangible assets		438,092	459,807
Goodwill		1,249,936	888,654
Investment properties		8,958,237	7,734,474
Interests in joint ventures		19,395,897	20,463,935
Interests in associates		4,586,467	4,847,594
Financial assets at fair value through other comprehensive income		1,103,229	971,614
Financial assets at fair value through profit or loss		4,294,252	4,478,828
Trade and other receivables and prepayments	5	9,726,062	8,387,895
Deferred income tax assets		1,659,295	1,527,180
Total non-current assets		56,935,922	53,934,689
Current assets			
Properties under development		58,959,125	73,299,924
Inventories, at cost		1,164,258	1,223,421
Land development cost recoverable		1,276,610	1,275,688
Completed properties held for sale		22,952,082	20,234,097
Financial assets at fair value through profit or loss		1,202,555	972,284
Trade and other receivables and prepayments	5	65,951,399	83,490,813
Contract assets		50,860	29,177
Restricted bank deposits		4,504,427	4,763,360
Cash and cash equivalents		3,145,635	4,623,126
		159,206,951	189,911,890
Assets classified as held for sale		-	2,225,754
Total current assets		159,206,951	192,137,644

Sino-Ocean Group Holding Limited

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Stock Code : 03377

		As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current liabilities			
Borrowings		44,616,353	38,091,736
Lease liabilities		110,162	74,782
Trade and other payables	6	46,864,863	44,882,027
Contract liabilities		35,359,412	41,025,991
Income tax payable		12,055,219	13,149,119
Financial liabilities at fair value through profit or loss		–	168,420
Total current liabilities		139,006,009	137,392,075
Non-current liabilities			
Borrowings		47,299,681	58,931,713
Lease liabilities		1,895,646	323,616
Trade and other payables	6	529,865	56,176
Deferred income tax liabilities		1,553,659	1,482,767
Total non-current liabilities		51,278,851	60,794,272
Net assets		25,858,013	47,885,986
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)
Reserves		(7,975,933)	(7,337,248)
(Accumulated losses)/retained earnings		(6,612,669)	11,756,560
		12,740,630	31,747,482
Non-controlling interests		13,117,383	16,138,504
Total equity		25,858,013	47,885,986

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (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 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’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Condensed Consolidated Interim Financial Statements have not been audited and are presented in Renminbi (“RMB”), unless otherwise stated. The Condensed Consolidated Interim Financial Statements were approved for issue on 30 August 2023 by the Board of Directors of the Company (the “Board”).

2 BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Condensed Consolidated Interim Financial Statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial statements relating to the year ended 31 December 2022 that is included in the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 (Cap. 622) 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 (Cap. 622).

The Company’s auditor has reported on those financial statements. 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.

Going Concern

The Group incurred a net loss of approximately RMB18.3 billion for the six months ended 30 June 2023 and, as at 30 June 2023, the Group had current liabilities of approximately RMB103.6 billion that are repayable within twelve months from the end of the reporting period.

As at 30 June 2023, the Group had total borrowings in principal amount of RMB91.92 billion as stated in the condensed consolidated interim statement of financial position. Up to the date on which the Condensed Consolidated Interim Financial Statements are approved for issue, the Group had total borrowings in principal amount of RMB90.96 billion. Besides, RMB2 billion corporate bonds on the Shanghai Stock Exchange is due on 1 September 2023.

In addition, for various reasons the Group was involved in various litigation and arbitration cases.

Nevertheless, the Condensed Consolidated Interim Financial Statements have been prepared on the going concern basis which is based on the cash flow projection of the Group covering a period from the end of the reporting period up to 30 June 2024 (the "Forecast Period") after taking into consideration the following actions or events:

- (i) The Group has actively adjusted its sales strategies to respond to market changes to help achieve the targeted sales volumes and amounts;
- (ii) The Group has actively engaged with its sub-contractors and suppliers to ensure that properties projects would be completed to meet the Group's delivery targets and that the construction and related payments are fulfilled;
- (iii) The Group has been actively negotiating with the banks, bondholders, and financial institutions for the purposes of renewing and/or restructuring the overdue borrowings as well as those that are about to become due based on the Group's current and expected liquidity; and
- (iv) Subject to the renewal of the loan facilities over the Forecast Period, the Group had unused loan facilities of approximately RMB129 billion as at 30 June 2023 is still valid.

Based on the cash flow projection over the Forecast Period, the Directors of the Company are satisfied that it is appropriate to prepare the Condensed Consolidated Interim Financial Statements on a going concern basis. However, the validity of the use of the going concern is dependent upon the successful implementation of the above plans and measures. However, there are material uncertainties associated with their future outcomes that include whether (i) the market conditions would not further deteriorate that the render the sales strategies of the Group not sufficiently effective to generate the cash flows that meet the Group's operating budgets, (ii) the Group would be able to reach payment terms that are viable to the Group and the sub-contractors and suppliers, (iii) the financial institutions and bondholders and other lenders would agree any renewal and restructure that are proposed or to be proposed by the Group; and (iv) the Group would be able to renew the loan facilities when they become mature.

Should the Group be unable to continue in business as a going concern basis, adjustments would have to be made in the Condensed Consolidated Interim Financial Statements to write down carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments have not been reflected in the Condensed Consolidated Interim Financial Statements.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

HKFRS 17	Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS 17)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction, International Tax Reform — Pillar Two Model Rules

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

The Group has not early adopted any of the new or amended standards and interpretations which have been published but not yet effective for financial period commencing 1 January 2023.

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 considers 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 assesses 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 statement of financial position.

The segment information provided to the executive directors of the Company for the reportable segments for six months ended 30 June 2023 and 2022 is as follows:

	Unaudited									
	Property Development						Property investment	Property management	All other segments	Total
	Beijing	Bohai Rim	Eastern China	Southern China	Central China	Western China				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Six months ended 30 June 2023										
Total segment revenue	1,918,707	4,267,028	2,428,180	2,191,938	5,728,035	786,955	199,642	1,555,837	3,216,649	22,292,971
Inter-segment revenue	(663)	-	(2,469)	-	-	-	(2,563)	(116,105)	(1,364,575)	(1,486,375)
Revenue (from external customers)	1,918,044	4,267,028	2,425,711	2,191,938	5,728,035	786,955	197,079	1,439,732	1,852,074	20,806,596
Segment operating (loss)/profit	(349,928)	272,316	(1,345,363)	(131,120)	(338,351)	(222,660)	85,828	246,860	(10,454,064)	(12,236,482)
Depreciation and amortization	(9,419)	(2,280)	(165)	(478)	(251)	(75)	(58)	(21,028)	(131,821)	(165,575)
Six months ended 30 June 2022										
Total segment revenue	2,487,785	6,681,788	2,339,437	1,893,857	4,176,755	915,882	211,098	1,600,278	4,832,352	25,139,232
Inter-segment revenue	(626)	-	-	(230)	-	-	(1,001)	(210,157)	(1,514,804)	(1,726,818)
Revenue (from external customers)	2,487,159	6,681,788	2,339,437	1,893,627	4,176,755	915,882	210,097	1,390,121	3,317,548	23,412,414
Segment operating profit/(loss)	453,367	1,797,840	109,932	124,258	812,033	(48,757)	86,596	205,981	615,044	4,156,294
Depreciation and amortization	(10,208)	(810)	(1,940)	(5,822)	(989)	(871)	(168)	(18,013)	(105,422)	(144,243)
	Unaudited									
	Property Development						Property investment	Property management	All other segments	Total
	Beijing	Bohai Rim	Eastern China	Southern China	Central China	Western China				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 30 June 2023 (Unaudited)										
Total segment assets	10,584,271	22,363,855	19,345,611	29,932,532	23,915,336	8,701,677	4,154,824	4,347,388	60,483,885	183,829,379
Additions to non-current assets (other than financial instruments and deferred income tax assets)	568	947	507,035	24	858,022	-	155	4,680	67,051	1,438,482
Total segment liabilities	9,568,302	16,651,209	13,286,955	14,275,346	12,849,569	5,096,247	236,591	1,790,315	23,060,633	96,815,167
As at 31 December 2022 (Audited)										
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	88,361,868	212,707,261
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)/profit to (loss)/profit before income tax is provided as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Segment operating (loss)/profit	(12,236,482)	4,156,294
Corporate finance income	128	623
Corporate overheads	(94,058)	(108,583)
Fair value change on investment properties	150,368	(73,599)
Other losses— net (Note 7)	(1,193,515)	(1,114,973)
Finance costs (Note 8)	(1,881,267)	(1,344,637)
Share of results of joint ventures	(1,255,889)	67,094
Share of results of associates	(1,405,411)	170,708
	<u>(17,916,126)</u>	<u>1,752,927</u>
(Loss)/profit before income tax	<u>(17,916,126)</u>	<u>1,752,927</u>

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

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total segment assets	183,829,379	212,707,261
Corporate cash and cash equivalents	71,799	103,637
Interests in joint ventures	19,395,897	20,463,935
Interests in associates	4,586,467	4,847,594
Financial assets at fair value through other comprehensive income	1,103,229	971,614
Financial assets at fair value through profit or loss	5,496,807	5,451,112
Deferred income tax assets	1,659,295	1,527,180
	<u>216,142,873</u>	<u>246,072,333</u>
Total assets per consolidated statement of financial position	<u>216,142,873</u>	<u>246,072,333</u>
Total segment liabilities	96,815,167	99,511,711
Current borrowings	44,616,353	38,091,736
Non-current borrowings	47,299,681	58,931,713
Deferred income tax liabilities	1,553,659	1,482,767
Financial liabilities at fair value through profit or loss	-	168,420
	<u>96,815,167</u>	<u>99,511,711</u>
Total liabilities per consolidated statement of financial position	<u>96,815,167</u>	<u>99,511,711</u>

For the six months ended 30 June 2023, included in the revenue of sales of properties, RMB16,967,243,000 was recognised as a point in time, RMB350,468,000 was recognised over time.

The Company is incorporated in Hong Kong, with most of its major subsidiaries being domiciled in the Mainland China. Revenues of the Group are mainly derived from external customers in the Mainland China for the six months ended 30 June 2023 and 2022.

As at 30 June 2023, total non-current assets other than financial instruments and deferred income tax assets located in the Mainland China, Hong Kong and the United States amounted to approximately RMB39,951,597,000, RMB2,083,000 and RMB199,404,000 (31 December 2022: RMB38,366,805,000, RMB2,963,000 and RMB199,404,000), respectively.

For the six months ended 30 June 2023 and 2022, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales.

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables (a)	4,862,473	5,276,891
Other receivables and prepayments (b)	70,814,988	86,601,817
	75,677,461	91,878,708
Less: non-current portion	(9,726,062)	(8,387,895)
Current portion	65,951,399	83,490,813

(a) Trade receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	5,569,877	5,787,523
Less: provision for impairment of trade receivables	(707,404)	(510,632)
	4,862,473	5,276,891
Less: non-current portion	-	-
Current portion	4,862,473	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 trade receivables mainly based on invoice or bills issuance date at the respective balance sheet dates is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	1,890,170	1,952,854
Between 6 months to 1 year	1,179,159	2,047,211
Between 1 year to 2 years	1,478,866	1,269,705
Between 2 years to 3 years	750,850	443,507
Over 3 years	270,832	74,246
	<u>5,569,877</u>	<u>5,787,523</u>

As at 30 June 2023, trade receivables with carrying values of approximately RMB89,165,000 (31 December 2022: nil) were pledged as collateral for the Group's borrowings.

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Opening amount at beginning of the period/year	(510,632)	(150,580)
Provision for receivable impairment	(197,000)	(360,384)
Write-off	228	332
	<u>(707,404)</u>	<u>(510,632)</u>

(b) Other receivables and prepayments

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Entrusted loans due from joint ventures	5,027,506	4,281,355
Entrusted loans due from associates	24,510	–
Entrusted loans due from third parties	1,290,252	1,336,422
Amounts due from joint ventures	26,841,324	26,402,974
Amounts due from non-controlling interests	5,696,804	6,362,263
Amounts due from associates	10,132,278	10,265,224
Amounts due from third parties	15,654,274	22,691,709
	64,666,948	71,339,947
Less: provision for impairment	(15,177,997)	(4,588,868)
	49,488,951	66,751,079
Receivables from government	760,401	762,181
Payment for the cooperation of potential properties development projects	3,654,905	2,307,819
Receivables from disposal of interest in subsidiaries	2,831,596	2,755,545
Other receivables	2,527,904	2,016,171
	9,774,806	7,841,716
Less: provision for impairment	(864,488)	(543,823)
	8,910,318	7,297,893
Tax prepayments	7,756,757	8,519,322
Other prepayments	4,658,962	4,033,523
	12,415,719	12,552,845
Total other receivables and prepayments	70,814,988	86,601,817
Less: non-current portion	(9,726,062)	(8,387,895)
Current portion	61,088,926	78,213,922

6 TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables (a)	13,336,941	13,773,570
Accrued expenses	6,547,609	4,776,062
Amounts due to joint ventures (b)	7,134,002	7,708,753
Amounts due to associates (b)	901,308	915,288
Amounts due to non-controlling interests (b)	2,348,612	658,565
Amounts due to government	527,898	358,678
Other taxes payable	6,461,492	6,813,884
Deposits received	1,321,230	1,565,958
Provision for litigation	467,074	–
Other payables	8,348,562	8,367,445
	47,394,728	44,938,203
Less: non-current portion	(529,865)	(56,176)
Current portion	46,864,863	44,882,027

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

- (a) 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 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	3,624,824	4,540,664
Between 6 months to 12 months	4,208,035	2,982,390
Between 1 year to 2 years	2,228,522	2,326,118
Between 2 years to 3 years	2,687,553	3,005,928
Over 3 years	588,007	918,470
	13,336,941	13,773,570

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

7 OTHER LOSSES — NET

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Fair value change of financial assets and financial liabilities at fair value through profit or loss	(446,624)	(213,711)
Exchange losses	(279,443)	(893,870)
Payment for the settlement of contracted obligations	(15,802)	(51,842)
(Losses)/gains on disposal of interests in subsidiaries	(61,382)	44,225
Gains/(losses) on disposal of joint ventures and associates	52,542	(56)
Gains on disposal of financial assets at fair value through profit or loss	24,015	—
Provision for litigation	(467,074)	—
Other gains	253	281
	<u>(1,193,515)</u>	<u>(1,114,973)</u>

8 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	1,035,170	819,223
— Other borrowings	1,653,803	1,598,875
— Lease liabilities	58,479	12,884
	<u>2,747,452</u>	<u>2,430,982</u>
Less: interest capitalised at a capitalisation rate of 5.78% (2022: 5.07%) per annum	<u>(866,185)</u>	<u>(1,086,345)</u>
	<u>1,881,267</u>	<u>1,344,637</u>

9 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 six months ended 30 June 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:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	273,873	1,077,698
— PRC land appreciation tax	89,112	629,401
Deferred income tax	30,279	(62,056)
	<u>393,264</u>	<u>1,645,043</u>

10 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 shares in issue during the period excluding ordinary shares purchased by the Company and held as shares held for Restricted Share Award Scheme.

	Unaudited	
	Six months ended 30 June	
	2023	2022
Loss attributable to owners of the Company (RMB'000)	<u>(18,369,229)</u>	<u>(1,087,353)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>7,616,096</u>	<u>7,616,096</u>
Basic loss per share (RMB per share)	<u>(2.412)</u>	<u>(0.143)</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 period) 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 awarded shares.

	Unaudited	
	Six months ended 30 June	
	2023	2022
Loss attributable to owners of the Company (RMB'000)	<u>(18,369,229)</u>	<u>(1,087,353)</u>
Loss used to determine diluted loss per share (RMB'000)	<u>(18,369,229)</u>	<u>(1,087,353)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>7,616,096</u>	<u>7,616,096</u>
Adjustment for:		
— Share options and shares held for the Restricted Share Award Scheme (thousands)	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for diluted loss per share (thousands)	<u>7,616,096</u>	<u>7,616,096</u>
Diluted loss per share (RMB per share)	<u>(2.412)</u>	<u>(0.143)</u>

11 DIVIDENDS

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Final dividend paid of RMB nil (2022: RMB0.026) per ordinary share	<u>-</u>	<u>198,018</u>

12 SUBSEQUENT EVENT

Internal restructuring of assets

On 21 July 2023, SOG China and Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司) (“Ocean Homeplus”, a wholly-owned subsidiary of Sino-Ocean Service and a 67.57% owned subsidiary of the Company) entered into a parking spaces transfer framework agreement and a commercial properties transfer framework agreement in relation to the acquisition by Ocean Homeplus and its subsidiaries from SOG China and its subsidiaries of 4,961 parking spaces and 168 commercial properties (with a total gross floor area of approximately 12,901 sq.m. in aggregate) in the PRC (collectively, the “Target Assets”) respectively (the “Assets Transfer”). The aggregate consideration for the Assets Transfer was RMB626,350,000, which shall be offset against the refundable deposit receivables due from the Group (for the avoidance of doubt, excluding the Sino-Ocean Service Group) to the Sino-Ocean Service Group in its entirety.

The Assets Transfer is in substance an internal restructuring of assets of the Group. Upon completion of the Assets Transfer, the financial results of the Target Assets will continue to be consolidated into the financial statements of the Group. The Assets Transfer has not been completed as at the date of this announcement.

Details of the Assets Transfer have been disclosed in the joint announcement of the Company and Sino-Ocean Service dated 21 July 2023.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors namely Mr. LIU Jingwei, Mr. LYU Hongbin and Mr. JIANG Qi, and two non-executive Directors, namely Mr. ZHAO Peng and Mr. YU Zhiqiang. Mr. LIU Jingwei is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim financial information of the Company for the six months ended 30 June 2023. The Audit Committee has also reviewed with the Company’s management the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters.

Information update in relation to the qualified opinion expressed by auditor on the 2022 Financial Statements

The Company’s independent auditor, BDO Limited, has expressed a qualified opinion (the “**Qualified Opinion**”) on the consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”). The 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. Details of the Qualified Opinion are disclosed under the paragraphs headed “BASIS FOR QUALIFIED OPINION” in the Independent Auditor’s Report in the 2022 annual report of the Company. Below is an update on the status of the Qualified Opinion:

Since the publication of 2022 annual results announcement by the Company, the management of the Company has been taking initiatives, and has been committed, to resolving matters related to the Qualified Opinion. As at the date of this announcement, such matters have not been worsened nor had material adverse change, and with respect to the receivables due from Wuhu Deye Investment Management Center (Limited Partnership) to Beijing Zhonglian Real Estate Development Co., Ltd. (a non wholly-owned subsidiary of the Company) in the amount of RMB10.6 billion as at 31 December 2022 as mentioned under the paragraphs headed “BASIS FOR QUALIFIED OPINION” in the Independent Auditor’s Report in the 2022 annual report of the Company, the balance has been reduced to RMB5.5 billion as at 30 June 2023. The management of the Company is putting all of its efforts in handling the relevant matters and it is expected that the relevant matters would be marching towards a positive development path.

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 six months ended 30 June 2023.

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 period 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 30 June 2023, an aggregate of 168,579,822 Shares, representing approximately 2.99% and 2.21% of the total issued Shares 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 period 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 period	No. of Shares awarded but yet to be vested as at 30 June 2023
Employees of the Group	20 March 2020	4,887,247	4,887,247	-

Note: During the six months ended 30 June 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 six months ended 30 June 2023, to its corporate governance structure and practices which will be described in the interim report of the Company for the six months ended 30 June 2023 and complied with the applicable code provisions of the CG Code, except for the deviations as disclosed below.

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.5.7 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 period 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 of association of the Company and applicable laws. The Directors who had material interests in the Transaction abstained from passing the written resolutions.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Code of Conduct on terms no less exacting than those required standards set out in the Model Code. The Company has made specific enquiries with all Directors and each of them has confirmed that he or she had complied with all required standards set out in the Model Code and the Code of Conduct throughout the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil) after considering that it would take time for the recovery of market confidence and the improvement of the cash flow of the Company.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM 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 interim report for the six months ended 30 June 2023 will be despatched to the Shareholders who have elected to receive printed copies and published 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.

DEFINITIONS

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

"Award Scheme"	the restricted share award scheme adopted by the Board on 22 March 2010
"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 14 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China
"Code of Conduct"	the code of conduct regarding Director's securities transactions adopted by the Company

“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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“net gearing ratio”	total borrowings less total cash resources divided by total equity
“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
“Sino-Ocean Service”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677), which is a non wholly-owned subsidiary of the Company
“Sino-Ocean Service Group”	Sino-Ocean Service and its subsidiaries

“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
“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, 30 August 2023

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*

Sino-Ocean Group Holding Limited

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

Stock Code : 03377