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Independent Practitioner’s Review Report on the Financial Information of the Target Company

To the Board of Directors of Sino-Ocean Group Holding Limited
(Incorporated in Hong Kong with limited liability)

We have reviewed the unaudited financial information set out on pages II-3 to II-9 which comprise the unaudited statements of financial position of Beijing Xingtaitonggang Properties Company Limited (北京星泰通港置業有限公司) (the “Target Company”) as of 31 December 2021, 2022, 2023 and 30 April 2024 and the unaudited statements of profit or loss, unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for each of the periods then ended and explanatory notes (the “Unaudited Financial Information”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Sino-Ocean Group Holding Limited (the “Company”) dated 25 June 2024 (the “Circular”) in connection with the disposal of the Target Company in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibility for the Unaudited Financial Information

The directors of the Company are responsible for the preparation and presentation of the Unaudited Financial Information of the Target Company in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Listing Rules. The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of Unaudited Financial Information that is free from material misstatement, whether due to fraud or error. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “*Presentation of Financial Statements*” or an interim financial report as defined in Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Practitioner’s Responsibility

Our responsibility is to express a conclusion on the Unaudited Financial Information in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with Hong Kong Standard on Review Engagements (“HKSRE”) 2400 (Revised) “*Engagements to Review Historical Financial Statements*” and with reference to Practice Note 750 “*Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal*” issued by the HKICPA. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Unaudited Financial Information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.



A review of financial information in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of the Target Company for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

A handwritten signature in black ink, appearing to read 'BDO Limited', written in a cursive style.

BDO Limited
Certified Public Accountants

Hong Kong, 25 June 2024



UNAUDITED STATEMENTS OF PROFIT OR LOSS

For the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2023 and 2024:

	For the year ended 31 December			For the four months ended 30 April	
	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	-	-	-	-	-
Other income	1,454	1,283	106	24	53
Other losses - net	(11,092)	-	-	-	-
Fair value change on investment properties	92,954	(19,634)	(1,472,330)	16,573	104,773
Selling and marketing expense	-	(1,877)	(3,466)	(89)	(2,088)
Administrative expense	(6,912)	(4,055)	(3,645)	(921)	(603)
Profit/(loss) before income tax	76,404	(24,283)	(1,479,335)	15,587	102,135
Income tax (expense)/ credit	(23,238)	4,908	368,082	(4,143)	(26,193)
Profit/(loss) for the year/period	53,166	(19,375)	(1,111,253)	11,444	75,942



UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2023 and 2024:

	For the year ended 31 December			For the four months ended 30 April	
	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit/(loss) for the year/period	53,166	(19,375)	(1,111,253)	11,444	75,942
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-	-
Total comprehensive income/(loss) for the year/period	<u>53,166</u>	<u>(19,375)</u>	<u>(1,111,253)</u>	<u>11,444</u>	<u>75,942</u>



UNAUDITED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021, 2022 and 2023 and 30 April 2024

	31 December			30 April
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets				
Property, plant and equipment	524	685	931	804
Investment properties	12,152,000	12,700,000	11,985,580	12,176,580
Other receivables and prepayments	40,759	262,124	245,102	247,745
Deferred income tax assets	-	-	349,752	323,559
Total non-current assets	12,193,283	12,962,809	12,581,365	12,748,688
Current assets				
Other receivables and prepayments	1,415	1,161	1,004	1,089
Cash and cash equivalents	4,176	8,929	86,556	70,642
Total current assets	5,591	10,090	87,560	71,731
Current liabilities				
Other payables	484,805	278,497	352,043	326,465
Total current liabilities	484,805	278,497	352,043	326,465
Net current liabilities	(479,214)	(268,407)	(264,483)	(254,734)
Total assets less current liabilities	11,714,069	12,694,402	12,316,882	12,493,954
Non-current liabilities				
Borrowings	2,111,000	3,063,630	3,760,060	3,861,190
Other payables	79,160	131,146	186,779	186,779
Deferred income tax liabilities	23,238	18,330	-	-
Total non-current liabilities	2,213,398	3,213,106	3,946,839	4,047,969
Net assets	9,500,671	9,481,296	8,370,043	8,445,985
Equity				
Paid-up capital	9,500,000	9,500,000	9,500,000	9,500,000
Retained earnings/(accumulated losses)	671	(18,704)	(1,129,957)	(1,054,015)
Total equity	9,500,671	9,481,296	8,370,043	8,445,985



UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2023 and 2024:

	Paid-up capital RMB'000 (unaudited)	(Accumulated losses)/ retained earnings RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 1 January 2021	2,857,000	(52,495)	2,804,505
Comprehensive income			
Profit for the year	-	53,166	53,166
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	53,166	53,166
Transaction with owners of the Target Company			
Capital injection from equity holders	6,643,000	-	6,643,000
At 31 December 2021 and 1 January 2022	9,500,000	671	9,500,671
Comprehensive income			
Loss for the year	-	(19,375)	(19,375)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(19,375)	(19,375)
At 31 December 2022 and 1 January 2023	9,500,000	(18,704)	9,481,296
Comprehensive income			
Loss for the year	-	(1,111,253)	(1,111,253)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(1,111,253)	(1,111,253)
At 31 December 2023 and 1 January 2024	9,500,000	(1,129,957)	8,370,043
Comprehensive income			
Profit for the period	-	75,942	75,942
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	75,942	75,942
At 30 April 2024	9,500,000	(1,054,015)	8,445,985
At 31 December 2022 and 1 January 2023	9,500,000	(18,704)	9,481,296
Comprehensive income			
Profit for the period	-	11,444	11,444
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	11,444	11,444
At 30 April 2023	9,500,000	(7,260)	9,492,740



UNAUDITED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2023 and 2024

	Note	For the year ended 31 December			For the four months ended 30 April	
		2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	4	16,179	10,093	(4,449)	327	(2,589)
Cash flows from investing activities						
Purchase of investment properties		(335,183)	(435,724)	(468,676)	(174,448)	(96,849)
Prepayment for construction of investment properties		-	(204,612)	(102,347)	(8,019)	-
Purchases of property, plant and equipment		(598)	(714)	(298)	(169)	(91)
Interest paid		(266,107)	(144,047)	(144,317)	(38,256)	(45,015)
Net cash used in investing activities		(601,888)	(785,097)	(715,638)	(220,892)	(141,955)
Cash flows from financing activities						
Capital injection from equity holders		6,643,000	-	-	-	-
Proceeds from borrowings		2,111,000	952,630	696,430	214,000	101,130
Repayments of borrowings		(6,000,000)	-	-	-	-
Proceeds from entrusted loans due from equity holders		3,324,784	219,419	127,997	22,530	27,500
Repayment of entrusted loans due from equity holders		(5,508,235)	(392,292)	(26,713)	(17,915)	-
Net cash generated from financing activities		570,549	779,757	797,714	218,615	128,630
(Decrease)/increase in cash and cash equivalents		(15,160)	4,753	77,627	(1,950)	(15,914)
Effect of foreign exchange rate changes		(11,139)	-	-	-	-
Cash and cash equivalents at beginning of the year/period		30,475	4,176	8,929	8,929	86,556
Cash and cash equivalents at end of the year/period		4,176	8,929	86,556	6,979	70,642



NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The Company and its subsidiaries (the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Beijing Xingtaitonggang Properties Company Limited* (北京星泰通港置業有限公司) (the “Target Company”) is a limited liability company established in the PRC. The Target Company is principally engaged in the land and property development in the PRC.

On 7 June 2024, Beijing Yingyu Enterprise Management Consulting Co., Ltd.* (北京穎煜企業管理諮詢有限公司) and Tianjin Yigangtong Enterprise Management Co., Ltd.* (天津碩港通企業管理有限公司), (the “Sellers”), both being wholly-owned subsidiaries of the Group entered into the equity and debt transfer agreement with China Life Qihang Phase I (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (國壽啟航壹期(天津)股權投資基金合夥企業(有限合夥), Beijing Sanlitun South Property Management Company Limited* (北京三里屯南區物業管理有限公司) and Shiny Harbour Limited (the “Purchasers”) under which the Sellers conditionally agree to sell an aggregate of 64.79% equity interests in the Target Company and assign the entire loan owing by the Target Company to the Sellers as at the completion of this proposal disposal (the “Disposal”).

The Unaudited Financial Information is presented in Renminbi (“RMB”). All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of the Target Company for the years ended 31 December 2021, 2022 and 2023 and four months ended 30 April 2024 (the “Relevant Periods”) has been prepared solely for the purpose of inclusion in the Circular to be issued by the Company in connection with the disposal in accordance with Rule 14.68(2)(a)(i) of the Listing Rules.

Upon completion of the disposal, the Target Company will cease to be a joint venture of the Group and the financial results of the Target Company will cease to be accounted for in the consolidated financial statements of the Group.



The Unaudited Financial Information of the Target Company have been recognised and measured in accordance with the accounting policies of the Company for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. The Unaudited Financial Information of the Target Company has been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as described in Hong Kong Accounting Standard 1 “*Presentation of Financial Statements*” or an interim financial report as defined in Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the HKICPA and should be read in conjunction with the relevant published annual reports and/or interim financial statements of the Group for the Relevant Periods.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Unaudited Financial Information are consistent with those applied in the preparation of the Company’s annual financial statements for each of the years ended 31 December 2021, 2022 and 2023 except for the adoption of the following amendments for the first time for the four months ended 30 April 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) & Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The amendments listed above are effective for annual period beginning on or after 1 January 2024 and did not have any impact on the Unaudited Financial Information of the Target Company.



4. CASH FLOW INFORMATION

	For the year ended 31 December			For the four months ended 30 April	
	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities					
Profit/(loss) for the year/period	53,166	(19,375)	(1,111,253)	11,444	75,942
Adjustments for:					
Income tax expense/(credit)	23,238	(4,908)	(368,082)	4,143	26,193
Exchange gains and losses, net	11,139	-	-	-	-
Depreciation of property, plant and equipment	92	253	382	113	154
Impairment loss on other receivables	12	74	58	5	12
Fair value (gains)/loss on investment properties	<u>(92,954)</u>	<u>19,634</u>	<u>1,472,330</u>	<u>(16,573)</u>	<u>(104,773)</u>
Operating loss before working capital changes	(5,307)	(4,322)	(6,565)	(868)	(2,472)
Decrease/(increase) in other receivables and prepayments	2,411	(37,964)	(11,602)	(6,265)	(3,287)
Increase in other payables	<u>19,075</u>	<u>52,379</u>	<u>13,718</u>	<u>7,460</u>	<u>3,170</u>
Net cash generated from/(used in) operating activities	<u>16,179</u>	<u>10,093</u>	<u>(4,449)</u>	<u>327</u>	<u>(2,589)</u>