

遠洋集團控股有限公司
SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 03377.HK

WHOLEHEARTED
COMMITMENT,
EMBRACING NEW
RESPONSIBILITIES

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ABOUT SINO-OCEAN

Sino-Ocean Group Holding Limited has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 September 2007 (Stock Code: 03377.HK), with China Life Insurance Company Limited and Dajia Life Insurance Co., Ltd. as substantial Shareholders.

Sino-Ocean Group has been included as a constituent of Hang Seng Composite Index (HSCI), Hang Seng Composite Industry Index — Properties and Construction and Hang Seng Stock Connect Hong Kong Index.

With a strategic vision of becoming the “Creator of Building Health and Social Value”, Sino-Ocean Group is committed to becoming a pragmatic comprehensive corporation focusing on investment and development while exploring related diversified new businesses. The core businesses of the Group include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate and real estate fund, etc., forming a unique advantage in the field of asset-light agent construction. The Group adheres to “Serving Users with Craftsmanship” and puts the concept of “Building · Health” into active practice, striving to create a high-quality healthy life style for users through carefully-crafted products and premium services.

Sino-Ocean Group currently owns over 260 projects in different stages in rapidly growing Chinese cities and metropolitan regions, such as Beijing, Shijiazhuang, Taiyuan and Qinhuangdao in the Beijing Region; Tianjin, Qingdao, Jinan and Dalian in the Bohai Rim Region; Shanghai, Hangzhou, Nanjing and Suzhou in the Eastern Region; Shenzhen, Guangzhou, Fuzhou and Hong Kong in the Southern Region; Wuhan, Zhengzhou, Hefei and Changsha in the Central Region; Chengdu, Chongqing, Xi’an and Kunming in the Western Region. In addition, the Company’s business territory has expanded abroad to Singapore, Indonesia, etc. As at 31 December 2023, we had a land reserve of around 36 million sq.m.



CORPORATE INFORMATION

The corporate information of Sino-Ocean Group as of the Latest Practicable Date was as follows:

Directors

Executive Directors

Mr. LI Ming (*Chairman and CEO*)
Mr. WANG Honghui
Mr. CUI Hongjie
Ms. CHAI Juan

Non-executive Directors

Mr. ZHAO Peng
Mr. ZHANG Zhongdang
Mr. YU Zhiqiang
Mr. SUN Jinfeng

Independent Non-executive Directors

Mr. HAN Xiaojing
Mr. JIN Qingjun
Mr. LYU Hongbin
Mr. LIU Jingwei
Mr. JIANG Qi

Audit Committee

Mr. LIU Jingwei (*Chairman of committee*)
Mr. ZHAO Peng
Mr. YU Zhiqiang
Mr. JIN Qingjun
Mr. LYU Hongbin

Nomination Committee

Mr. LI Ming (*Chairman of committee*)
Mr. SUN Jinfeng
Mr. HAN Xiaojing
Mr. JIN Qingjun
Mr. JIANG Qi

Remuneration Committee

Mr. HAN Xiaojing (*Chairman of committee*)
Ms. CHAI Juan
Mr. LYU Hongbin
Mr. JIANG Qi

Strategic and Investment Committee

Mr. LI Ming (*Chairman of committee*)
Mr. WANG Honghui
Mr. CUI Hongjie
Mr. ZHANG Zhongdang
Mr. SUN Jinfeng
Mr. LIU Jingwei
Mr. ZHAO Jianjun

Company Secretary

Mr. SUM Pui Ying

Authorized Representatives

Mr. LI Ming
Mr. SUM Pui Ying

Registered Office

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal Place of Business

31–33 Floor, Tower A
Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District, Beijing
PRC

Principal Bankers

(in alphabetical order)

Agricultural Bank of China, Ltd.
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
Bank of Shanghai Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
China Minsheng Bank Corp., Ltd.
China Zheshang Bank Co., Ltd.
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China, Ltd.
Industrial Bank Co., Ltd.
Liaoshen Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

Auditor

BDO Limited
Certified Public Accountants

Legal Advisor

Paul Hastings

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 03377.HK

Company Website

www.sinooceangroup.com

Investor Relations Contact

ir@sinooceangroup.com

LANDBANK DISTRIBUTION

60

Sino-Ocean Group Focuses on Acquiring Quality Land Resources, with Landbank Coverage Extended to 60 Cities all over the PRC and Overseas.

Beijing Region

Beijing Shijiazhuang Taiyuan Qinhuangdao Langfang Zhangjiakou Jinzhong
 Total GFA: 14,494,000 sq.m.
 Total landbank: 9,450,000 sq.m.
 Number of projects: 48

Bohai Rim Region

Tianjin Qingdao Jinan Dalian Shenyang Changchun Anshan
 Total GFA: 14,114,000 sq.m.
 Total landbank: 8,176,000 sq.m.
 Number of projects: 34

Eastern Region

Shanghai Hangzhou Nanjing Suzhou Ningbo Wuxi Changzhou Wenzhou Yangzhou Jiaxing Jinhua Zhenjiang Huai'an Suqian Huzhou
 Total GFA: 7,919,000 sq.m.
 Total landbank: 4,586,000 sq.m.
 Number of projects: 38

Southern Region

Shenzhen Guangzhou Fuzhou Foshan Quanzhou Xiamen Maoming Jiangmen Zhongshan Zhanjiang Sanya Hong Kong
 Total GFA: 6,594,000 sq.m.
 Total landbank: 4,247,000 sq.m.
 Number of projects: 29

Central Region

Wuhan Zhengzhou Hefei Changsha Nanchang Ganzhou
 Total GFA: 7,680,000 sq.m.
 Total landbank: 3,898,000 sq.m.
 Number of projects: 26

Western Region

Chengdu Chongqing Xi'an Kunming Guiyang Urumqi Lanzhou Liuzhou Luzhou Xining Xishuangbanna
 Total GFA: 9,004,000 sq.m.
 Total landbank: 5,786,000 sq.m.
 Number of projects: 33

Other Region

Singapore Jakarta
 Total GFA: 70,000 sq.m.
 Total landbank: 70,000 sq.m.
 Number of projects: 2



FINANCIAL & OPERATION HIGHLIGHTS

Financial Highlights (RMB million)	2023	2022 (Restated)	Change
Contracted Sales	50,530	100,290	-50%
Revenue	46,459	46,127	1%
Gross profit	1,183	2,377	-50%
Loss for the year	-20,985	-18,756	12%
Loss attributable to owners of the Company	-21,097	-19,037	11%
Total assets	206,172	242,966	-15%
Equity attributable to owners of the Company	7,029	28,641	-75%
Cash resources ¹	5,022	9,386	-46%

Financial Information per share	2023	2022 (Restated)	Change
Loss per share (RMB)			
— Basic	-2.770	-2.500	11%
— Diluted	-2.770	-2.500	11%

Financial Ratios	2023	2022 (Restated)	Change
Gross profit margin (%)	3%	5%	-2 pts
Net loss margin (%)	-45%	-41%	-4 pts
Current ratio (times)	0.95	1.38	-31%
Net gearing ratio (%) ²	438%	196%	242 pts

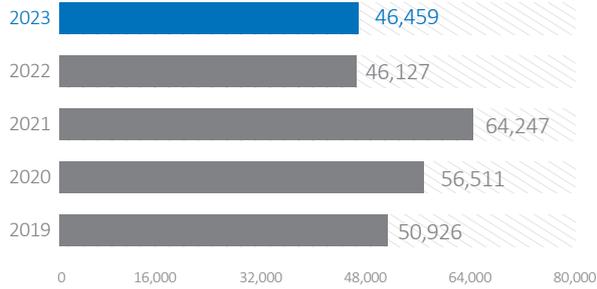
Notes:

1 Including the restricted bank deposits

2 Total borrowings minus cash resources divided by total equity

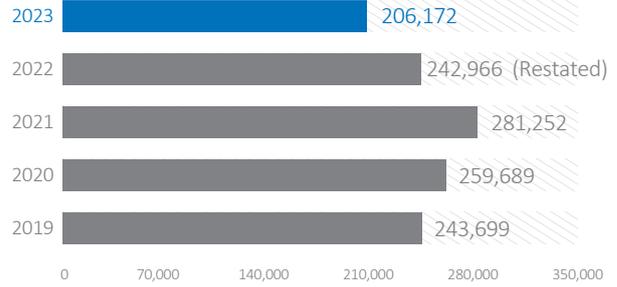
Revenue

(RMB million)



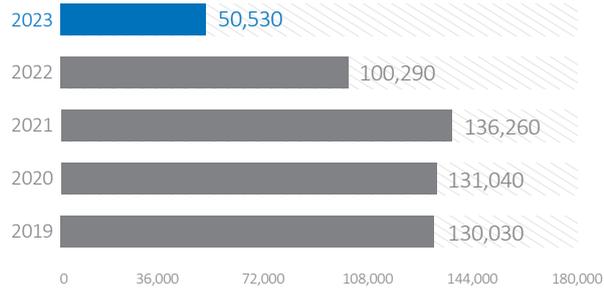
Total Assets

(RMB million)



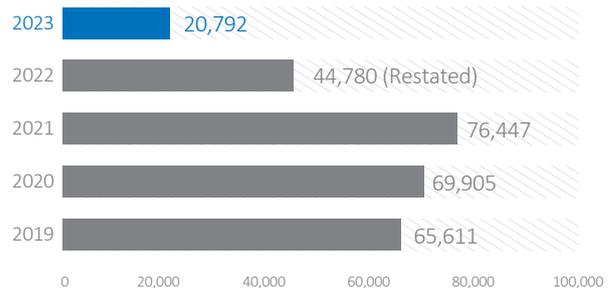
Contracted Sales

(RMB million)



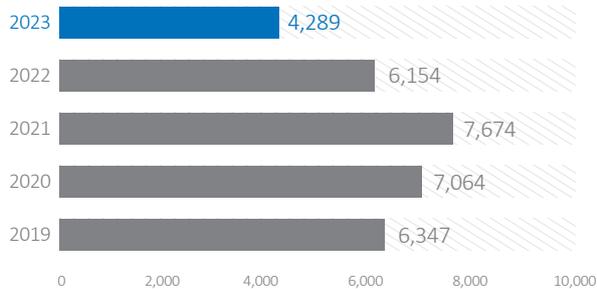
Total Equity

(RMB million)



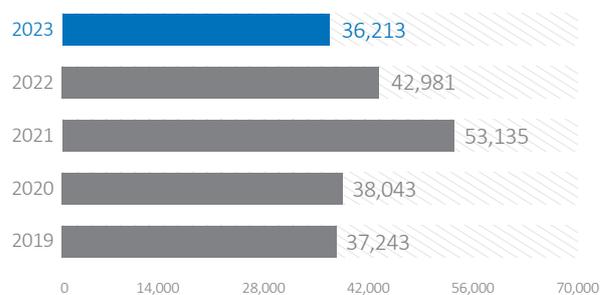
Saleable GFA Sold

('000 sq.m.)



Landbank

('000 sq.m.)



CHAIRMAN'S STATEMENT



Yangtze Opus (Wuhan)

On behalf of the Board, I have the pleasure in presenting the annual results of the Group for the twelve months ended 31 December 2023.

RESULTS OF 2023

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

MARKET REVIEW AND OUTLOOK

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

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

PERFORMANCE REVIEW AND STRATEGIES

In 2023, in response to the industry environment and its own circumstances, the Group made swift response and adjustments in operating strategies. We actively focused on ‘high-quality delivery, sustainable operation’, by concentrating on consistent delivery to a high standard, proactive debt risk mitigation and promotion of business transformation in a timely manner.

Completed delivery to a high standard, delivery quality was securely in Top 10

In 2023, the Group attached significant importance to delivery work. Accumulated delivery to a high standard of 54,000 residential units was made in core cities such as Guangzhou, Shenzhen, Wuhan, Tianjin and Jinan. Meanwhile, the Group exercised stringent observation of quality requirements. Third party data¹ indicated that the Group ranked Top 10 among major property enterprises in terms of overall delivery quality. Our exquisite interiors and landscape gardening ranked Top 5. The continual rise in delivery quality won recognition from property owners and the market.

Note 1: According to statistics provided by Shenzhen Ridge Engineering Consulting Co. Ltd.

Proceeded with holistic debt management in an orderly manner to resolve debt risks

In the first half of 2023, the Group sold some of its core investment properties and toughly managed to repay debts timely in the open market. In the second half of the year, faced with continued harsh market conditions and financing pressure, the Group's liquidity was under ever-increasing pressure. We had no choice but to seek extension for debts in the domestic and off-shore open markets and officially announced holistic debt management for offshore debts in September 2023.

To improve the Group's liquidity and implement the subsequent debt repayment arrangement, we are putting even stronger efforts in sales, asset disposal and stringent cost control. At the same time, the Group is working closely with financial advisors and legal counsels on an assessment of the Group's offshore debts, with the objective of formulating a solution that respects all stakeholders' rights, provides a sustainable capital structure and lays a solid foundation for the Group's stable operation.

Operation proceeded in an orderly manner, asset-light agent construction business made a breakthrough

The Group seized a window in the first half of 2023 and drove sales through a multitude of measures in the second half, achieving total contracted sales of approximately RMB50.53 billion in the year. Benefitting from deep cultivation in tier-one and tier-two core cities, the Group was high on the sales chart for months in Jinan, Tianjin, Dalian, Wuxi and Zhongshan. In addition, the Group had superior investment properties in the core tier-one and tier-two cities including office and retail space, etc. Their performance remained stable with occupancy of core projects at over 90%. As at 31 December 2023, total leasable area of the Group's investment properties was approximately 3.75 million sq.m.

In a changing environment, while moving ahead steadily with the existing business, the Group planned and transformed to asset-light agent construction business. Taking advantage of our particular edge in effectively collaborating comprehensive capabilities in development, diverse businesses and whole chain capacity, we continued to perfect our professional construction and drive the growth of asset-light businesses. In 2023, according to third party data², the Group's total GFA of new agent construction was approximately 1.8 million sq.m., ranking Top 25 in newly contracted agent construction work.

Remained steadfast in practicing 'Building • Health', served customers with ingenuity

In 2023, the Group continued to implement the concept of 'Building • Health'. Focusing on users' needs, we completed the Sino-Ocean Healthy Building Series 2.0 and applied it in development projects. While committed to high-quality delivery, we endeavored to materialize the concept of health, constantly optimizing the health functions of products and intensifying self-developed health topics. We also worked closely with industry leaders to promote the research and application of technology for smart health and space comfort. As at the end of December 2023, the Sino-Ocean Healthy Building Series was implemented in 145 projects in 51 cities throughout the country, covering more than 27 million sq.m.

Note 2: According to 2023 China Real Estate Agent Construction Companies Newly Contracted Scale Ranking (China Index Academy)

2024 COMPANY STRATEGIES

2024 is vital to the Group. We are committed to high-quality delivery, sustainable operation, promotion of an asset-light model, and exploring and implementing sustainable development as the industry enters a new stage in development.

Committed to high-quality delivery. ‘Serving users with ingenuity’ has always been the foundation and lifeline for the Group’s survival. We shall continue to maintain our competitive edge in product and services. We shall practice ‘one project one policy’, using ingenuity to deliver satisfying products and services to users.

Committed to sustainable operation. Having experienced 30 years of development, the Group has formulated an optimal corporate governance structure and a market-oriented operating mechanism. We have a sound asset structure, mature systems in building products and a highly efficient professional team, providing strong support for sustainable operation. In 2024, we shall promote high-quality projects in our development business and accelerate disposal of non-efficient resource. We shall maintain the stable operation of non-development businesses to raise cash flow; and to process domestic and offshore debts management steadily to ensure the Company’s stable operation and sustainable development.

Actively promoting asset-light model. As the industry enters a new stage of development, the Group believes that an asset-light business encompasses new momentum and structural opportunities, promising a bright future. We shall allow full play to the Group’s advantage in multiple businesses and whole chain capacity. We shall actively expand on asset-light businesses including agent construction for development projects, urban renewal, asset management, commercial property management, fund management and professional services, to consolidate and elevate the Group’s sustainable operation and growth capacity.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to Directors, management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

LI Ming
Chairman

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION & ANALYSIS



Ocean New Masterpiece (Hangzhou)

A discussion and analysis of the Group for the year ended 31 December 2023 is set out below:

FINANCIAL REVIEW

Sino-Ocean Group is a pragmatic comprehensive corporation focusing on the principal business of property development while exploring related diversified new businesses. We have secured a leading position in major city clusters including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region.

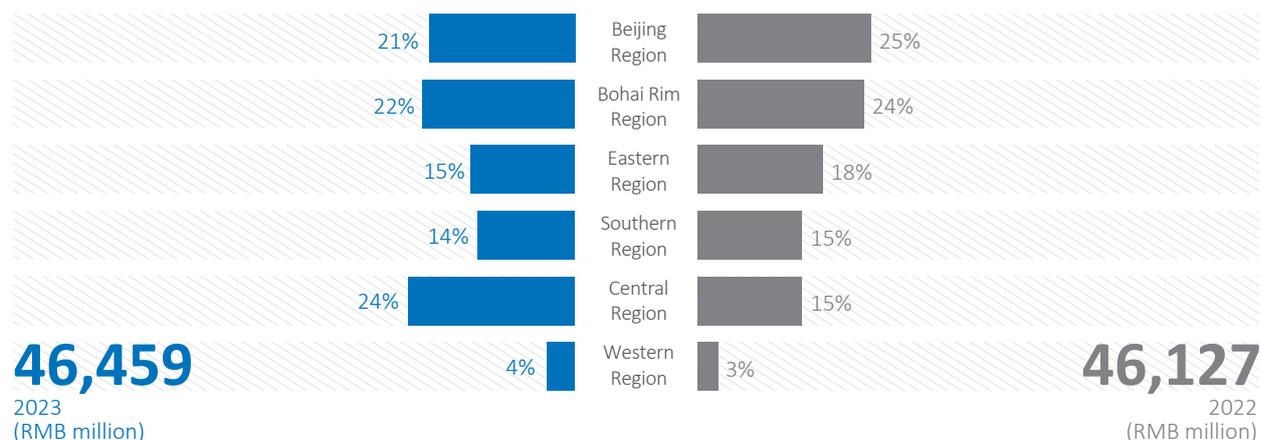
The Group's contracted sales amount for the year 2023 (including its joint ventures and associates) decreased to RMB50,530 million (2022: RMB100,290 million) with total saleable GFA sold of approximately 4,288,900 sq.m. (2022: 6,154,000 sq.m.). We recorded an increase in revenue of approximately 1%, to RMB46,459 million (2022: RMB46,127 million). The loss attributable to owners of the Company was RMB21,097 million (2022: RMB19,037 million (restated)). Basic loss per share was RMB2.770 (2022: RMB2.500 (restated)).

Revenue

The components of the revenue are analyzed as follows:

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

Revenue contributions by geographical locations are analyzed below:



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

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

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

Cost of sales

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

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

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

Gross profit

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

Interest and other income and other losses (net)

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

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

Revaluation of investment properties

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

Operating expenses

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

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

Net impairment losses on financial assets

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

Finance costs

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

Taxation

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

Loss attributable to owners of the Company

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

Financial resources and liquidity

During 2023, the Group continued to refine our funding structure, treasury and credit policies and objectives to strengthen the financial control and minimize its risk exposure under the everchanging financial market and global economic environment. We are committed to managing the borrowings at an appropriate level, the borrowings decreased from RMB97,023 million at the end of 2022 to RMB96,143 million as at the year end of 2023, of which 60% of the borrowings were denominated in RMB. The remaining borrowings were denominated in other currencies, such as USD and HKD. Approximately 63% of the borrowings were made at fixed interest rate.

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

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

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

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

Other investments

As at 31 December 2023, the Group owned a diversified investment portfolio, such as investments in joint ventures and associates for property development projects, investments in property funds, financial derivatives for hedging purposes, equity financial investments in real estate.

The results of the above investments have been properly reflected in the audited financial information for the year ended 31 December 2023.

Financial guarantees and charge on assets

As at 31 December 2023, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB16,591 million (31 December 2022: RMB20,677 million).

As at 31 December 2023, the Group had pledged some of plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, equity interests in certain subsidiaries and affiliates and trade and other receivables to secure short-term borrowings (including the current portion of long-term borrowings) of RMB16,305 million (31 December 2022: RMB10,370 million) and long-term borrowings of RMB16,476 million (31 December 2022: RMB15,275 million). As at 31 December 2023, total pledged assets accounted for approximately 27% of the total assets of the Group (31 December 2022: 17%).

Capital commitments

The Group entered into certain agreements in respect of land acquisition, property projects and investment in a joint venture. As at 31 December 2023, the Group had a total capital commitment of RMB17,461 million (31 December 2022: RMB18,289 million).

Contingent liabilities

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 31 December 2023, the total amount of the aforesaid guarantees provided by the Group was RMB16,591 million (31 December 2022: RMB20,677 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

As at 31 December 2023, the Group provided guarantees amounted to approximately RMB63,030 million for borrowings of joint ventures, associates and third parties (31 December 2022: RMB5,523 million). For details of financial guarantees, please refer to note 46 to the consolidated financial statements of this annual report.

Material acquisitions and disposals of subsidiaries, joint ventures and associates

- **Acquisition of the entire equity interests in a property development company in the PRC**

On 8 February 2023, following completion of the bidding process through the Shandong Property Right Exchange Center (山東產權交易中心), Beijing Yuanshengchang Real Estate Development Co., Ltd.* (北京遠盛昌房地產開發有限公司) ("Beijing Yuanshengchang", a wholly-owned subsidiary of the Company) as purchaser, entered into a property right transaction agreement with Shandong Detian Real Estate Co., Ltd.* (山東德天置業有限公司) ("Shandong Detian") as seller in relation to the acquisition by Beijing Yuanshengchang from Shandong Detian of (a) the entire equity interests in Shandong Detian Jiaye Real Estate Co., Ltd.* (山東德天嘉業置業有限公司) ("Shandong Detian Jiaye") and (b) a loan owing by Shandong Detian Jiaye to Shandong Detian (inclusive of interest) (in the amount of RMB1,584,414,200) at an aggregate consideration of RMB1,584,414,201. The principal business of Shandong Detian Jiaye is property development and its principal asset is four parcels of land situated at the Beihu Core Area, Jinan City, Shandong Province, the PRC with a total land area of 137,504 sq.m. and a total GFA of approximately 534,600 sq.m. for residential and commercial purposes.

Upon completion of the aforementioned transaction, Shandong Detian Jiaye shall become a wholly-owned subsidiary of the Company, with its financial results being consolidated into the financial statements of the Group. The aforementioned transaction had been completed during the year of 2023.

Details of the above transaction have been disclosed in the announcement of the Company dated 8 February 2023.

- **Sale and leaseback arrangements**

During the period from January to March 2023, Beijing UNIQloud Technology Co., Ltd.* (北京雲泰數通互聯網科技有限公司), a non wholly-owned subsidiary of the Company, and certain wholly-owned subsidiaries or entity controlled by it, as lessees, entered into sale and leaseback agreements in respect of certain leased assets (mainly comprising ancillary equipment and facilities for data center) with Chengtong Financial Leasing Company Limited* (誠通融資租賃有限公司) and CGN International Financial Leasing (Tianjin) Co., Ltd.* (中廣核國際融資租賃(天津)有限公司), respectively, each as lessor, pursuant to which the relevant lessor will purchase the respective leased assets from the relevant lessee(s) for a maximum aggregate purchase price of RMB475 million and RMB375 million, respectively, and such leased assets will be leased back to the relevant lessee(s) for maximum aggregate lease payments of approximately RMB535.08 million and RMB431.81 million, respectively, each with a term of five years and six years, respectively, subject to early termination in accordance with the terms and conditions of the respective sale and leaseback agreement(s). Upon the relevant lessee(s) having paid all the lease payments and other payables (if any) to the relevant lessor in accordance with the terms of the respective sale and leaseback agreement(s), the relevant lessee(s) shall have the right to repurchase the respective leased assets at a nominal consideration. According to the Hong Kong Financial Reporting Standards, the transactions as contemplated under the aforementioned sale and leaseback agreements shall be accounted for as financing arrangements.

Details of the above sale and leaseback arrangements have been disclosed in the announcements of the Company dated 27 February 2023 and 10 March 2023, respectively.

- **Transactions in relation to a property project in the PRC**

On 29 May 2023, SOG China, Zhongyuan Hotel Property Management Co., Ltd.* (中遠酒店物業管理有限公司) (“PM Co”, a wholly-owned subsidiary of Sino-Ocean Service and a non wholly-owned subsidiary of the Company) and Beijing Easyhome Furniture Franchise Co., Ltd. (北京居然之家家居連鎖有限公司) (“Easyhome”) entered into a cooperation agreement in respect of, among others, (1) the assignment of the right of first refusal with respect to all or part of the equity and debt interests in Beijing Rui Hong Commercial Management Co., Ltd.* (北京睿鴻商業管理有限公司) (the “Project Company”, being the owner of a shopping centre located in Beijing, the PRC known as Ocean We-Life Plaza (Beijing)* (遠洋未來廣場(北京)) (the “Property”)) by SOG China to Easyhome (the “ROFR Assignment”) whereby SOG China shall designate Easyhome as the entity exercising such right of first refusal to purchase the entire equity and debt interests in Project Company from GSUM Real Estate Fund Management Co., Ltd.* (中聯前源不動產基金管理有限公司) (on behalf of GSUM-Sino-Ocean Group No.1 Private Investment Fund* (中聯前源 — 遠洋集團一號私募投資基金), in which all the units are held by an asset-backed special scheme, and associates of the Company are holders of the subordinated class securities issued under the scheme) (the “Project Company Sale and Purchase”); (2) the disposal of 53 parking spaces located at the Property by PM Co to Easyhome (through disposal to the Project Company upon completion of the ROFR Assignment and the Project Company Sale and Purchase) (the “Parking Spaces Disposal”); and (3) the transfer of the right of use in the civil air defence works and their ancillary facilities with respect to the Property by Beijing Chaoyang Branch of Sino-Ocean Holding Group (China) Limited* (遠洋控股集團(中國)有限公司北京朝陽分公司), a branch office company of SOG China, to Easyhome (through transfer to the Project Company upon completion of the ROFR Assignment and the Project Company Sale and Purchase) (the “Civil Air Defence Works Transfer”). The aggregate consideration for the above transactions is RMB359,170,615.68 (subject to completion adjustment of an amount not more than RMB20,000,000), of which RMB348,835,615.68 (subject to completion adjustment of an amount not more than RMB20,000,000) is the consideration for the ROFR Assignment and RMB10,335,000 is the consideration for the Parking Spaces Disposal. No separate consideration has been designated to the Civil Air Defence Works Transfer.

The Project Company is principally engaged in investment holding and is the owner of the Property. As at the date of the abovementioned cooperation agreement, the Project Company was accounted for as a joint venture of the Company in the consolidated financial statements of the Group. Upon completion of the ROFR Assignment and the Project Company Sale and Purchase, the Group shall cease to have any interest in the Project Company, and the Project Company shall cease to be accounted for as a joint venture of the Company in the consolidated financial statements of the Group. The aforementioned transactions had been completed during the year of 2023.

Details of the above transactions have been disclosed in the joint announcement of the Company and Sino-Ocean Service dated 29 May 2023.

- **Completion of disposal of interests in property holding companies and property management company**

As of 22 February 2023, all of the disposals by the Group of (1) an aggregate of 50% issued shares of Great City China Holdings Limited (乾林中國控股有限公司), (2) an aggregate of 50% equity interest in Chengdu Yingang Real Estate Company Limited* (成都銀港置業有限公司), and (3) an aggregate of 50% equity interest in Chengdu Qianhao Property Services Company Limited* (成都乾豪物業服務有限公司) to subsidiaries of Swire Properties Limited (太古地產有限公司) had been completed, following which the Group had ceased to have any interest in such target companies.

Details of the above transactions have been disclosed in the joint announcement of the Company and Sino-Ocean Service dated 15 December 2022, the circular of the Company dated 19 January 2023, the announcement of the Company dated 22 February 2023 and the paragraphs headed “Material acquisitions and disposals of subsidiaries, associates and joint ventures” under the sub-section headed “FINANCIAL REVIEW” in the section headed “Management Discussion & Analysis” of the 2022 annual report of the Company.

- **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 shall continue to be consolidated into the financial statements of the Group. The Assets Transfer had been completed during the year of 2023.

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

BUSINESS REVIEW

Property development

Recognized sales

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

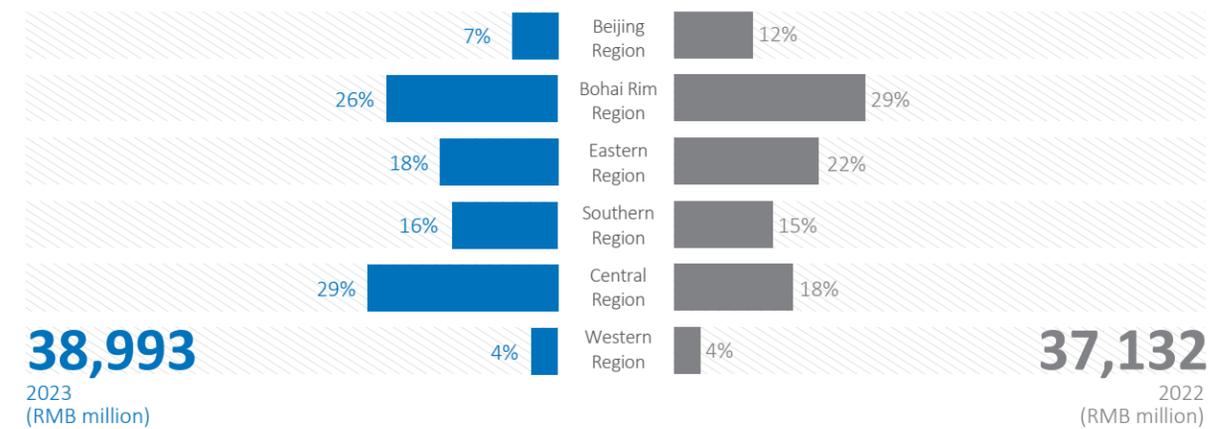
Revenue and saleable GFA delivered by cities during 2023 are set out as follows:

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

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

During 2023, the Group developed a balanced mix of contribution from the six regions on its revenue from property development business.

Revenue from property development by geographical locations are analyzed below:



In terms of property types, residential properties (including villas) continued to contribute the largest portion of property development revenue, accounting for approximately 92% in 2023 (2022: 90%). The average selling price recognized for the revenue from residential properties (including villas) in 2023 increased by 7% to approximately RMB14,400 per sq.m. (2022 RMB13,500 per sq.m.) and corresponding total saleable GFA delivered increased by 1% from approximately 2,485,000 sq.m. in 2022 to approximately 2,498,000 sq.m. in 2023.

Revenue from property development in terms of property types are analyzed below:

	2023		2022	
	Revenue (RMB million)	GFA delivered ('000 sq.m.)	Revenue (RMB million)	GFA delivered ('000 sq.m.)
Residential and villa	35,863	2,498	33,548	2,485
Office premise	499	38	324	28
Retail space	1,755	112	1,929	163
Carpark	876	367	1,331	507



Captain House (Beijing)

Contracted sales

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

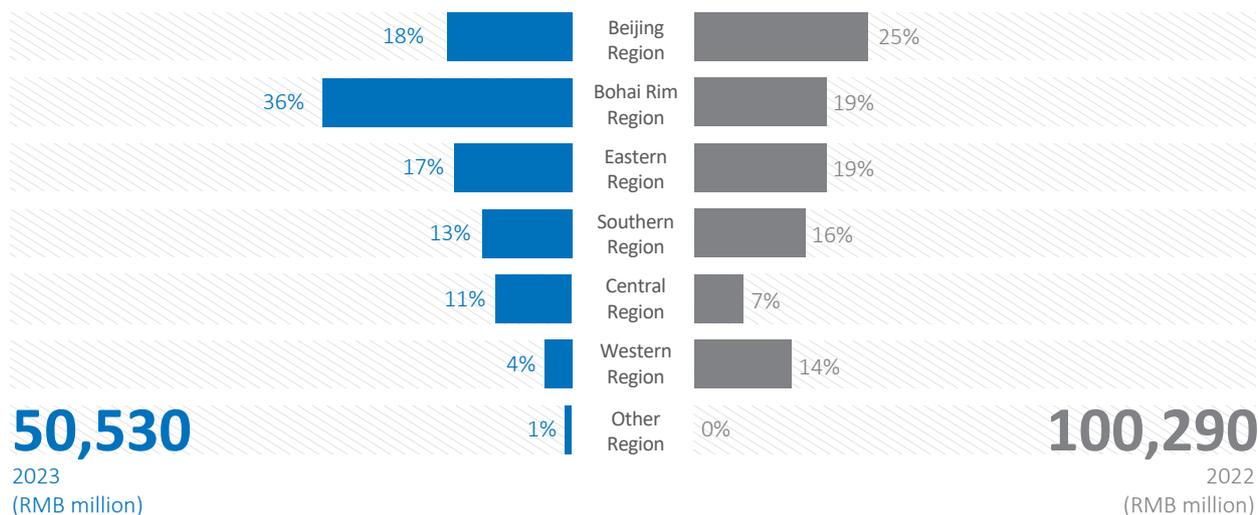
The contracted sales amounts and saleable GFA sold by cities in 2023 are set out below:

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Beijing Region	Beijing	4,507	224,400	20,100
	Shijiazhuang	648	68,300	9,500
	Taiyuan	590	73,700	8,000
	Qinhuangdao	1,000	61,600	16,200
	Langfang	1,604	132,000	12,200
	Zhangjiakou	34	6,100	5,600
	Jinzhong	402	52,900	7,600
		8,785	619,000	14,200
Bohai Rim Region	Tianjin	6,508	376,900	17,300
	Qingdao	1,562	87,800	17,800
	Jinan	8,371	848,700	9,900
	Dalian	462	41,900	11,000
	Shenyang	298	33,600	8,900
	Changchun	190	22,700	8,400
		17,391	1,411,600	12,300
Eastern Region	Shanghai	1,294	45,000	28,800
	Nanjing	239	14,200	16,800
	Suzhou	461	32,200	14,300
	Wuxi	1,783	91,700	19,400
	Wenzhou	1,866	104,300	17,900
	Yangzhou	126	10,400	12,100
	Jinhua	113	9,900	11,400
	Zhenjiang	552	65,400	8,400
	Suqian	531	56,200	9,400
		6,965	429,300	16,200

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Southern Region	Shenzhen	1,387	51,800	26,800
	Guangzhou	1,071	61,700	17,400
	Fuzhou	398	22,100	18,000
	Foshan	622	53,900	11,500
	Quanzhou	24	1,600	15,000
	Xiamen	636	28,300	22,500
	Maoming	88	19,000	4,600
	Jiangmen	462	47,100	9,800
	Zhongshan	1,188	104,900	11,300
	Zhanjiang	365	50,900	7,200
	Hong Kong	14	100	140,000
		6,255	441,400	14,200
Central Region	Wuhan	3,080	134,100	23,000
	Zhengzhou	246	25,500	9,600
	Hefei	200	13,200	15,200
	Changsha	920	84,600	10,900
	Nanchang	468	48,300	9,700
	Ganzhou	323	39,900	8,100
		5,237	345,600	15,200
Western Region	Chengdu	421	35,400	11,900
	Chongqing	74	11,100	6,700
	Xi'an	501	40,700	12,300
	Kunming	40	7,400	5,400
	Guiyang	161	13,600	11,800
	Urumqi	56	5,900	9,500
	Lanzhou	16	3,000	5,300
	Liuzhou	5	600	8,300
	Xining	186	16,500	11,300
	Xishuangbanna	562	80,100	7,000
		2,022	214,300	9,400
Other Region	Singapore	648	3,900	166,200
		648	3,900	166,200
	Other projects	1,139	121,100	9,400
Subtotal (excluding carparks)		48,442	3,586,200	13,500
Carparks (various projects)		2,088	702,700	3,000
Total		50,530	4,288,900	11,800

There were over 180 projects available for sale during 2023 (2022: over 210 projects). Contracted sales from tier-one and tier-two cities accounted for approximately 85% (2022: 80%). In terms of distribution, the Group's contracted sales contributed by the Beijing, Bohai Rim, Eastern, Southern, Central, Western and Other Regions were 18%, 36%, 17%, 13%, 11%, 4% and 1%, respectively in 2023.

Contracted sales amounts by geographical locations are analyzed below:



In terms of property types, residential properties (including villas) continued to contribute the largest portion of contracted sales amount and accounted for 89% in 2023 (2022: 81%). The average selling price for residential properties (including villas) in 2023 decreased by approximately 26% to RMB13,500 per sq.m. (2022: RMB18,300 per sq.m.) and the saleable GFA sold for residential use decreased by approximately 26% from 4,472,000 sq.m. in 2022 to approximately 3,319,000 sq.m. in 2023.

Contracted sales amount in terms of property types are analyzed below:

	2023		2022	
	Contracted sales amount (RMB million)	Saleable GFA sold ('000 sq.m.)	Contracted sales amount (RMB million)	Saleable GFA sold ('000 sq.m.)
Residential and villa	44,829	3,319	81,658	4,472
Office premise	985	58	8,956	447
Retail space	2,628	209	7,876	568
Carpark	2,088	703	1,800	667

Construction Progress and Developing Projects

The Group's total GFA and total saleable GFA (including its joint ventures and associates) completed in 2023 were approximately 6,766,500 sq.m. and 5,150,900 sq.m., respectively, which increased by 9% and 20%, respectively, as compared to that of 2022. The Group will expand the current construction scale in order to have enough GFA available for sale and for delivery to support the growth in 2024.

The details of construction progress and development progress are set out below:

Regions	Cities	Projects	Approximate GFA completed in 2023 (sq.m.)	Approximate targeted GFA to be completed in 2024 (sq.m.)
Beijing Region	Beijing	Captain House	120,400	–
		Central Peak	222,100	30,500
		Grand Canal Place	253,300	166,100
		Hilltime	–	22,900
		Ocean Poetic Dwelling	–	249,000
	Shijiazhuang	Family Park	90,400	–
		Ocean Home Park	48,000	–
	Taiyuan	Glory Mansion	–	235,500
		Ocean Seasons	99,300	50,200
		Sky Masion	–	184,500
		Sky of Palace	–	711,800
	Qinhuangdao	Seatopia	4,200	16,600
	Langfang	Ocean Brilliant City	67,300	116,300
	Jinzhong	Sky Masion	236,200	593,900
	Bohai Rim Region	Tianjin	Happy Light Year	–
Neo-metropolis			362,800	95,500
Ocean Fantastic Time			151,000	–
Ocean Orient			80,100	25,400
Sino-Ocean Brilliant Courtyard			117,700	9,600
Sky Masion Bay			253,000	–
UPED			–	210,300

Regions	Cities	Projects	Approximate GFA completed in 2023 (sq.m.)	Approximate targeted GFA to be completed in 2024 (sq.m.)
	Qingdao	Ocean Glory	–	102,000
		Ocean Landscape	113,000	–
	Jinan	Minghu Prospect	97,000	–
		Minghu Mansion	–	554,500
		Ocean Crown	–	36,800
		Ocean Mansion	58,100	–
		Ocean Orient	34,900	361,300
		Ocean Precious Land	226,000	–
		Sino-Ocean Metropolis	121,100	–
		Sky Masion	–	207,700
	Dalian	Diamond Bay	14,800	66,800
		Ocean Tower River Bay	–	29,300
	Shenyang	Ocean Elite River Prospect	–	129,700
		Ocean Noble Mansion	21,800	24,500
	Harbin	Venice Manor	181,000	–
Eastern Region	Shanghai	Baoshan Sky Masion	74,700	138,300
		Hongqiao Origin	75,000	–
		Lingang Sky Masion	28,200	143,800
	Nanjing	The One	1,200	–
	Suzhou	Rocker Park	63,600	–
		Scenert East	40,000	–
		Shengze Sky Masion	111,600	62,200
		Taicang Shaxi Logistics Project I	48,000	–
		Taicang Shaxi Logistics Project II	104,000	–
	Wuxi	Life in Park	80,600	–
		One Residence	101,000	108,800
		Sky Masion	95,400	–
	Changzhou	International Plaza	47,600	–
	Wenzhou	Center Mansion (formerly known as Plot ZX-14a-1, Central District, Leqing)	–	40,000
		Center Mansion (formerly known as Shan Hai One)	123,000	–
		Four Seasons Mansion	–	85,000
		Peninsula No. 9	–	265,100

Regions	Cities	Projects	Approximate GFA completed in 2023 (sq.m.)	Approximate targeted GFA to be completed in 2024 (sq.m.)
	Yangzhou	Sky Masion	–	122,000
	Jinhua	Mountain Courtyard	–	100,400
	Zhenjiang	Central Mansion	–	79,300
	Suqian	Aegean Place	–	109,700
		Shuyang Aegean Place	107,000	–
		Shuyang Sky Masion	–	15,100
		Sky Masion	89,300	101,700
Southern Region	Shenzhen	Peace Palace	–	274,000
	Guangzhou	Hibiscus Villa	22,900	–
		Natural Mansion	–	76,000
		Ocean Prospect	52,100	56,200
	Fuzhou	Ocean Tianfu	–	128,000
	Foshan	Landscape	61,900	17,300
		Natural Mansion	–	18,500
	Quanzhou	Ocean Prospect	–	50,800
	Xiamen	Ocean Prospect	–	199,000
	Maoming	Ocean Landscape	34,600	8,800
	Jiangmen	Cloud Mansion	68,600	900
		Natural Mansion	67,800	45,200
	Zhongshan	Blossoms Valley	101,800	73,500
		Natural Mansion	76,000	–
		Ocean Palace	76,700	–
	Zhanjiang	Ocean City	61,100	84,300
	Hong Kong	Mt. La Vie	3,400	–
		Uptify	3,000	–
	Central Region	Wuhan	Citylane	78,900
Oriental World View			460,600	25,000
Yangtze Opus			–	108,300
Zhengzhou		Fontaine Polaris	–	176,000
		Glory Mansion	135,000	–
Hefei		Ideal Bourn	–	104,000
Changsha		Sky Masion	260,700	140,700
		Special Mansion	116,800	–
Nanchang		Cloud View	–	80,700
Ganzhou		Sky Masion	200,800	83,100

Regions	Cities	Projects	Approximate GFA completed in 2023 (sq.m.)	Approximate targeted GFA to be completed in 2024 (sq.m.)
Western Region	Chengdu	Ocean Ecological Land	–	86,400
	Chongqing	Life In Art Dist	24,200	24,200
	Xi'an	Ocean Mansion	–	127,500
		Sino-Ocean Royal Landscape	177,900	50,300
	Guiyang	Sino-Ocean Aristocratic Family	53,700	–
		Sky Masion	–	119,900
	Urumqi	Royal Mansion	104,300	136,100
		Sky Palace	85,000	–
	Liuzhou	Glory Mansion	–	74,400
	Xining	Sky Masion	139,100	273,900
Sky Palace		–	100,100	
Xishuangbanna	Rainforest Resorts	135,900	165,400	
Other Region	Singapore	Cairnhill 16	–	4,000
Total			6,766,500	8,563,900

Landbank

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

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

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

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

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 (%)
	Shijiazhuang	Ande Memorial Park	Jingxing County, Shijiazhuang	110	110	109	88.89%
		Family Park	Chang'an District, Shijiazhuang	132	108	11	47.72%
		Family Park, Phase II	Chang'an District, Shijiazhuang	84	66	7	47.72%
		Gaocheng Logistics Project	Gaocheng District, Shijiazhuang	54	–	54	64.30%
		Harmony Palace	Zhengding New District, Shijiazhuang	152	140	32	38.35%
		Ocean Home Park	Gaocheng District, Shijiazhuang	48	43	8	40.00%
		Sino-Ocean No. 7	Chang'an District, Shijiazhuang	115	103	115	39.36%
				695	570	336	
	Taiyuan	Glory Mansion	Xinghualing District, Taiyuan	288	198	288	52.15%
		Jiefang Road Aegean Place	Xinghualing District, Taiyuan	125	–	125	52.15%
		Ocean Crown	Xiaodian District, Taiyuan	53	38	53	100.00%
		Ocean Seasons	Wanbailin District, Taiyuan	308	254	114	100.00%
		Sky Masion	Yingze District, Taiyuan	394	286	313	36.21%
		Sky of Palace	Wanbailin District, Taiyuan	897	529	897	26.60%
		Villa Epoch	Yangqu County, Taiyuan	54	34	18	44.00%
		Wangjiafeng Aegean Place	Yingze District, Taiyuan	109	–	109	36.21%
				2,228	1,339	1,917	
	Qinhuangdao	Seatopia	Funing District, Qinhuangdao	1,438	1,243	1,101	100.00%
	Langfang	Capital Palace	Anci District, Langfang	404	292	20	52.15%
		Jingkai Logistics Project	Jingkai District, Langfang	151	–	151	19.29%
		Ocean Brilliant City	Guangyang District, Langfang	1,897	954	1,375	43.20%
		Plot I, Guangyang Logistics Project	Guangyang District, Langfang	41	–	41	64.30%
		Plot II, Guangyang Logistics Project	Guangyang District, Langfang	144	–	144	19.29%
		Yanjiao Sanhe Internet Data Center	Yanjiao County, Langfang	73	–	73	24.50%
				2,710	1,246	1,804	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	28	60.00%
	Jinzhong	Sky Masion	Yuci District, Jinzhong	2,067	1,537	1,348	30.85%
				14,494	10,171	9,450	

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 (%)
Bohai Rim Region	Tianjin	Boda Logistics Project	Wuqing District, Tianjin	285	–	285	64.30%
		Capital Palace	Jizhou District, Tianjin	346	213	193	52.15%
		Happy Light Year	Wuqing District, Tianjin	504	317	298	49.98%
		Jixian Aegean Place	Jizhou District, Tianjin	87	–	87	52.15%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	1,905	51.00%
		Ocean Fantastic Time	Dongli District, Tianjin	151	115	64	100.00%
		Ocean Orient	Binhai New Area, Tianjin	164	126	108	100.00%
		Sky Masion	Binhai New Area, Tianjin	388	231	7	52.15%
		Sky Masion Bay	Binhai New Area, Tianjin	253	182	21	52.15%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	1	60.00%
		UPED	Binhai New Area, Tianjin	653	445	653	51.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	30.00%
					6,612	4,764	3,807
Qingdao		Ocean Glory	Shibei District, Qingdao	102	76	102	10.75%
		Sino-Ocean Harmony	Shibei District, Qingdao	377	270	13	43.00%
		Sino-Ocean Landscape	Jimo District, Qingdao	113	86	48	100.00%
			592	432	163		
Jinan		Fantastic Time ¹	Tianqiao District, Jinan	535	435	535	100.00%
		Minghu Mansion	Tianqiao District, Jinan	555	461	555	60.00%
		Minghu Prospect	Tianqiao District, Jinan	97	83	97	100.00%
		Ocean Crown	Huaiyin District, Jinan	103	87	97	70.00%
		Ocean Epoch	Lixia District, Jinan	390	371	150	50.00%
		Ocean Mansion	Huaiyin District, Jinan	228	190	59	79.60%
		Ocean Orient	Licheng District, Jinan	544	422	518	42.00%
		Ocean Precious Land	Licheng District, Jinan	226	172	5	37.90%
		Sino-Ocean Metropolis	Tianqiao District, Jinan	379	255	49	70.00%
		Sky Masion	Shanghe County, Jinan	583	520	298	30.66%
			3,640	2,996	2,363		

Note 1: The land plot was newly acquired during 2023.

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 (%)
	Dalian	Diamond Bay	Ganjingzi District, Dalian	1,497	1,345	587	100.00%
		Joy of Mountain and Sea	Ganjingzi District, Dalian	189	150	9	51.00%
		Ocean Orient	Jinpu New Area, Dalian	116	113	116	70.00%
		Ocean Tower River Bay	Lvshunkou District, Dalian	234	200	234	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
				2,147	1,860	1,057	
	Shenyang	Ocean Elite River Prospect	Shenbei New District, Shenyang	400	313	400	60.00%
		Ocean Noble Mansion	Tiexi District, Shenyang	47	32	21	100.00%
				447	345	421	
	Changchun	Dream Jilin	Shuangyang District, Changchun	326	255	326	52.15%
	Anshan	International Plaza	Tiedong District, Anshan	350	294	39	52.15%
				14,114	10,946	8,176	
Eastern Region	Shanghai	Baoshan Sky Masion	Baoshan District, Shanghai	213	115	76	52.15%
		Hongqiao Origin	Qingpu District, Shanghai	75	53	75	100.00%
		Lingang Aegean Place	Pudong New Area, Shanghai	66	–	66	52.15%
		Lingang Sky Masion	Pudong New Area, Shanghai	172	108	144	52.15%
		Moon Mirage	Chongming District, Shanghai	1,072	672	670	41.03%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	16	100.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	35.91%
				1,711	993	1,101	
	Hangzhou	Neo 1	Gongshu District, Hangzhou	43	40	15	50.00%
		Ocean New Masterpiece	Gongshu District, Hangzhou	44	33	1	51.00%
				87	73	16	
	Nanjing	Ocean Seasons	Lishui District, Nanjing	234	184	24	100.00%
		The One	Jiangning District, Nanjing	213	153	1	100.00%
				447	337	25	

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 (%)
	Suzhou	Mansion Yue	Wujiang District, Suzhou	150	147	50	70.00%
		Rocker Park	Huqiu District, Suzhou	240	198	26	30.00%
		Royal Seasons	Taicang City, Suzhou	105	77	28	34.00%
		Scenert East	Zhangjiagang City, Suzhou	108	77	76	100.00%
		Shengze Sky Masion	Wujiang District, Suzhou	262	211	262	41.66%
		Shihu Project	Wuzhong District, Suzhou	49	–	49	100.00%
		Zhangjiagang Internet Data Center	Zhangjiagang City, Suzhou	24	–	24	87.75%
				938	710	515	
	Ningbo	Yuyao Supply Chain Industrial Park	Yuyao City, Ningbo	56	–	56	28.19%
	Wuxi	Life in Park	Xinwu District, Wuxi	196	157	106	15.00%
		One Residence	Xinwu District, Wuxi	211	154	111	19.80%
				407	311	217	
	Changzhou	Aegean Place	Wujin District, Changzhou	197	–	197	52.15%
		International Plaza	Wujin District, Changzhou	508	374	85	52.15%
				705	374	282	
	Wenzhou	Aegean Place	Longwan District, Wenzhou	82	–	82	100.00%
		Center Mansion (formerly known as Plot ZX-14a-1, Central District, Leqing)	Leqing City, Wenzhou	40	30	40	100.00%
		Four Seasons Mansion	Longwan District, Wenzhou	85	60	85	100.00%
		Harbor Heart	Ouhai District, Wenzhou	87	66	12	100.00%
		Peninsula No.9	Ouhai District, Wenzhou	276	174	276	41.36%
				570	330	495	
	Yangzhou	Home Furniture Mall	Hanjiang District, Yangzhou	81	–	81	52.15%
		Sky Masion	Hanjiang District, Yangzhou	467	348	467	52.15%
				548	348	548	

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

Note 2: The land plot was newly acquired during 2023.

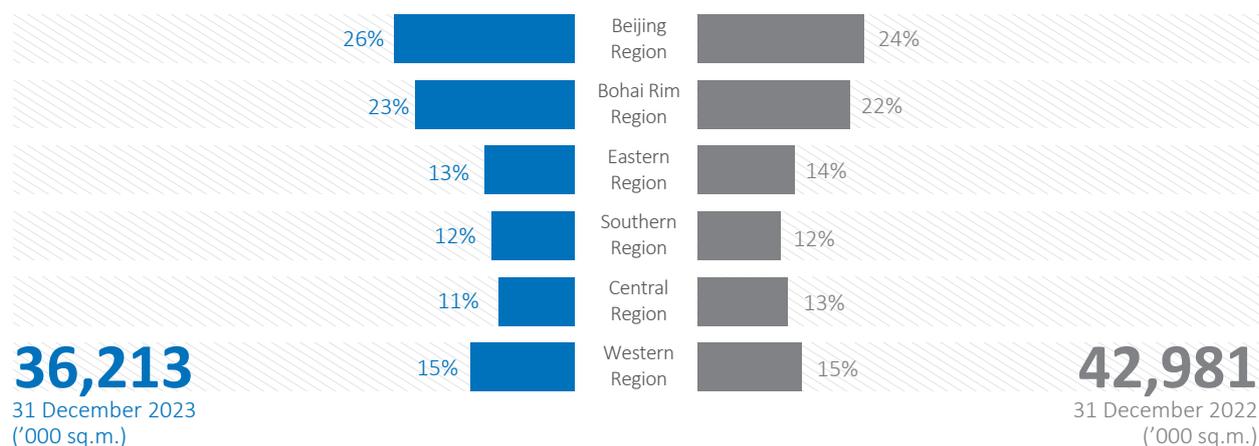
Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Quanzhou	Ocean Prospect	Luojiang District, Quanzhou	51	35	51	42.00%
	Xiamen	Ocean Prospect	Tong'an District, Xiamen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

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 (%)
	Zhengzhou	Fontaine Polaris	Zhongmu County, Zhengzhou	176	141	176	24.50%
		Glory Mansion	Xinzheng City, Zhengzhou	135	103	135	28.68%
		Grand Apartment	Jinshui District, Zhengzhou	172	133	172	36.98%
		Ocean Landscape Courtyard	Yinyang District, Zhengzhou	204	150	15	55.00%
		Ocean Melody	Zhongmu County, Zhengzhou	43	38	8	69.30%
		Ocean Prospect	Xinzheng City, Zhengzhou	169	158	34	100.00%
		Rong Fu	Xinzheng City, Zhengzhou	156	101	118	22.72%
		The Collection	Erqi District, Zhengzhou	182	141	182	49.00%
				1,237	965	840	
	Hefei	Hefei Logistics Project, Phase IV	Feidong County, Hefei	66	–	66	64.30%
		Ideal Bourn	Feidong County, Hefei	104	83	104	100.00%
		Ocean Glory	Feidong County, Hefei	197	186	35	100.00%
		Ocean Landscape	Feidong County, Hefei	200	180	33	70.00%
				567	449	238	
	Changsha	Aegean Place	Yuhua District, Changsha	69	–	69	41.72%
		Sky Masion	Yuhua District, Changsha	878	616	575	41.72%
		Special Mansion	Wangcheng District, Changsha	482	384	482	24.50%
				1,429	1,000	1,126	
	Nanchang	Cloud View	Jingkai District, Nanchang	81	61	81	51.00%
		Ocean Palace	Wanli District, Nanchang	173	122	15	51.00%
		Sky Masion	Wanli District, Nanchang	175	163	33	52.15%
				429	346	129	
	Ganzhou	Sky Masion	Nankang District, Ganzhou	888	705	154	53.59%
				7,680	5,204	3,898	

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	Qinyang District, Chengdu	122	106	11	24.50%
		Qingbaijiang Internet Data Center, Zone A	Qingbaijiang District, Chengdu	193	–	193	36.51%
		Wenjiang Internet Data Center	Wenjiang District, Chengdu	54	–	54	24.50%
				568	233	457	
Chongqing		Fenghua Melody	Shapingba District, Chongqing	102	71	20	24.50%
		Fontaine Island	Nan'an District, Chongqing	178	132	3	24.50%
		Liangjiang New Town Internet Data Center	Liangjiang New Area, Chongqing	40	–	40	49.00%
		Life In Art Dist	Jiulongpo District, Chongqing	52	37	22	34.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	119	17	100.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	36	56.10%
				1,130	839	138	
Xi'an		Aegean Place	Xincheng District, Xi'an	104	–	104	26.60%
		Emperor Chic	Weiyang District, Xi'an	321	316	215	24.50%
		Fontaine Island	Chanba Ecological District, Xi'an	147	111	147	24.50%
		Ocean Mansion	Weiyang District, Xi'an	558	416	558	42.33%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi'an	292	208	113	80.00%
		Sky Masion	Xincheng District, Xi'an	462	312	462	26.60%
				1,884	1,363	1,599	
Kunming		In Galaxy (formerly known as Chenggong Project)	Chenggong District, Kunming	222	218	84	69.80%
		In Galaxy (formerly known as Chenggong Project, Phase II)	Chenggong District, Kunming	99	88	99	69.80%
				321	306	183	
Guiyang		Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	111	100.00%
		Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	11	100.00%
		Sky Masion	Guanshanhu District, Guiyang	780	565	780	26.60%
		Sky Masion, Retail	Guanshanhu District, Guiyang	89	–	89	26.60%
				1,134	775	991	

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 (%)
	Urumqi	Natural Century	Saybag District, Urumqi	74	63	74	26.60%
		Royal Mansion	Saybag District, Urumqi	402	293	302	28.97%
		Sky Masion	Saybag District, Urumqi	148	111	148	52.15%
				624	467	524	
	Lanzhou	Sky Masion	Yuzhong County, Lanzhou	397	301	264	31.29%
	Liuzhou	Aegean Place	Yufeng District, Liuzhou	85	–	85	76.55%
		Glory Mansion	Yufeng District, Liuzhou	357	251	108	76.55%
				442	251	193	
	Luzhou	Sky Masion	Jiangyang District, Luzhou	279	207	279	52.15%
	Xining	Aegean Place	Haihu New District, Xining	121	–	121	76.55%
		Sky Masion	Chengzhong District, Xining	1,278	1,018	661	41.72%
		Sky Palace	Chengxi District, Xining	311	254	117	76.55%
				1,710	1,272	899	
	Xishuangbanna	Rainforest Resorts	Jinghong City, Xishuangbanna	515	429	259	26.07%
				9,004	6,443	5,786	
Other Region	Singapore	Cairnhill 16	Area 9, Singapore	4	4	4	30.00%
	Jakarta	Auraya	Greater Jakarta, Indonesia	66	57	66	28.00%
				70	61	70	
Total				59,875	43,075	36,213	

The landbank by geographical locations as at 31 December 2023 and 2022 are analyzed below:



The landbank by stages of development as at 31 December 2023 are set out as follows:

	Approximate total GFA (‘000 sq.m.)	Approximate total saleable GFA (‘000 sq.m.)	Remaining landbank (‘000 sq.m.)
Completed properties held for sales	29,861	21,646	6,199
Properties under development	20,969	15,097	20,969
Properties held for future development	9,045	6,332	9,045
Total	59,875	43,075	36,213

Property investment

In 2023, revenue from property investment increased by approximately 14% to RMB446 million (2022: RMB391 million). As at 31 December 2023, the Group and its joint ventures and associates held more than 22 operating investment properties. Our investment properties are mainly A-grade office premises, shopping malls, commercial complexes and logistics projects at good locations. Besides, the commercial part of Grand Canal Place in Beijing was launched in June 2023 and the office part also entered into the market in December 2023. The total leasable area amounted to approximately 3,749,000 sq.m. as at 31 December 2023, with office developments about 21%, logistics projects about 49% and others including retail space, car parks and others 30%. We would continue to implement the asset-light mode for the Group's investment properties and accelerate the cash collection.

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

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

Note1: Since the office part of Grand Canal Place in Beijing entered into the market in late December of 2023, and the project operation team was arranging the overall leasing plan. Therefore, the occupancy rate only reflects the commercial part of the project.

Commercial properties in progress

The Group has built a sound foundation for office complex operation and management since the development of investment property development and operation. The Group has cultivated strengths in commercial and logistics project positioning, planning and design, development and construction, attracting investment and project operation. To date, the Group has several commercial property projects in progress across China, including grade A offices, high-end shopping centers, five-star hotels and high quality logistics projects.

The Group has high-end commercial property and office resources pending for development and operation by stages. These include offices of Plot Z6 in Beijing CBD, INDIGO II (Beijing) and etc. It will boost a strong portfolio of cross regional and diversified products. Meanwhile, the Group has deepened the expansion in the logistics real estate and internet data center, which will provide a sound foundation for favourable investment yield and profitability level in the future.

Property Management and related services

Our key subsidiary, Sino-Ocean Service, is a comprehensive service provider for customers and cover the entire property management value chain. We always adhere to the service philosophy of “Being understanding and innovative”. Sino-Ocean Service aims to provide premium property management services that make available conveniences in daily life and foster a more valuable living environment and experience for property owners and residents.

For the year ended 31 December 2023, the Group’s revenue from property management and related services recorded RMB2,885 million, an increase of approximately 1% from RMB2,868 million in 2022, maintaining high operation capacity and the synergy with the principal business.

As of 31 December 2023, Sino-Ocean Service’s total contracted GFA of property management services reached 136.06 million sq.m.¹, covering 84 cities¹ across 28 provinces, autonomous regions and municipalities¹ in China, total GFA under management reached 100.96 million sq.m.¹ and 506 properties¹ were under our management, including 321 residential communities¹, 68 commercial properties¹ and 117 other properties¹. Our property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). Sino-Ocean Service also provides commercial operational services to shopping malls and office buildings, including pre-opening management services and operational management services. In addition, we are also dedicated to providing a variety of community value-added services to property owners and residents of the properties under our management, including community asset value-added services, community living services and property brokerage services; we also provided the value-added services to non-property owners including pre-delivery services, consultancy services and property engineering services.

Note 1: Including for those provided to the Group and its affiliates

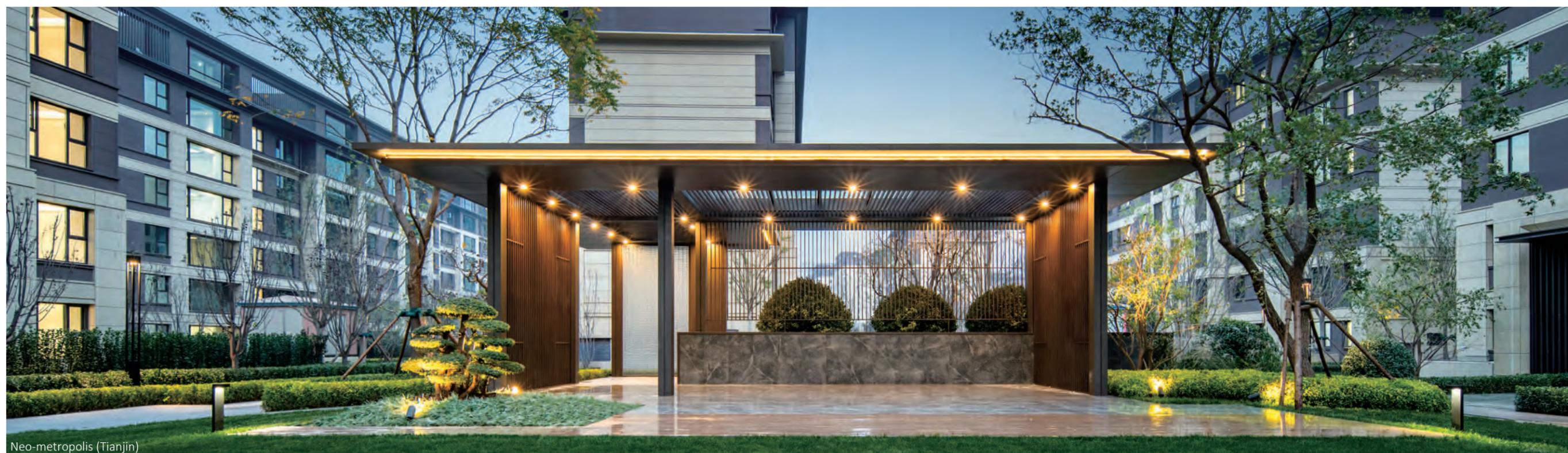
OTHER INFORMATION

Key risk factors and uncertainties

The following lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks pertaining to the property market and operation

The Group’s businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government’s financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences.



Neo-metropolis (Tianjin)

The Group's operations are subject to a number of risk factors distinctive to property development, property investment, and property-related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

In light of the uncertainties of the economic environment and the changes in the industry, we have adopted a series of measures to stabilize operation and resolve the debt risks. At the same time, the Group continues to monitor the above factors for their impact on our investments and financial performance of the Group in future and works together with those stakeholders to formulate actions to deliver sustainable development of economic, social and environmental values.

Risk of exposure to interest rate fluctuations and related hedging

Certain of the Group's borrowings are with floating interest rates. The weighted average interest rate of the Group for 2023 was 5.63%, which increased by 47 basis points as compared with that for 2022. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements and maintaining certain interest rate swap hedging instruments during the year of 2023.

Risk of exposure to exchange rate fluctuations and related hedging

As at 31 December 2023, approximately 40% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation 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 had 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 purpose. Our operation has not been materially affected by the exchange rate fluctuations. The Group will continue to closely monitor the fluctuations of exchange rates and consider appropriate measures to reduce the risk of exchange rate fluctuations.

EMPLOYEES AND HUMAN RESOURCES

As at 31 December 2023, the Group had 13,942 employees (31 December 2022: 13,428 employees). The increase in the number of employees was mainly 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 2023. Together with the reduction in amortization from share options granted, the Group's staff cost in 2023 was decreased by approximately 9% to RMB2,441 million (2022: RMB2,684 million). The decrease in staff cost was the net effect of the reduction of staff cost in the property development segment and the expansion of related customer services.

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; decomposed core performance indicators and critical issues such as guaranteed delivery and cash flow improvement into the performance appraisal of employees at all levels; prioritized certain incentives to critical tasks under the limited resources; and strengthened the relationship between the performance and rewards. 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.

ADDITIONAL INFORMATION ON AUDIT QUALIFICATIONS

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

The Company's independent auditor, BDO, had expressed a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 (the "2022 Financial Statements"). Such qualified opinion is related to the scope of limitation on (a) interests in associates and (b) transactions and balances relating to the funds transferred to a third party. 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.

Since the publication of 2022 annual results announcement by the Company, the management of the Group has taken positive steps to address the audit qualifications, which solely relate to the scope of limitation, for the 2022 Financial Statements. The relevant complete and accurate financial information in relation to the Group's associates was not available for the 2022 Financial Statements. In preparing the consolidated financial statements of the Group for the year ended 31 December 2023 (the "2023 Financial Statements"), the relevant financial information was provided to BDO for audit purposes, following which prior period adjustments were made to the 2022 Financial Statements and the audit qualifications for the 2022 Financial Statements have been resolved and removed. For details of the prior period adjustments, please refer to note 2.2 to the 2023 Financial Statements in this annual report.

Disclaimer of opinion expressed by auditor on the 2023 Financial Statements

As a result of the matters described in the paragraphs headed "BASIS FOR DISCLAIMER OF OPINION — Multiple Uncertainties Relating to Going Concern" in the Independent Auditor's Report in this annual report, BDO did not express an opinion (the "Disclaimer of Opinion") on the 2023 Financial Statements.

The management of the Group has given careful consideration to the Disclaimer of Opinion and the basis thereof and has had continuous discussions with BDO during the preparation of the 2023 Financial Statements.

The management of the Group understands that the Disclaimer of Opinion relates solely to the validity of going concern assumption, on which the 2023 Financial Statements have been prepared and which depends upon the successful implementation of certain plans and measures, which are in turn subject to multiple uncertainties.

The management of the Group has carefully considered the Group's cash flow forecast for the next 18 months from 31 December 2023 (the "Cash Flow Forecast") and has given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, has proactively formulated certain plans and measures to ensure the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, those set out in note 2.1 to the 2023 Financial Statements in this annual report (the "Relevant Plans and Measures"). Further information on the holistic debt management for offshore debts and the extension of onshore open market debts are also set out in the below paragraphs headed "HOLISTIC DEBT MANAGEMENT FOR OFFSHORE DEBTS" and "RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS".

Assuming the success of the Relevant Plans and Measures, the management of the Group considers that the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least 18 months from 31 December 2023. Accordingly, the management of the Group is of the opinion that it is appropriate to prepare the 2023 Financial Statements on a going concern basis.

The Audit Committee had discussed with the Board and the management of the Group regarding the going concern issue. With the orderly implementation of the Relevant Plans and Measures, the Audit Committee agreed with the position taken by the Group's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee also discussed and understood the concerns of BDO that uncertainties exist as to whether the management of the Group will be able to achieve the Relevant Plans and Measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by BDO regarding the going concern issue.

HOLISTIC DEBT MANAGEMENT FOR OFFSHORE DEBTS

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

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

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

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

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

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

RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS

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

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

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

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

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Save as disclosed in the above paragraphs headed “HOLISTIC DEBT MANAGEMENT FOR OFFSHORE DEBTS” and “RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS” and note 53 to the audited consolidated financial statements in this annual report, as at the Latest Practicable Date, there was no important event affecting the Group after the financial year ended 31 December 2023.

MAJOR AWARDS AND RECOGNITIONS

Award received: 2022 Real Estate Comprehensive Strength Enterprise (16th)

Award time: January 2023

Award received: 2023 Top 100 Real Estate Development Enterprises (17th)

Award time: March 2023

Award received: 2023 Top 500 Real Estate Development Enterprises in Comprehensive Strength (17th)

Award time: March 2023

Award received: 2023 Top 10 H-Share Comprehensive Strength Real Estate Enterprises

Award time: May 2023

Award received: Reputable Quality Pioneer Enterprise

Award time: June 2023

Award received: ESG Model Enterprise

Award time: June 2023

Award received: 2023 Fortune China 500 (321st)

Award time: July 2023

Award received: China Corporate Social Responsibility List (8th in all industries and 1st in the real estate industry)

Award time: July 2023

Award received: Enterprise of the Year with Value Product Power

Award time: September 2023

Award received: GRESB 4-star

Award time: October 2023

Award received: 2023 Carbon Neutral Pioneer Enterprise

Award time: October 2023

Award received: S&P CSA Annual Enterprise ESG Score (1st in the real estate industry in Mainland China)

Award time: December 2023

Award received: Responsible Enterprise for High-quality Delivery

Award time: December 2023



INVESTOR RELATIONS

The Group adhere to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. Our goals are to deepen investors' understanding and approval of the Company's strategies, to raise the quality of internal management and to maximize the Company's value.

PERSEVERING IN TRUTHFUL COMMUNICATION OF THE GROUP'S STRATEGIES

In 2023, Central Government's policy was set to support and save property enterprises and the real estate market. It was committed to stabilizing the industry, preventing risks, protecting livelihood and promoting housing delivery. Regulatory policies continued to relax increasingly, accompanied by the rolling out of numerous policies favoring both the supply and demand sides. In the first half of the year, property enterprises' investment sentiments were weak and home buyers adopted a wait-and-see stance. Sales perked up in the first quarter but the recovery could not be sustained and subsequently transactions stayed at a low level. In the second half of the year, Central Government proposed to adjust and optimize real estate policies in a timely manner to set the tone for subsequent favorable regulatory policies. Since then loan interest rate and down payment ratio were lowered. Relevant policies to satisfy rational financing needs of property companies are implemented, such as considering home-buyers who had paid off previous mortgages as first-time purchasers, and setting quantitative indicator regulatory requirements of financial institutions etc.. These policies are fine-tuned to benefit all state-owned enterprises and private enterprises and believed to help release home purchase demands. The Group is steadfast in focusing on our principal business of residential development, providing services with an artisanal spirit and high-quality delivery. We will spare no efforts in resolving the debt risks and returning to normal operation.

In light of the uncertainties of the economic environment and the changes in the industry, we were agile in response and maintained truthful communication with our investors. In 2023, while available funds were still tight and recovery of transactions remained sluggish, the Group adopted a series of measures to stabilize operation and resolve the debt risks. However, in the absence of significant improvement in sales and the financing environment, the Group expects liquidity will still face continued challenges in the short to medium term. While actively stabilizing operation and resolving debt risks, we continued to disclose in a timely manner important information about the Group through various communication channels and in the form of announcements. We conveyed the Group's numerous measures and deployed strategies in response to the concerns of financial institutions, investors, analysts and relevant parties, enabling the market a timely insight of the Company's business development, operation and financing situation.

ENSURING FAIR DISCLOSURE AND MAINTAINING TRANSPARENCY

In 2023, we maintained our high efficiency and standards of information disclosure to ensure the timely dissemination of relevant corporate information. To facilitate investors' better understanding of the Company's business development and performance, we published announcements on the HKEX website. We also shared the Company's latest progress through our official website and other channels to boost transparency and to ensure proper and fair access to relevant data for all parties in the capital market.

LISTENING ATTENTIVELY AND RECEPTIVELY FROM A WIDE SPECTRUM

We listened carefully to our shareholders' concerns and addressed them efficiently. In May 2023, the Group held the Annual General Meeting. As always, after each meeting management representatives reserved time for individual shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with our representatives.

We will continue with our efforts to gain more coverage and obtain more recommendations from securities firms, with the goal of promoting investors' approval, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at ir@sinooceangroup.com. We promise to provide answers to the extent permitted by applicable laws, regulations and the Listing Rules.

SUSTAINABILITY REPORT



As a pioneer of the “Building • Health” concept, the Group strives to achieve operational health, healthy products and services, environmental health, employee health and healthy community by upholding the philosophy, of which to work with stakeholders to promote sustainable development of people, buildings, the environment and society, following the guidance of the United Nations 2030 Sustainable Development Goals (SDGs), and shouldering the responsibility of creating value for its stakeholders. We undertake the responsibilities to promote the corporate sustainable and healthy development.

The “Commitment to Health and Responsibility — Sustainable Development Report 2023 of Sino-Ocean Group” will be issued in April 2024, which will explain in detail the implementation of the Group’s health strategy and sustainable development strategy.

Up to December of 2023, the MSCI ESG rating of Sino-Ocean Group has been kept at A Grade, maintaining its industry-leading position. Sino-Ocean Group achieved the highest overall score among property developers in Mainland China in the S&P Global Corporate Sustainability Assessment (CSA). We received the highest five-star rating once and four-star rating three times in the Global Real Estate Sustainability Benchmark (GRESB) assessment, with its score continuously improving over the past four years; a CDP climate change rating of B, marking the highest rating among property developers in Mainland China; and maintained a “Low” ESG risk rating from Morningstar Sustainalytics.

STABLE OPERATIONS FOR HEALTHY GROWTH

In 2023, Sino-Ocean Group persistently focused on its principal business, boosted its risk resilience and consolidated its corporate governance foundation, laying the cornerstone for promoting quality development of the Company and contributing to the stable and sound development of the real estate market. On the back of its sound operation and resilience in development, Sino-Ocean Group was rated as one of the Top 10 H-Share Real Estate Companies 2023 in terms of comprehensive competitiveness.

During the year, we continued to advance the implementation of our sustainable development strategy and moved forward along the direction and path of our strategic plan. We also fully reviewed and updated the “Sustainable Development Policy of Sino-Ocean Group” to further regulate sustainable development, and continued to work with stakeholders to achieve sustainable value creation.

ATTENTION TO QUALITY IN PRACTICE FOR BUILDING • HEALTH

In 2023, Sino-Ocean Group continued to practice the concept of “Building • Health”, continuously boosted its capability in production and insisted on serving with artisanal spirit to satisfy the needs of the public for a better life. Based on the five health dimensions of healthy indoor environment, healthy buildings, healthy outdoor environment, healthy site selection, and healthy community culture in its self-developed “Sino-Ocean Healthy Building System”, Sino-Ocean Group continued to create a healthy and captive environment and conduct specific scientific research on health comprehensively. Up to December 2023, the Sino-Ocean Healthy Building System had been applied to more than 145 projects in 51 cities across China, covering an area of over 27 million sq.m.. As the first enterprise to introduce the WELL Building Standard into China, Sino-Ocean Group has always maintained its professionalism, leadership and continuity in pursuing healthy buildings. Up to December 2023, 30 projects have completed the WELL registration, and 14 projects have officially obtained the final WELL certification.

Based on the existing achievements in the development of Sino-Ocean’s healing plant visualization system, in 2023, we have made remarkable progress in the integration of system research and development results and digital technology. By integrating with Huawei’s HarmonyOS system and UI/UE design, we have embedded new features such as active health reminders, healing landscapes, and functional voice introductions within the system. We also continued to conduct in-depth research and practical applications in fields such as digital monitoring of indoor environments, AI evaluation models for indoor environments, and indoor environment control and management. Our goal is to further enhance users’ living experience, foster active healthy lifestyles, and improve their physical and mental well-being.

GREEN CO-BUILDING FOR ENVIRONMENTAL PROTECTION

Promoting the harmonious co-existence of human and nature is naturally the responsibility of Sino-Ocean in promoting green and healthy development. To proactively address the challenges of climate change, in 2023, Sino-Ocean Group continued to make progress in implementing a more systematic and scientific emission reduction pathway established under The Road to Carbon Neutrality Report of Sino-Ocean, which was released in July 2022. In 2023, under the Sino-Ocean “2050 Net Zero” plan, we further promoted low-carbon initiatives from the two dimensions of achieving net zero at both the company and society levels. Sino-Ocean organized and advocated low-carbon activities such as “Earth Hour”, “Climate Action Week” and “Beautiful Yellow River, Green Future Anticipation”, aiming to promote green concept. Throughout the year, the proactive communication of such activities has a cumulative outreach of over 22 million attendance.

In 2023, Sino-Ocean Group received recognitions including an “Excellent” rating in carbon peak and carbon neutrality leadership in the real estate industry and the title of Carbon-Neutral Benchmark Enterprise.

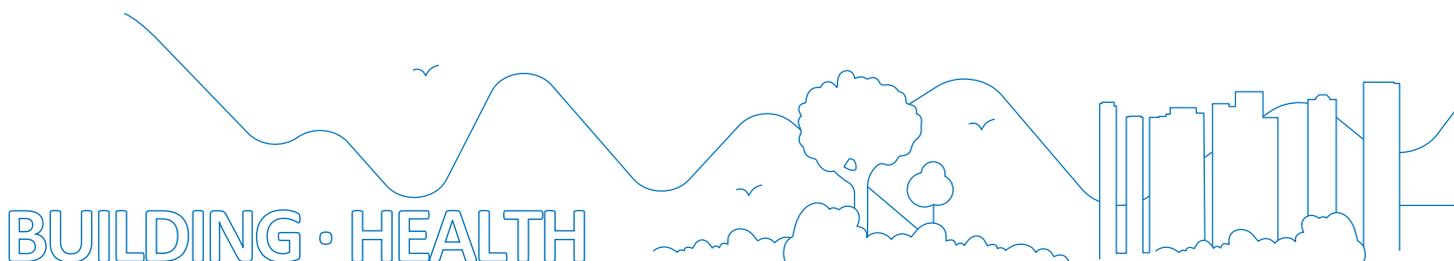
CARING FOR EMPLOYEE TO ACHIEVE MUTUAL GROWTH

Sino-Ocean Group insists on building a corporate culture of responsibility, sharing and health with the concerted efforts of employees as one. Regarding the development of institutional human resources structure and healthy workplace, we put employee health as our primary obligation. In 2023, to enhance the physical and mental health of our employees, the Group launched the Ocean Marathon health advocacy campaign to promote the development of healthy exercise habits among our employees and strengthen teams cohesion. Additionally, the Group implemented the Employee Assistance Program (EAP) to provide channels for employees to express their concerns and receive support and care from the team. One-on-one consultation services were available for employees, and regular information and training services, such as mental health newsletters and public courses, were provided to both employees and teams. Throughout the year, 13 psychological resilience training sessions and corresponding experiential courses were organized to help relieve employees’ stress and improve their physical and mental states. Throughout the year, Sino-Ocean Group Labor Union visited and sent care packages to nearly 12,000 employees across 351 units and projects, allowing them to perceive the Company’s humanistic care and demonstrating a genuine commitment to their physical and mental health at the experiential level.

LOOKING AHEAD TOGETHER FOR HEALTHY SOCIETY

To participate in and promote common prosperity and coordinated development of the community, Sino-Ocean Group takes the construction of sustainable cities and communities as its mission, and is committed to building harmonious, liveable, diverse and inclusive communities with cultural characteristics and innovative vitality. In 2023, the “Neo-metropolis (Tianjin) Community Operation Team” promoted relationships among community members through various community activities and platforms, facilitating interpersonal connections among neighbors and activating public spaces in the community while adhering to the concept of co-building and sharing. A “Home Co-creation Program” was launched in the Southern China region to build a new healthy living system by localizing products, services, and synergies with the residents as the center.

Meanwhile, Sino-Ocean Group continued to perform its social responsibility through the major platform, Sino-Ocean Charity Foundation, with a focus on education, environmental protection and community health, to undertake and put into practice the obligations of a corporate social citizen more systematically. In 2023, to support education and advocate the environmental protection and responsibility and healthy life as well as build a green and healthy environment and society, we conducted the Sports and Health for Mutual Benefits for All — 7th Ocean Marathon, organized online specialized art classes under the “Little Partner” Education Sponsorship Scheme, Zero-Carbon Future and Innovative Living — “Young Citizens” Growth Practice Centre,





and 2023 — Students-in-Action Incentive Scheme “Building Healthy Future” Architectural Design Professional Competition cum “Building • Health 2030” Alliance Salon to promote the concept of micro-philanthropic, inclusive and sustainable charity campaigns. Since its founding in 1993, Sino-Ocean Group has actively engaged in social charity and causes when undertaking its social responsibility incessantly, donating a total of approximately RMB546 million for social welfare in aggregate, with over 600,000 beneficiaries in more than 270 cities across China.

Integrating social responsibility into corporate strategy and culture is a necessary pathway towards achieving long-term sustainable development. Sino-Ocean Group will put into practice the concept of “Building • Health”, maintain a pioneering and innovative approach, always insist on serving with ingenuity, and strive to create a healthier and better life. We will continue to move forward in partnership with our stakeholders, fueling the sustainable development of the industry.

The Group believes that sustainability is crucial to the development of the enterprise, and actively puts into practice the sustainable development philosophy in every aspect of its business. The Group will issue a separate Sustainable Development Report 2023 in accordance with the ESG Reporting Guide specified in Appendix C2 of the Listing Rules. For further relevant information, please refer to that report. The Sustainable Development Report 2023 will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.sinooceangroup.com) within the time limit stipulated by the Listing Rules.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management as of the Latest Practicable Date are as follows:

Executive Directors

Mr. LI Ming

Mr. LI Ming, aged 60, is the Chairman of the Board, an Executive Director, chairman of the Nomination Committee, chairman of the Strategic and Investment Committee and the Chief Executive Officer of the Company. Mr. LI joined the Company as a general manager in July 1997 and became the Chief Executive Officer in August 2006 and has been serving as the Chairman of the Board since March 2010. Mr. LI was a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a member of each of the 10th and 11th Beijing Municipal Committees of the Chinese People's Political Consultative Conference, deputy to the 13th, 14th and 15th People's Congress of Chaoyang District of Beijing, a member of the 6th Election Committee in Hong Kong Special Administrative Region. Mr. LI is the honorary vice president of the China Real Estate Association, a Chartered Builder of The Chartered Institute of Building, United Kingdom and also a senior engineer. He was an advisory expert of the Ministry of Housing and Urban-Rural Development at real estate market regulation. He is also a director of certain subsidiaries and joint ventures of the Company. Mr. LI has extensive experience in corporate governance, property development and investment and management of listed companies. Mr. LI graduated from Jilin University of Technology (now known as "Jilin University") and obtained a bachelor's degree of Engineering in 1985, and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 1998.

Mr. WANG Honghui

Mr. WANG Honghui, aged 44, is an Executive Director, a member of the Strategic and Investment Committee and an Executive President of the Company. He is also a director of certain subsidiaries and associates of the Company. Mr. WANG joined the Company in July 2005 and had served as the investment head for the Beijing region, general manager of the secretarial administration department, general manager of the investment department, general manager of the CEO management centre, general manager of capital operation department, assistant to the CEO and vice president of the Company. Mr. WANG has extensive experience in real estate investment, capital operation and company management. Mr. WANG graduated from Renmin University of China and obtained a bachelor's degree in Real Estate Operation and Management in 2002 and graduated from the Chinese Academy of Social Sciences and obtained a master's degree in Regional Economics in 2004. Mr. WANG is the vice president of the China Real Estate Association, the vice president of China Real Estate Chamber of Commerce, a senior economist, specialises in real estate economy, and a registered real estate appraiser in China.

Executive Directors

Mr. CUI Hongjie

Mr. CUI Hongjie, aged 51, is an Executive Director, a member of the Strategic and Investment Committee, an Executive President and also the general manager of the construction management centre of the Company. Mr. CUI joined the Company in August 1996 and had served as general manager of costing and engineering department, general manager of technology and cost department, assistant to the CEO and vice president of the Company. Mr. CUI is the joint chairman, a non-executive director and a member of each of the audit committee and nomination committee of Sino-Ocean Service, a subsidiary of the Company listed on the Stock Exchange. He is also a director of certain subsidiaries of the Company. Mr. CUI has extensive experience in operation and development of real estate, product creation and management. Mr. CUI graduated from Beijing University of Technology and obtained a bachelor's degree in Engineering in 1996, graduated from Beijing University of Technology and obtained a master's degree in Engineering in 2001, and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 2022. Mr. CUI is a member of the Royal Institution of Chartered Surveyors, a national registered first-class constructor and a senior engineer.

Ms. CHAI Juan

Ms. CHAI Juan, aged 53, is an Executive Director, a member of the Remuneration Committee and an Executive President of the Company. Ms. CHAI joined the Board in June 2023. Ms. CHAI has previously served as the senior manager, assistant to the general manager and deputy general manager in individual insurance division, education and training division and electronic commerce division of China Life Insurance, the secretary of the committee for discipline inspection and deputy general manager of China Life Insurance's Anhui branch, the secretary of the Committee for Discipline Inspection of the Shenzhen Audit Center of China Life Insurance. Ms. CHAI graduated from Central University of Finance and Economics and obtained a master's degree in Business Administration in 2007. Ms. CHAI is a senior economist of China Life Group. Ms. CHAI is nominated by China Life Insurance, a substantial Shareholder.

Non-executive Directors

Mr. ZHAO Peng

Mr. Zhao Peng, aged 50, is a Non-executive Director and a member of the Audit Committee of the Company. Mr. ZHAO joined the Board in July 2021. Mr. ZHAO is currently an assistant general manager and board secretary of Dajia Insurance Group. Mr. ZHAO is currently a non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange and a vice chairman of Financial Street Holdings, a company listed on the Shenzhen Stock Exchange. Mr. ZHAO was a director of Beijing Tongrentang Co., Ltd., a company listed on the Shanghai Stock Exchange. Mr. ZHAO has extensive experience in insurance, banking and legal. Mr. ZHAO had previously served as a deputy division director and the division director of the Development and Reform Department of the former China Insurance Regulatory Commission, a member of the team designated by the China Banking and Insurance Regulatory Commission to take over Anbang Insurance Group and a director of Dajia Life Insurance. Mr. ZHAO graduated from China University of Political Science and Law and obtained his doctorate in Economic Law in 2014. Mr. ZHAO is an economist. Mr. ZHAO is nominated by Dajia Life Insurance, a substantial Shareholder.

Mr. ZHANG Zhongdang

Mr. ZHANG Zhongdang, aged 51, is a Non-executive Director and a member of the Strategic and Investment Committee of the Company. Mr. ZHANG joined the Board in June 2023. Mr. ZHANG is currently the senior manager of the research and development center of China Life Insurance. Mr. ZHANG had previously served as the manager of the research and development center of China Life Insurance. Mr. ZHANG graduated from Hebei University of Technology and obtained a bachelor's degree in Engineering in 2004. Mr. ZHANG is nominated by China Life Insurance, a substantial Shareholder.

Mr. YU Zhiqiang

Mr. YU Zhiqiang, aged 47, is a Non-executive Director and a member of the Audit Committee of the Company. Mr. YU joined the Board in June 2023. Mr. YU is currently the senior manager of shared services center (financial segment) of China Life Insurance. Mr. YU had previously served as the deputy general manager of China Life Insurance's branch in Jilin City, the general manager of the financial management center of China Life Insurance's branch in Jilin Province. Mr. YU graduated from Dongbei University of Finance and Economics and obtained a bachelor's degree in Management in 2000. Mr. YU is nominated by China Life Insurance, a substantial Shareholder.

Mr. SUN Jinfeng

Mr. SUN Jinfeng, aged 47, is a Non-executive Director and a member of each of the Nomination Committee and the Strategic and Investment Committee of the Company. Mr. SUN joined the Board in June 2023. Mr. SUN is currently the assistant to the general manager of Dajia Investment Holding Co., Ltd.* (大家投資控股有限責任公司). Mr. SUN had previously served as the general manager of the real estate investment division of Taiping Asset Management Co., Ltd.* (太平資產管理有限公司). Mr. SUN has extensive experience in alternative asset allocation and investment management. Mr. SUN graduated from Tsinghua University and obtained a master's degree in Engineering in 2001. Mr. SUN is nominated by Dajia Life Insurance, a substantial Shareholder.

Independent Non-executive Directors

Mr. HAN Xiaojing

Mr. HAN Xiaojing, aged 69, is an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. HAN joined the Board in June 2007. Mr. HAN is the founding partner of the Commerce & Finance Law Offices. He has over 30 years' experience in the practice of corporate and securities laws in China, especially in the restructuring of large scale state-owned enterprises and private companies and offshore listing of Chinese companies. Mr. HAN is currently an independent non-executive director of each of Far East Horizon Limited, Vital Innovations Holdings Limited and Angelalign Technology Inc., all being companies listed on the Stock Exchange, and a supervisor of Ping An Bank Co., Ltd. ("Ping An"), a company listed on the Shenzhen Stock Exchange. Mr. HAN was an independent director of Ping An and Beijing Haixin Energy Technology Co., Ltd., both being companies listed on the Shenzhen Stock Exchange. Mr. HAN graduated from China University of Political Science and Law and obtained a master's degree in Laws in 1985.

Mr. JIN Qingjun

Mr. JIN Qingjun, aged 66, is an Independent Non-executive Director and a member of each of the Audit Committee and the Nomination Committee of the Company. Mr. JIN joined the Board in March 2016. Mr. JIN is currently the senior partner of King & Wood Mallesons, Beijing. His major areas of practice include securities, finance, investment, corporate and insolvency, as well as foreign-related legal affairs. Mr. JIN has been appointed as an independent non-executive director of Prinx Chengshan Holdings Limited, a company listed on the Stock Exchange, since September 2023, and has resigned as an independent director of Shenzhen Cheng Chung Design Co., Ltd, a company listed on the Shenzhen Stock Exchange, since February 2024. Mr. JIN currently serves as an independent non-executive director of each of Times China Holdings Limited, Bank of Tianjin Co., Ltd., Central Development Holdings Limited and Goldstream Investment Limited, all being companies listed on the Stock Exchange, a non-independent director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd, a company listed on the Shenzhen Stock Exchange. Mr. JIN was an independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. JIN graduated from China University of Political Science and Law and obtained a master's degree in Laws.

Mr. LYU Hongbin

Mr. LYU Hongbin, aged 49, is an Independent Non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. LYU joined the Board in March 2023. Mr. LYU is currently the chairman of Beijing Tiancheng Ruiming Corporate Management Company Limited* (北京天成睿明企業管理有限公司). Mr. LYU was a director of China Beijing Equity Exchange and Greatwall Life Insurance Co., Ltd., the deputy secretary of the Party Committee, the director and the general manager of Financial Street Holdings, a company listed on the Shenzhen Stock Exchange, from January 2017 to December 2021. Mr. LYU was also an executive director of Financial Street Guangzhou Real Estate Company Limited* (金融街廣州置業有限公司), the chairman of Financial Street Huizhou Real Estate Company Limited* (金融街惠州置業有限公司), the deputy general manager of Financial Street Holdings, the executive director of Financial Street (Shanghai) Investment Company Limited* (金融街(上海)投資有限公司), the executive director, the general manager and the deputy general manager of Financial Street (Tianjin) Real Estate Company Limited* (金融街(天津)置業有限公司), and the project general manager of Tianjin World Financial Center* (天津環球金融中心). Mr. LYU graduated from Hohai University with a double bachelor's degree major in Hydrogeology and Engineering Geology from College of Civil Engineering and Management Engineering from College of Management. He also graduated from Tsinghua University and obtained a degree in Executive Master of Business Administration (EMBA) in 2019. Mr. LYU is a senior engineer.

Independent Non-executive Directors

Mr. LIU Jingwei

Mr. LIU Jingwei, aged 56, is an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Strategic and Investment Committee of the Company. Mr. LIU joined the Board in June 2023. Mr. LIU is currently a partner of ShineWing Certified Public Accountants (Special General Partnership), the chairman of its executive committee of consulting. Mr. LIU has been an external director of Shougang Group Co., Ltd.* (首鋼集團有限公司) since 2015. Mr. LIU is currently a non-executive director of Shoucheng Holdings Limited, a company listed on the Stock Exchange, an independent director of Beijing StarNeto Technology Co., Ltd.* (北京星網宇達科技股份有限公司), an independent director of Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), both being companies listed on the Shenzhen Stock Exchange, an independent director of Hubei Huaqiang High-Tech Co., Ltd.* (湖北華強科技股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. LIU has resigned as an independent director of Guiyang Longmaster Information & Technology Co., Ltd.* (貴陽朗瑪信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange, since March 2023, and an independent non-executive director of China Nonferrous Mining Corporation Limited, a company listed on the Stock Exchange, since December 2023. Mr. LIU was an independent non-executive director of AVIC Joy Holdings (HK) Limited, a company listed on the Stock Exchange, and an independent director of Shanghai Yaohua Pilkington Glass Group Co., Ltd.* (上海耀皮玻璃集團股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. LIU is a fellow member of The Chinese Institute of Certified Public Accountants specialized in auditing, mergers and acquisition restructuring, bankruptcy reorganization. Mr. LIU graduated from Shanghai Jiao Tong University and obtained a degree in Executive Master of Business Administration (EMBA) in 2016.

Mr. JIANG Qi

Mr. JIANG Qi, aged 50, is an Independent Non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. JIANG joined the Board in June 2023. Mr. JIANG is currently the chairman of the board of Beijing Hylands Law Firm, the chief officer of Beijing Hylands (Shenzhen) Law Firm. Mr. JIANG serves public offices such as an expert advisor of China Beijing Equity Exchange, a compliance expert for the international operations of Shenzhen enterprises, a director of representative assembly of China Academy of Arbitration Law, and also an arbitrator for multiple arbitration institutions worldwide, including China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, Shenzhen Court of International Arbitration, Shanghai Arbitration Commission. Mr. JIANG is currently an independent director of Bethel Automotive Safety Systems Co., Ltd.* (蕪湖伯特利汽車安全系統股份有限公司), a company listed on the Shanghai Stock Exchange. From January 2020 to April 2022, Mr. JIANG had served as an independent director of Shandong Hiking International Co., Ltd.* (山東新華錦國際股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. JIANG was ranked among the top 100 of “The A-List Legal Elites” by “Commercial Law” in 2020, and was listed in “Chambers Global 2022” and “Chambers Greater China Region Guide” in 2022. Mr. JIANG graduated from University of International Business and Economics and obtained a doctorate’s degree in International Law in 2018.

SENIOR MANAGEMENT

Mr. DING Hui

Mr. DING Hui, aged 48, is the Vice President of the Company, the General Manager of commercial business department and the Deputy General Manager of the construction management centre of the Company. Mr. DING joined the Company in August 2002, and has served as the general manager of Beijing Yuan Hao Company, general manager of the development management department, general manager of the operational management centre, general manager of the commercial property department, general manager of the data procedure centre of the Company and assistant to the CEO of Sino-Ocean Group, with extensive experience in development and management of real estate and commercial property operation. Mr. DING graduated from Tongji University and obtained a bachelor's degree in Engineering in 1996, and graduated from Tsinghua University and obtained a master's degree in Structural Engineering in 2002.

Mr. ZHAO Jianjun

Mr. ZHAO Jianjun, aged 46, is the Vice President of the Company and also serves as the General Manager of Southern China development division. Mr. ZHAO was appointed as a member of the Strategic and Investment Committee with effect from 29 March 2024. Mr. ZHAO joined the Company in July 2004 and has served as the financial director of Zhongshan company, deputy general manager of Shenzhen Company, deputy general manager and executive deputy general manager of Southern China development division. He has rich experience in real estate project development and management, and comprehensive management of companies. Mr. ZHAO graduated from Beijing Industrial and Commercial University and obtained a master's degree in Management in 2004, and graduated from China Europe International Business School and obtained a degree in EMBA in 2019.

Mr. JIA Pengxiang

Mr. JIA Pengxiang, aged 49, is the Vice President of the Company, and also serves as the General Manager of Eastern China development division. Mr. JIA joined the Company in October 2010 and has served as the general manager of Hangzhou Company, general manager of Eastern China Development Division, and (concurrently) general manager of Central China development division. He has rich experience in real estate project development and management. Mr. JIA graduated from Nanjing University and obtained a master's degree in Management in 2005, and graduated from Wuhan University and obtained a doctorate's degree in Management in 2009.

Ms. JIANG Nan

Ms. JIANG Nan, aged 46, is the Chief Accountant of the Company. Ms. JIANG joined the Company in February 2009 and has served as the assistant to general manager of finance department, general manager of the accounting management department, deputy finance director, and deputy chief accountant of the Company. Ms. JIANG has extensive experience in, among others, financial management of listed companies, auditing, and investment and financing. Ms. JIANG graduated from Tianjin University of Finance and Economics, majoring in International Trade and obtained a bachelor's degree in Economics in 1999, and graduated from China Europe International Business School and obtained a degree in Executive Master of Business Administration (EMBA) in 2023. Ms. JIANG is a member of The Chinese Institute of Certified Public Accountants.

Mr. SUM Pui Ying

Mr. SUM Pui Ying, aged 62, is the Company Secretary. Mr. SUM joined the Company in May 2007. Mr. SUM is also the company secretary of Sino-Ocean Service. Mr. SUM has resigned as the chief financial officer of the Company since December 2023. Mr. SUM is also the chairman of the board, an executive director, the chairman of the investment committee and the chairman of the nomination committee of Gemini Investments (Holdings) Limited, an associate of the Company and listed on the Stock Exchange. He is also a director of certain subsidiaries of the Company. Mr. SUM has extensive experience in corporate management of listed companies, investment and financing and financial management. Mr. SUM graduated from The Hong Kong Polytechnic University and obtained a professional diploma in Accounting in 1988, graduated from University of Wales and obtained a master's degree in Business Administration in 1991, and graduated from The University of Hong Kong and obtained a diploma in Legal Studies in 1996. Mr. SUM is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales.

COMPANY SECRETARY

Mr. SUM Pui Ying

Mr. SUM Pui Ying, aged 62, is the Company Secretary. For his biographical details, please refer to the above paragraph headed "SENIOR MANAGEMENT" in this section.

REPORT OF THE DIRECTORS



Neo-metropolis (Tianjin)

The Board is pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The core businesses of the Group include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate and real estate fund, etc., forming a unique advantage in the field of asset-light agent construction. The Group is one of the leading property developers with developments in key economic regions in the PRC.

A list of principal subsidiaries of the Company is set out in note 13 to the consolidated financial statements of this annual report. The analysis of the Group's revenue and operating results in its major operating activities is set out in the section headed "Management Discussion & Analysis" in this annual report and note 6 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 110 and 111 of this annual report respectively.

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

CLOSURE OF REGISTER OF MEMBERS

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

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company's long-term investors' confidence in the Company's stock and strengthen the momentum of the Company's future share price. The Company intends to declare dividends twice for the results of a financial year in an aggregate amount of not less than 20% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group's profit, capital plan, operational development requirements and other relevant factors such as financial position of the Group, the capital requirements of the Company and the prevailing economic climate to determine the distribution of dividends to the Shareholders. The Company also determines the final dividend payout ratio with reference to the industry's dividend payout level and stock price performance, as well as the expectations of the capital market and Shareholders on the Company.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in the consolidated statement of changes in equity on pages 114 to 115 and notes 28 and 51 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserve available for distribution to Shareholders.

SHARE CAPITAL

Movements in the share capital of the Company during the year under review and as at 31 December 2023 are set out in note 26 to the consolidated financial statements of this annual report.

FIXED ASSETS

Movements in the Group's fixed assets are set out in note 7 to the consolidated financial statements of this annual report.

BORROWINGS

Details of borrowings are set out in note 32 to the consolidated financial statements of this annual report. Details of the Group's capitalized interest expenses and other borrowing costs during the year under review are set out in note 41 to the consolidated financial statements of this annual report.

DONATIONS

For the year ended 31 December 2023, the Group's donations to charity and for other purposes amounted to approximately RMB350,000 (2022: RMB1,240,000).

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the paragraphs headed "PERFORMANCE REVIEW AND STRATEGIES" and "2024 COMPANY STRATEGIES" under the section headed "Chairman's Statement" in this annual report, respectively. The description of principal risks and uncertainties that the Group may be facing are set out in the paragraphs headed "MARKET REVIEW AND OUTLOOK" under the section headed "Chairman's Statement", note 4 to the consolidated financial statements and the paragraphs headed "OTHER INFORMATION" under the section headed "Management Discussion & Analysis" in this annual report. Particulars of important events affecting the Company that have occurred since the end of the year are set out in the paragraph headed "IMPORTANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2023" under the section headed "Management Discussion & Analysis" in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Financial & Operation Highlights" and in the section headed "Management Discussion & Analysis", respectively, in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Sino-Ocean Group has been proactively responding to domestic and foreign advocacy while undertaking its environmental responsibilities and placing a strong emphasis on environmental performance. We formulated the “Sino-Ocean Group Policy on Climate Change”, “Sino-Ocean Group Energy Policy”, “Sino-Ocean Group Policy on Environmental Protection” and “Sino-Ocean Group Policy on Green Procurement”, and issued the “Declaration of Sino-Ocean Group on Climate Change” to regulate management requirements related to the environment. Based on its commitment on the long-term goal of “Achieving carbon neutrality by 2050”, Sino-Ocean Group formulated a systematic carbon neutrality strategy and pathway planning in 2022, and launched Sino-Ocean “2050 Net Zero” project, dedicating to become an advocate and pioneer in building healthy, green, climate-friendly and sustainable cities and communities.

The Group has a long history of implementing standards for green and healthy buildings. On the business front, we conduct feasibility assessment and environmental impact assessment or registration for new projects in stringent adherence to environmental assessment procedures in accordance with relevant regulations of local governments, and make development arrangements and investment decisions accordingly, and consider environmental factors in the entire life cycle of the building. Sino-Ocean Group has continued to take the lead among industry players in constructing green and healthy buildings, and taken into account the value of health and low-carbon by its self-developed “Sino-Ocean Healthy Building System” as a continuing effort to build a greener and healthier living environment. Simultaneously, Sino-Ocean Group has put into practice the adoption of WELL healthy building standards to build more green and healthy buildings across the nation.

STAKEHOLDER RELATIONS

Based on its review on past efforts in the fulfilment of responsibilities and judgment on the current international and domestic situations, Sino-Ocean Group stays committed to the communication and collaboration with the seven major groups of stakeholders, namely investors, government, employees, customers, environment, business partners and communities, striving to achieve sustainable development in economic, social and environmental values with these stakeholders together.

The Board believes that the support of Shareholders and investors in the Group is essential. The Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. The Group is committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. In addition to publishing announcements in line with the Company’s development, the Group also emphasizes the opportunity to regularly interact and exchange views with investors and proactively addresses the concerns of financial institutions, investors, analysts, and stakeholders. After each general meeting, the management reserved time for direct dialogues with individual Shareholders, ensuring all Shareholders were given the opportunity to directly discuss the issues in concern with the management. For further information, please refer to the section headed “Investor Relations” in this annual report.

The basic obligation of corporate responsibility is to respond to the national policies. Over the years, Sino-Ocean Group has not only actively echoed and conscientiously implemented the government’s demand for “real estate market’s continuous and healthy development”, but also closely followed national policies and strictly observed new regulations on real estate financing, while showing a persistent concern and support for people’s livelihood. We have never ceased to bring the strengths of our professional skills into full play. While developing projects for our market segments, we adhere to our commitment and social responsibility, and improve people’s living standards, convey the concept of healthy living, pay attention to and satisfy their increasingly demanding material and cultural needs, continuously striving to provide more families with a better living space.

The sustainable development of Sino-Ocean Group is dependent upon the diligent work under shared values and mutual progress of all employees. In 2023, Sino-Ocean Group continued to shape its corporate culture with “Responsibility”, “Sharing” and “Health” as core elements. For further information, please refer to the paragraph headed “CARING FOR EMPLOYEE TO ACHIEVE MUTUAL GROWTH” in the section headed “Sustainability Report” in this annual report.

Sino-Ocean Group treasures its customers as one of the most important groups of stakeholders, adheres to the “serving with ingenuity” principle to work for dedicated projects and produce quality products through artistry, and is committed to promoting healthy living, quality lifestyles, amicable neighborhoods and a civil community atmosphere in Sino-Ocean communities. For more details, please refer to the relevant paragraphs in the “Sustainability Report” in this annual report.

On the environmental front, please refer to the paragraphs headed “ENVIRONMENTAL POLICIES AND PERFORMANCE” above and the contents of the “Sustainability Report” in this annual report.

Committed to mutual growth and benefit with all its business partners, the Group drives them to develop in a sustainable manner while undertaking social responsibility at the same time. The number of business partners of Sino-Ocean Group has increased to over 26,000 across the nation. The Group gives priority to local suppliers based on the locations of relevant projects, and engages in regular communication and exchanges with business partners. Strategic procurement suppliers are assessed and classified (based on the results of the assessments) on a semi-annual basis, while feedback on cooperation in strategic procurement is collected every other two months to ensure timely understanding of partners’ business, development and environmental performance. The Group also formulated the “Sino-Ocean Group Code of Conduct for Suppliers” and carried out supplier ESG assessments for four consecutive years, ensuring the suppliers of Sino-Ocean held and put into practice the Group’s views on accountability. In the meantime, Sino-Ocean Group has also shared the philanthropic values of “Micro-philanthropic, inclusiveness and sustainability” with all its partners. Under the proposition of “shared benefits”, more and more partners have joined Sino-Ocean as “partners with shared benefits” to create a better world together.

Sino-Ocean Group’s responsibility on the social and civic fronts is performed primarily through Sino-Ocean Charity Foundation set up and funded by Sino-Ocean Group, which serves as the hub for a network of charitable resources with special emphasis on education and environmental protection, and support for community health improvement. Its professional charity platform has effectively integrated the resources of Sino-Ocean Group and provided the most professional and effective channel for the charitable donations and joint charity ventures of the Group and its partners.

For the environmental policies and performance of the Group as well as the full content related to stakeholder relations, please refer to the “Sustainable Development Report 2023 of Sino-Ocean Group”, which will be published on the websites of the Company and the Stock Exchange at the same time as the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different levels restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Group recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to provide assurance for the Group to comply with applicable laws and regulations. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. The Group abides by the applicable laws and regulations, standards and codes on the environment and green construction in material respects, such as the “Work Safety Law of the People’s Republic of China”, the “Environmental Protection Law of the People’s Republic of China”, the “Construction Law of the People’s Republic of China”, the “Law on Environmental Impact Assessment of the People’s Republic of China”, the “Regulations on Nature Reserves of the People’s Republic of China”, etc. During the year under review, to the best of our knowledge, there were no material breaches of or non-compliance with applicable laws and regulations in mainland China and Hong Kong that had a significant impact on the business and operations of the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” of this annual report.

REMUNERATION POLICY AND RETIREMENT BENEFITS OF THE GROUP

The Group’s remuneration system has been determined with reference to (including but not limited to) the Company’s operating results, the efficiency and accomplishments of its employees, and the remuneration level of its market peers, in order to provide employees with remuneration packages which are in line with the market standards, and also to safeguard the human resources for the Company’s sustainable development. The Group has approved and/or adopted certain share option scheme and share award scheme, details of which are set out in the paragraphs headed “SHARE OPTION SCHEME OF THE COMPANY” and “RESTRICTED SHARE AWARD SCHEME” in this report.

The employees of the Company’s subsidiaries established in the PRC participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The Group has joined the MPF Scheme for all employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

Details of the Group’s retirement benefit plans are set out in note 40 to the consolidated financial statements of this annual report.

BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Group's remuneration policy is also applicable to the Directors. Apart from benchmarking against the market, the Company looks at individual experience, qualification, duties and responsibilities involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option scheme of the Company, similar to those offered to other employees of the Group. No Director is involved in deciding his/her own remuneration.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 244 of this annual report.

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. The participants of the Award Scheme are the formal employees of the Group, and the Board may grant restricted shares to eligible employees of the Group (including Directors) and determine the number of restricted shares to be awarded at its absolute discretion pursuant to the terms of the Award Scheme. The Award Scheme, which was in full force and effect from the RSS Adoption Date (i.e. 22 March 2010) for a term of 10 years, had expired on 22 March 2020. Although the Award Scheme had expired, the restricted shares already awarded under such scheme before its expiration but yet to be vested remain valid. Following the expiry of the Award Scheme, no further restricted share can be awarded thereunder.

According to the Award Scheme, the maximum number of Shares to be awarded under the Award Scheme is 169,104,822 Shares, representing approximately 3.00% and 2.22% of the total issued share capital of the Company as at the RSS Adoption Date and the date of this report, respectively. There is no maximum entitlement for each participant under the Award Scheme. The restricted shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The Shares were awarded to the Directors and employees of the Group at nil consideration (i.e. the awardee does not have to pay any purchase price on acceptance and vesting of the awarded Shares) and the Shares will be vested in tranches over a period of three years commencing from the date of award, of which 40% will be vested on the first anniversary of the date of award and the remaining 60% will be vested in eight tranches over the next two years, with 7.5% of the awarded Shares being vested every three months.

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

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

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

Notes:

- (i) The Shares awarded under the Award Scheme are vested in tranches over a period of three years commencing on the date of award, where 40% of awarded Shares will be vested on the first anniversary of the date of award and the remaining 60% of the awarded Shares will be vested in eight tranches over the next two years, with 7.5% of the awarded Shares being vested every three months.
- (ii) During the year ended 31 December 2023, no Share was awarded, cancelled or lapsed with respect to the Award Scheme.
- (iii) None of the unvested Shares was awarded to a Director or the five highest paid individuals of the Group.
- (iv) Employees of the Group exclude the Directors and the five highest paid individuals of the Group.
- (v) The weighted average closing price of the Shares immediately before the date on which the relevant awarded Shares were vested was HKD0.98.

SHARE OPTION SCHEME OF THE COMPANY

The 2018 Option Scheme (details of which were set out in the circular of the Company dated 16 July 2018) is valid and effective for a period of 10 years until 5 August 2028, unless it is terminated early in accordance with its provisions. As at the date of this report, the remaining term of the 2018 Option Scheme was approximately 4.3 years.

The scope of the participants applicable to the 2018 Option Scheme shall be determined by the Board. In general, the participants of the 2018 Option Scheme are the formal employees (i.e. who have signed valid employment contracts with the Group for one year or more) of the Group. The Board may decide to grant share options to other persons who, in the opinion of the Board, are critical to the development of the Company. The purposes of the 2018 Option Scheme are to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its Shares for the benefit of our Shareholders, to enhance the competitiveness of the Company's remuneration structure, to attract and retain talents required to achieve the Company's long-term strategic targets, and to compensate Directors and employees of the Group for their contribution based on their individual performance and the performance of the Company.

The total number of Shares in respect of which share options may be granted under the 2018 Option Scheme is not permitted to exceed 761,528,565 Shares, representing approximately 10% of the total number of issued Shares as at the date of this report. The number of share options available for grant under the 2018 Option Scheme was 17,400,000 at the beginning and the end of the financial year ended 31 December 2023, representing approximately 0.23% of the total number of the issued Shares as at the date of this report. As at 31 December 2023, the total number of Shares which may be issued upon exercise of all outstanding share options granted under the 2018 Option Scheme was 507,928,566 Shares, representing approximately 6.67% of the total number of the issued Shares as at the date of this report. Without prior approval from the Shareholders, the number of Shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the number of Shares in issue. For any grant of options to a substantial Shareholder or an INED, or any of their respective associates, the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person within any 12-month period shall not exceed 0.1% of the number of issued Shares in aggregate and be with an aggregate value (based on the closing price of the Shares on the date of grant) in excess of HKD5 million.

The share options granted under the 2018 Option Scheme are exercisable within five years period in which 50% of share options become exercisable after 12 months from the grant date and all share options become exercisable after 24 months from the grant date. A consideration of HKD1.00 is payable by each grantee accepting the grant of share options within 21 business days from the date of the notice of the grant of share options issued by the Company. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Shares on the respective date of grant, and the average closing price of the Shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2018 Option Scheme at the beginning and at the end of the financial year ended 31 December 2023 and share options granted, exercised, cancelled or lapsed under the 2018 Option Scheme during the year were as follows:

Category of participants	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2023	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2023
Directors						
<i>Existing Directors</i>						
Mr. LI Ming	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	25,000,000	(25,000,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	50,000,000	–	50,000,000
Mr. HAN Xiaojing	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	600,000	(600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	600,000	–	600,000
	25 Mar 2020	25 Mar 2021 – 24 Mar 2025	2.106	600,000	–	600,000
Mr. JIN Qingjun	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	600,000	(600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	600,000	–	600,000
	25 Mar 2020	25 Mar 2021 – 24 Mar 2025	2.106	600,000	–	600,000
Subtotal				78,600,000	(26,200,000)	52,400,000
<i>Former Directors</i>						
Mr. SUEN Man Tak (resigned on 26 June 2023)	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	600,000	(600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	600,000	(600,000)	–
	25 Mar 2020	25 Mar 2021 – 24 Mar 2025	2.106	600,000	(600,000)	–
Mr. WANG Zhifeng (resigned on 31 March 2023)	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	600,000	(600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	600,000	(600,000)	–
	25 Mar 2020	25 Mar 2021 – 24 Mar 2025	2.106	600,000	(600,000)	–
Ms. LAM Sin Lai Judy (resigned on 26 June 2023)	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	600,000	(600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	600,000	(600,000)	–
	25 Mar 2020	25 Mar 2021 – 24 Mar 2025	2.106	600,000	(600,000)	–
Subtotal				5,400,000	(5,400,000)	0

Category of participants	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options outstanding as at 1 January 2023	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2023
Five highest paid individuals of the Group (Note iii)	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	10,000,000	(10,000,000)	–
Other employees of the Group (Note iv)	4 Sep 2018	4 Sep 2019 – 3 Sep 2023	3.96	194,600,000	(194,600,000)	–
	27 Mar 2019	27 Mar 2020 – 26 Mar 2024	3.37	455,528,565	–	455,528,565
Subtotal				650,128,565	(194,600,000)	455,528,565
Total				744,128,565	(236,200,000)	507,928,565

Notes:

- (i) The share options granted under the 2018 Option Scheme are exercisable during a period of five years commencing on the date of grant, where 50% of share options will become exercisable after 12 months from the date of grant and all share options will become exercisable after 24 months from the date of grant.
- (ii) During the year ended 31 December 2023, no share option was granted, exercised or cancelled with respect to the 2018 Option Scheme.
- (iii) Among the five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023, three of whom were Executive Directors, namely Mr. Li Ming, Mr. WANG Honghui and Mr. CUI Hongjie. The particulars of the share options included under the category of “Five highest paid individuals of the Group” exclude those of the share options granted to the Executive Directors. For particulars of the share options granted to the Executive Directors (if any), please refer to the category under “Directors”.
- (iv) Other employees of the Group exclude the Directors and the five highest paid individuals of the Group.

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

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

DIRECTORS

The table below sets out the members of the Board during the year under review and up to the date of this report:

Name	Position
Mr. LI Ming	Chairman and Executive Director
Mr. WANG Honghui	Executive Director
Mr. CUI Hongjie	Executive Director
Ms. CHAI Juan	Executive Director (appointed on 26 June 2023)
Mr. ZHAO Peng	Non-executive Director
Mr. ZHANG Zhongdang	Non-executive Director (appointed on 26 June 2023)
Mr. YU Zhiqiang	Non-executive Director (appointed on 26 June 2023)
Mr. SUN Jinfeng	Non-executive Director (appointed on 26 June 2023)
Mr. HAN Xiaojing	Independent Non-executive Director
Mr. JIN Qingjun	Independent Non-executive Director
Mr. LYU Hongbin	Independent Non-executive Director (appointed on 31 March 2023)
Mr. LIU Jingwei	Independent Non-executive Director (appointed on 26 June 2023)
Mr. JIANG Qi	Independent Non-executive Director (appointed on 26 June 2023)
Ms. HUANG Xiumei	Non-executive Director (resigned on 26 June 2023)
Mr. HOU Jun	Non-executive Director (resigned on 26 June 2023)
Mr. CHEN Ziyang	Non-executive Director (resigned on 26 June 2023)
Mr. ZHAN Zhong	Non-executive Director (resigned on 26 June 2023)
Mr. WANG Zhifeng	Independent Non-executive Director (resigned on 31 March 2023)
Mr. SUEN Man Tak	Independent Non-executive Director (resigned on 26 June 2023)
Ms. LAM Sin Lai Judy	Independent Non-executive Director (resigned on 26 June 2023)

Brief biographical details of the Directors as at the Latest Practicable Date are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

DIRECTORS OF SUBSIDIARIES

A list of directors of subsidiaries of the Company during the year under review and up to the date of this report is kept at the Company's registered office and available for inspection by Shareholders during office hours.

DIRECTORS' SERVICE CONTRACTS

The term of service as a Director is subject to retirement by rotation and re-election in accordance with the provisions of the Articles. Each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of one year subject to re-election in the forthcoming AGM.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY

The Articles provides that, subject to the provisions of the Companies Ordinance, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors and officers of the Group. The relevant provisions in the Articles and the directors and officers liability insurance were in force during the financial year ended 31 December 2023 and as at the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONTINUING CONNECTED TRANSACTIONS" in this report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save for the share options granted pursuant to the 2018 Option Scheme and the restricted shares awarded pursuant to the Award Scheme as set out above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save for the 2018 Option Scheme as disclosed in the section headed "SHARE OPTION SCHEME OF THE COMPANY" of this report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in the Shares and the underlying Shares

Name of Directors	Capacity/nature of interest	As at 31 December 2023			
		No. of Shares held	No. of underlying Shares comprised in share options (Note i)	Total	Approximate percentage in the Company's total issued share capital (Note iv)
Mr. LI Ming	Founder of discretionary trust	127,951,178 (Note ii)	–	127,951,178	1.680%
	Beneficiary of trust	14,914,200 (Note iii)	–	14,914,200	0.196%
	Beneficial owner	65,445,000	50,000,000	115,445,000	1.516%
Mr. WANG Honghui	Beneficial owner	273,295	–	273,295	0.004%
Mr. CUI Hongjie	Beneficial owner	369,571	–	369,571	0.005%
Ms. CHAI Juan	–	–	–	–	–
Mr. ZHAO Peng	–	–	–	–	–
Mr. ZHANG Zhongdang	–	–	–	–	–
Mr. YU Zhiqiang	–	–	–	–	–
Mr. SUN Jinfeng	–	–	–	–	–
Mr. HAN Xiaojing	Beneficial owner	460,000	1,200,000	1,660,000	0.022%
Mr. JIN Qingjun	Beneficial owner	120,000	1,200,000	1,320,000	0.017%
Mr. LYU Hongbin	–	–	–	–	–
Mr. LIU Jingwei	–	–	–	–	–
Mr. JIANG Qi	–	–	–	–	–

Notes:

- (i) The share options were granted pursuant to the 2018 Option Scheme, details of which are set out in the section headed "SHARE OPTION SCHEME OF THE COMPANY" in this report.
- (ii) The 127,951,178 Shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iii) The 14,914,200 Shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
- (iv) Calculated based on the Company's total number of issued Shares of 7,616,095,657 Shares as at 31 December 2023.

Long position in the shares of the associated corporation

Name of Director	Name of associated corporation	Capacity/ nature of interest	As at 31 December 2023	
			No. of ordinary shares of associated corporation held	Approximate percentage of total issued share capital of associated corporation (Note)
Mr. WANG Honghui	Gemini Investments (Holdings) Limited	Beneficial owner	132,000	0.021%

Note: Calculated based on Gemini Investments (Holdings) Limited's total number of issued ordinary shares of 635,570,000 shares as at 31 December 2023.

Save as disclosed above, none of the Directors nor the chief executives of the Company had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) as at 31 December 2023 as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, other persons' interests and short positions in Shares and underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/nature of interest	Long/short position	As at 31 December 2023	
			No. of Shares held	Approximate percentage in the Company's total issued share capital (Note iii)
China Life Group (Note i)	Interest of controlled corporation	Long	2,253,459,151	29.59%
Dajia Insurance Group (Note ii)	Interest of controlled corporation	Long	2,252,646,115	29.58%

Notes:

- (i) The 2,253,459,151 Shares were registered in the name of, and beneficially owned by, China Life Insurance. China Life Group was interested in 68.37% of China Life Insurance. China Life Group was deemed to be interested in these Shares by virtue of the SFO.
- (ii) The 2,252,646,115 Shares were registered in the name of, and beneficially owned by, Dajia Life Insurance. Dajia Insurance Group was interested in 99.98% of Dajia Life Insurance. Dajia Insurance Group was deemed to be interested in these Shares by virtue of the SFO.
- (iii) Calculated based on the Company's total number of issued Shares of 7,616,095,657 Shares as at 31 December 2023.

Save as disclosed above, the Company had not been notified by any person or corporation who had interests or short positions in the Shares or underlying Shares as at 31 December 2023 as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors had interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's principal business is property development. During the year under review, purchases from the Group's five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group's major products are commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group's five largest customers accounted for less than 30% of the revenue for the year.

As far as the Directors are aware, neither the Directors, their close associates, nor the Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued Shares) had any interest in the five largest customers and suppliers of the Group.

CONTINUING CONNECTED TRANSACTIONS

During the year under review, the Group had conducted the following continuing connected transactions that were not fully exempt under Chapter 14A of the Listing Rules, details of which are disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules.

(a) Financial products transactions framework agreement dated 16 December 2021

On 16 December 2021, the Company and China Life Insurance entered into a financial products transactions framework agreement (the "Framework Agreement"), pursuant to which China Life Insurance may, based on its investments needs, subscribe for financial products to be issued by the Group.

The Framework Agreement is of a term of three years commencing from 1 January 2022 to 31 December 2024.

Market-based pricing principles shall be applied when determining the pricing for the transactions under the Framework Agreement, which shall be determined based on normal commercial terms at the prevailing market prices or market rates of similar transactions carried out by the Company with independent third parties. In general, the rate of return for financial products that are publicly issued in or outside the PRC would normally be determined based on the yield of the domestic and foreign treasury bonds for the corresponding term, taking into account various factors, including but not limited to the prevailing market conditions and the level of new issuance of comparable companies, and to be determined through book-building process. For financial products that are non-publicly issued in or outside the PRC, the pricing level would normally be determined based on that of publicly issued products and the principles of fairness and compliance with applicable laws, rules and regulations, taking into account various conditions and degree of difficulty in the issuance.

In accordance with the terms of the Framework Agreement, the subscription amount (including transaction amount and any related expenses) by China Life Insurance during the term of the Framework Agreement shall be capped at RMB15,000,000,000 (or its equivalent in other currencies), and the annual cap in respect of the subscription amount by China Life Insurance for transactions as contemplated under the Framework Agreement is RMB5,000,000,000 (or its equivalent in other currencies) per annum for each of the years ended/ending 31 December 2022, 2023 and 2024, of which the subscription amount of:

- (1) credit products and unsecured products shall not exceed RMB3,500,000,000 (or its equivalent in other currencies) per annum; and
- (2) various types of perpetual loan that are issued in or outside the PRC, whether publicly or non-publicly issued, shall not exceed RMB1,500,000,000 (or its equivalent in other currencies) per annum.

Furthermore, taking into account the types of financial products issued by the Group in the past and the amount involved, the Group expected that the transaction amounts for subscription by China Life Insurance of financial products that were to be secured by assets of the Group under the Framework Agreement should not be more than RMB540,000,000 (or its equivalent in other currencies) per annum for each of the years ended/ending 31 December 2022, 2023 and 2024.

China Life Insurance is the largest Shareholder. Building on the capital relationship between the Company and China Life Insurance, the parties have been cooperating and creating synergies in different areas of business. The entering into of the Framework Agreement continued to provide the parties with flexibility to carry out transactions as contemplated thereunder within the capital market window should both parties consider appropriate. The transactions under the Framework Agreement enhance the synergy between the Company and China Life Insurance in the capital market, allowing China Life Insurance to enrich its investments portfolio with the view of obtaining better investment returns on one hand, and enhancing the debt profile of the Company and thereby improving its capability for sustainable development on the other hand should appropriate opportunities arise. The entering into of the Framework Agreement also represented the continuing financial cooperation with China Life Insurance and further strengthened the synergetic effect between the Company and China Life Insurance.

As at the date of the Framework Agreement, China Life Insurance was a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions as contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Subscription by China Life Insurance of financial products of the Group pursuant to the Framework Agreement constitutes financial assistance to be received by the Group from China Life Insurance. Pursuant to Rule 14A.90 of the Listing Rules, subscription of financial products that are not secured by assets of the Group and are conducted on normal commercial terms shall be exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. On the other hand, as one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the annual caps for the subscription by China Life Insurance of financial products that are to be secured by assets of the Group pursuant to the Framework Agreement exceeded 0.1% but were all less than 5%, the entering into of the Framework Agreement and the transactions as contemplated thereunder were subject to the reporting and announcement requirements but were exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The then Directors nominated by China Life Insurance had abstained from voting on the relevant Board resolution approving the transactions as contemplated under the Framework Agreement.

Details of the continuing connected transactions as contemplated under the Framework Agreement have been disclosed in the announcement of the Company dated 16 December 2021 in compliance with Chapter 14A of the Listing Rules.

No transaction involving the subscription by China Life Insurance of financial products that were secured by assets of the Group was incurred during the year ended 31 December 2023.

(b) Master framework agreement in relation to provision of consultancy services dated 15 April 2022

On 15 April 2022, the Company and Dajia Life Insurance entered into a master agreement (the “Master Agreement”), pursuant to which Dajia Life Insurance Group may, based on their business needs, engage the Group to provide consultancy services in relation to real estate projects, including property management services, parking spaces management, engineering consultancy and engineering services, pre-delivery services, and consultancy with respect to market positioning and preparation for commencement of operations etc.

The Master Agreement is of a term of three years commencing from 1 January 2022 to 31 December 2024.

The fees to be charged for the provision of the consultancy services by the Group shall be determined between the parties through arm’s length negotiations with reference to the prevailing market price of similar services offered by independent third parties, as well as the fees to be charged for the provision of similar services by the Group to independent third parties, taking into account (i) the nature, size and location of the relevant projects; (ii) the type and scope of the services to be provided; and (iii) the Group’s expected operational costs (including labor costs, material costs and administrative costs) in relation to the provision of the relevant services and will be charged on a lump sum basis.

Payment shall be made on a regular basis by either annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms of the individual agreements to be entered into depending on the types of services and with reference to market practice and the arrangements with independent customers of the Group.

The annual caps (excluding tax) for the transactions under the Master Agreement are as follows:

	Annual caps (RMB’000)		
	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
Transactions under the Master Agreement	75,000	85,000	95,000

Dajia Life Insurance is a substantial Shareholder. The Company and Dajia Life Insurance have been cooperating and creating synergies in different areas of business and have been maintaining a long-term and stable cooperative relationship. Sino-Ocean Service is a non wholly-owned subsidiary of the Company which is a comprehensive property management service provider. The entrusting by Dajia Life Insurance Group with the provision of the consultancy services for its real estate projects to Sino-Ocean Service allowed the Group to make full use of its resource endowments, professional team and ability for the provision of high quality services and further strengthened the cooperation between the Group and Dajia Life Insurance Group. The Master Agreement represented a stable, continuing and trustworthy business relationship between the Group and Dajia Life Insurance Group which the Group could leverage to strengthen the synergetic effect with Dajia Life Insurance Group, thereby further expanding the Group’s property management business and related value-added services and exploring new business needs and opportunities to further facilitate the Group’s business growth and bring in additional revenue to the Group.

As at the date of the Master Agreement, Dajia Life Insurance was a substantial Shareholder and thus was a connected person of the Company. Accordingly, the transactions as contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the highest annual cap for the provision of the consultancy services by the Group to Dajia Life Insurance Group pursuant to the Master Agreement exceeded 0.1% but were less than 5%, the entering into of the Master Agreement and the transactions as contemplated thereunder were subject to the reporting, announcement and annual review requirements but were exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The then Directors nominated by Dajia Life Insurance had abstained from voting on the relevant Board resolution approving the transactions as contemplated under the Master Agreement.

Details of the continuing connected transactions as contemplated under the Master Agreement have been disclosed in the announcements of the Company dated 18 April 2022 and 29 April 2022 in compliance with Chapter 14A of the Listing Rules.

For the year ended 31 December 2023, the transaction amount under the Master Agreement was approximately RMB6,901,000, which was within its annual cap.

In accordance with Rule 14A.55 of the Listing Rules, the INEDs have reviewed the continuing connected transactions under the Master Agreement which took place during the year and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board, confirming that nothing has come to its attention that causes it to believe that the continuing connected transactions under the Master Agreement which took place during the year:

- (1) have not been approved by the Board;
- (2) (for transaction involving the provision of goods or services by the Group) were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (4) have exceeded the annual cap.

RELATED PARTY TRANSACTIONS

A summary of significant related party transactions entered into by the Group during the year under review is set out in note 50 to the consolidated financial statements of this annual report. Save as disclosed above in the section headed “CONTINUING CONNECTED TRANSACTIONS”, none of the related party transactions referred to in the aforementioned note falls within the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules and is subject to reporting requirement during the year under review.

The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules with respect to the non-exempt continuing connected transactions entered into by the Group during the year under review.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2023, the aggregate amount of financial assistance to affiliated companies by the Group exceeded 8% under the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2023 is presented as follows:

	RMB (million)
Non-current assets	36,497
Current assets	75,144
Current liabilities	(62,252)
Non-current liabilities	(26,321)
Net assets	23,068

The Group’s attributable interest in the affiliated companies as at 31 December 2023 amounted to approximately RMB11,178 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group’s significant accounting policies as at 31 December 2023.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors during the period from 3 April 2023 (being the latest practicable date prior to the issue of the annual report of the Company for the year ended 31 December 2022) to the Latest Practicable Date required to be disclosed are set out below:

- Mr. ZHAO Peng has resigned as a director of Dajia Life Insurance since April 2023.
- In May 2023, Mr. LI Ming was informed by HKSAR Registration and Electoral Office that he ceased to be a member of the 6th Election Committee in HKSAR.
- Ms. CHAI Juan was appointed as an ED; each of Mr. ZHANG Zhongdang, Mr. YU Zhiqiang and Mr. SUN Jinfeng was appointed as a NED; and each of Mr. LIU Jingwei and Mr. JIANG Qi was appointed as an INED with effect from 26 June 2023.
- Each of Ms. HUANG Xiumei, Mr. HOU Jun, Mr. CHEN Ziyang and Mr. ZHAN Zhong resigned as a NED; and each of Mr. SUEN Man Tak and Ms. LAM Sin Lai Judy resigned as an INED with effect from 26 June 2023.
- Mr. LIU Jingwei was appointed as a member and the chairman of the Audit Committee, and each of Mr. JIANG Qi and Mr. YU Zhiqiang was appointed as a member of the Audit Committee; and Ms. LAM Sin Lai Judy ceased to be a member and the chairman of the Audit Committee, and each of Ms. HUANG Xiumei and Mr. SUEN Man Tak ceased to be a member of the Audit Committee with effect from 26 June 2023.
- Mr. JIANG Qi was appointed as a member of the Remuneration Committee; and Mr. SUEN Man Tak ceased to be a member of the Remuneration Committee with effect from 26 June 2023.
- Each of Ms. CHAI Juan, Mr. SUN Jinfeng and Mr. LIU Jingwei was appointed as a member of the Strategic and Investment Committee; and each of Mr. HOU Jun, Mr. CHEN Ziyang and Ms. LAM Sin Lai Judy ceased to be a member of the Strategic and Investment Committee with effect from 26 June 2023.
- Ms. CHAI Juan was appointed as an Executive President of the Company with effect from 27 June 2023. Ms. CHAI has ceased to be the secretary of the Committee for Discipline Inspection of the Shenzhen Audit Center of China Life Insurance since June 2023.
- Mr. ZHANG Zhongdang is currently the senior manager of the research and development center of China Life Insurance (following the merge of the science park's management office of China Life Insurance and the research and development center of China Life Insurance in June 2023, now known as "the research and development center of China Life Insurance").
- Mr. JIN Qingjun was appointed as an independent non-executive director of Prinx Chengshan Holdings Limited, a company listed on the Stock Exchange, with effect from 9 September 2023. Mr. JIN has resigned as an independent director of Shenzhen Cheng Chung Design Co., Ltd, a company listed on the Shenzhen Stock Exchange, since 23 February 2024.
- Mr. LIU Jingwei has resigned as an independent non-executive director of China Nonferrous Mining Corporation Limited, a company listed on the Stock Exchange, since 27 December 2023.
- Mr. SUN Jinfeng was engaged as the assistant to the general manager of Dajia Investment Holding Co., Ltd.* (大家投資控股有限責任公司) with effect from February 2024.
- Mr. JIN Qingjun was appointed as a member of the Audit Committee; and Mr. JIANG Qi ceased to be a member of the Audit Committee with effect from 29 March 2024.
- Each of Mr. SUN Jinfeng and Mr. JIANG Qi was appointed as a member of the Nomination Committee with effect from 29 March 2024.
- Ms. CHAI Juan was appointed as a member of the Remuneration Committee with effect from 29 March 2024.
- Each of Mr. CUI Hongjie and Mr. ZHANG Zhongdang was appointed as a member of the Strategic and Investment Committee; and each of Ms. CHAI Juan and Mr. JIN Qingjun ceased to be a member of the Strategic and Investment Committee with effect from 29 March 2024.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained a sufficient public float of more than 25% of the issued Shares as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by BDO, Certified Public Accountants, who will retire and, being eligible, offer itself for re-appointment, at the forthcoming AGM.

BDO was appointed as the auditor of the Company on 11 November 2022 to fill the casual vacancy following the resignation of PricewaterhouseCoopers on 9 November 2022.

Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

By order of the Board

LI Ming

Chairman

Hong Kong, 28 March 2024

CORPORATE GOVERNANCE REPORT



Indigo II (Beijing)

The Board is pleased to present the Corporate Governance Report of the Company.

COMMITMENT TO CORPORATE GOVERNANCE

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. It is of utmost importance to conduct business with accountability, transparency and fairness. The Group's interests as well as those of its Shareholders will be maximized in the long run by adhering to these principles. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

Compliance with the corporate governance code

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

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

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

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

THE BOARD

Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its Shareholders as a whole. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment of Director(s), remuneration policy and other major operational and financial matters.

The Board is also collectively responsible for performing corporate governance duties including to develop and review the Company's policies and practices on corporate governance, review and monitor the training and continuous professional development of Directors and senior management, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements as well as develop, review and monitor the Code of Conduct applicable to Directors and the relevant employees of the Group, and review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance reports.

During the year under review, the Board has considered and approved, including but not limited to the annual budget, management results and performance update against annual budget, together with business reports from the management, interim results for the six months ended 30 June 2023, the annual results for the year ended 31 December 2022, potential connected transaction, holistic restructuring of its offshore debts, extension arrangements of its onshore open market debts, adoption of revised terms of reference of each of the Nomination Committee and Remuneration Committee, other critical business, the Company's ESG strategy and implementation plan, the publication of interim and annual reports (including Corporate Governance Report) and the Company's sustainable development report.

The valuable recommendations contributed by each Board Committee are highly respected by the Board and the Board takes proactive actions to put the recommendations in place.

Board composition

As at the Latest Practicable Date, the Board comprised thirteen Directors, including four EDs, Mr. LI Ming (Chairman), Mr. WANG Honghui, Mr. CUI Hongjie and Ms. CHAI Juan; four NEDs, Mr. ZHAO Peng, Mr. ZHANG Zhongdang, Mr. YU Zhiqiang and Mr. SUN Jinfeng; and five INEDs, Mr. HAN Xiaojing, Mr. JIN Qingjun, Mr. LYU Hongbin, Mr. LIU Jingwei and Mr. JIANG Qi. An updated list of the Directors and their role and function is published on the websites of the Company and the Stock Exchange. Composition of the Board is also disclosed, and the INEDs are identified, in all corporate communications to the Shareholders.

The members of the Board are of a diversity with a variety of backgrounds, rich industry experience and appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" of this annual report for the profiles of the Directors.

Save as disclosed in the section headed "Biographies of Directors and Senior Management", the Directors have no other financial, business, family or other material or relevant relationships with one another.

(i) Chairman and Chief Executive Officer

As disclosed in the section headed “Compliance with the corporate governance code” in this report, although the responsibilities of the Chairman and the CEO are vested in one person, Mr. LI Ming, 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.

(ii) Non-executive Directors and Independent Non-executive Directors

The functions of NEDs and INEDs should include participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; taking the lead where potential conflicts of interests arise; serving on the audit, remuneration, nomination and strategic and investment committees as members, if invited; and scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The NEDs (including INEDs) have made a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. They give the Board and the Board Committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance at and active participation in meetings.

Each of Mr. ZHAO Peng, Mr. ZHANG Zhongdang (appointed on 26 June 2023), Mr. YU Zhiqiang (appointed on 26 June 2023), Mr. SUN Jinfeng (appointed on 26 June 2023), Ms. HUANG Xiumei (resigned on 26 June 2023), Mr. HOU Jun (resigned on 26 June 2023), Mr. CHEN Ziyang (resigned on 26 June 2023) and Mr. ZHAN Zhong (resigned on 26 June 2023), all being NEDs, has agreed not to receive the Director’s fee of HKD460,000, HKD238,192, HKD238,192, HKD238,192, HKD223,069, HKD223,069, HKD223,069 and HKD223,069, during the year under review.

Appointment and re-election of Directors

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment, and in a timely manner for any change of, the number and nature of offices held in public companies or organisations and other significant commitments.

Pursuant to the letters of appointment, all NEDs and INEDs are appointed for an initial term of one year. However, such term is subject to his/her re-election at the AGM in accordance with the Articles.

Every Director, including NEDs and INEDs, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

Directors' Attendance at Meetings and Continuous Professional Development

During the year, the attendance of each Director at the Board, Board Committees (where applicable) meetings and the AGM, and his/her training records are set out in the following table:

Directors	Number of meetings attended/eligible to attend						AGM held on 25 May 2023	Type of trainings (Note xvi)
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategic and Investment Committee			
Existing Directors								
Mr. Li Ming	2/2	–	–	1/1	1/1	1/1	A, B, C	
Mr. WANG Honghui	2/2	–	–	–	1/1	1/1	A, C	
Mr. CUI Hongjie	2/2	–	–	–	–	1/1	A, C	
Ms. CHAI Juan (Note i)	1/1	–	–	–	0/0	0/0	A, C	
Mr. ZHAO Peng	2/2	3/3	–	–	–	1/1	A, C	
Mr. ZHANG Zhongdang (Note ii)	1/1	–	–	–	–	0/0	A, C	
Mr. YU Zhiqiang (Note iii)	1/1	1/1	–	–	–	0/0	A, C	
Mr. SUN Jinfeng (Note iv)	1/1	–	–	–	0/0	0/0	A, C	
Mr. HAN Xiaojing	2/2	–	1/1	1/1	–	1/1	A, C	
Mr. JIN Qingjun (Note v)	2/2	2/2	–	0/0	1/1	1/1	A, C	
Mr. LYU Hongbin (Note vi)	1/1	1/1	0/0	–	–	1/1	A, C	
Mr. LIU Jingwei (Note vii)	1/1	1/1	–	–	0/0	0/0	A, C	
Mr. JIANG Qi (Note viii)	1/1	1/1	0/0	–	–	0/0	A, C	
Former Directors								
Ms. HUANG Xiumei (Note ix)	0/1	0/2	–	–	–	0/1	–	
Mr. HOU Jun (Note x)	1/1	–	–	–	0/1	1/1	–	
Mr. CHEN Ziyang (Note xi)	1/1	–	–	–	1/1	1/1	–	
Mr. ZHAN Zhong (Note xii)	0/1	–	–	–	–	0/1	–	
Mr. WANG Zhifeng (Note xiii)	1/1	–	1/1	1/1	–	0/0	–	
Mr. SUEN Man Tak (Note xiv)	1/1	2/2	1/1	–	–	1/1	–	
Ms. LAM Sin Lai Judy (Note xv)	1/1	2/2	–	–	1/1	1/1	–	

Notes:

- (i) Ms. CHAI Juan was appointed as Director and a member of the Strategic and Investment Committee on 26 June 2023.
- (ii) Mr. ZHANG Zhongdang was appointed as Director on 26 June 2023.
- (iii) Mr. YU Zhiqiang was appointed as Director and a member of the Audit Committee on 26 June 2023.
- (iv) Mr. SUN Jinfeng was appointed as Director and a member of the Strategic and Investment Committee on 26 June 2023.
- (v) Mr. JIN Qingjun was appointed as a member of the Nomination Committee and ceased to act as a member of the Audit Committee on 31 March 2023.
- (vi) Mr. LYU Hongbin was appointed as Director and a member of each of the Audit Committee and the Remuneration Committee on 31 March 2023.
- (vii) Mr. LIU Jingwei was appointed as Director and a member and the chairman of the Audit Committee and a member of the Strategic and Investment Committee on 26 June 2023.
- (viii) Mr. JIANG Qi was appointed as Director and a member of each of the Audit Committee and the Remuneration Committee on 26 June 2023.
- (ix) Ms. HUANG Xiumei resigned as Director and ceased to act as a member of the Audit Committee on 26 June 2023.
- (x) Mr. HOU Jun resigned as Director and ceased to act as a member of the Strategic and Investment Committee on 26 June 2023.
- (xi) Mr. CHEN Ziyang resigned as Director and ceased to act as a member of the Strategic and Investment Committee on 26 June 2023.
- (xii) Mr. ZHAN Zhong resigned as Director on 26 June 2023.
- (xiii) Mr. WANG Zhifeng resigned as Director and ceased to act as a member of each of the Nomination Committee and the Remuneration Committee on 31 March 2023.
- (xiv) Mr. SUEN Man Tak resigned as Director and ceased to act as a member of each of the Audit Committee and the Remuneration Committee on 26 June 2023.
- (xv) Ms. LAM Sin Lai Judy resigned as Director and ceased to act as a member and the chairman of the Audit Committee and a member of the Strategic and Investment on 26 June 2023.
- (xvi) (A) attending seminars, conferences and/or forums; (B) giving speeches at seminar(s) or forum(s); and (C) reading professional journals and updates relating to the economy, general business, real estate or director's duties and responsibilities etc.

Meetings

During the year under review, the Board convened two regular meetings. Additional meetings will be arranged if and when required. As disclosed in the section headed “Compliance with the corporate governance code” in this report, the significant matters concerning the business activities and operations of the Company had been either duly reported, discussed and resolved at the two regular Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes. For the summary of the work during the year, please refer to the sub-section headed “Responsibilities” under the section headed “THE BOARD” of this report.

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings according to the requirements of the Articles. For other Board meetings, reasonable notice is generally given. For regular Board Committee meetings, at least 7-day notice is generally given. For other Board Committee meetings, at least 3-day notice is generally given.

The agenda of Board meetings is set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying Board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions, are given to all Directors in a timely manner. All Directors are properly briefed on issues arising from any Board meetings by the Chairman.

Minutes of Board meetings and meetings of Board Committees with details of the matters considered and decisions reached are kept by the Company Secretary and are open for inspection with a reasonable notice by any Director. All Directors and members of the Board Committees are urged to attend the Board meetings and Board Committee meetings in person. For the Directors and committee members who are unable to attend the meetings in person, participation through electronic means will be arranged.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company’s expense for carrying out their functions.

During the year under review, the Chairman and the chairman of the Board Committees, and all other Directors, except the former Directors, namely Ms. HUANG Xiumei and Mr. ZHAN Zhong, attended the AGM held on 25 May 2023.

The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board’s affairs so as to contribute to the Board’s functions. The Chairman meets with the INEDs at least annually without the presence of other Directors.

Training for Directors

For any newly appointed Director, he/she will be provided with an induction training so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company’s operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend. All Directors also understand the importance of continuous professional development, and they are committed to participating in suitable training to develop and refresh their knowledge and skills. During the year, the Company has provided a training to the Directors related to the disclosure requirements in respect of notifiable and connected transactions under the Listing Rules and the latest ESG developments. All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for the year ended 31 December 2023. For further details, please refer to the sub-section headed “Directors’ Attendance at Meetings and Continuous Professional Development” under the section headed “THE BOARD” of this report.

Directors' and relevant employees' securities transactions

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 the Directors and each of them has confirmed that he/she had complied with all required standards set out in the Model Code and the Code of Conduct throughout the year.

The Company has also set out a guideline regarding securities transactions by the relevant employees (the "Relevant Employees") who, because of their roles and functions in the Company or its subsidiaries, are likely to be in possession of inside information. All the Relevant Employees are reminded of the necessity for compliance with the guideline regularly.

Directors' and officers' liability insurance and indemnity

The Articles provides that every Director or officer of the Company is entitled to be indemnified out of the assets of the Company against any liability, loss or damages which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to any Director or officer.

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim was made on the liability insurance for the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up four Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic and Investment Committee, for overseeing particular aspects of the Company's affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense. All resolutions passed by the Board Committees will be reported to the Board.

For the attendance of each Director at the Board Committee (where applicable) meetings during the year, please refer to the sub-section headed "Directors' Attendance at Meetings and Continuous Professional Development" under the section headed "THE BOARD" of this report.

Audit Committee

After Mr. JIANG Qi ceased to act as a member of the Audit Committee and Mr. JIN Qingjun was appointed as a member of the Audit Committee with effect from 29 March 2024, the Audit Committee consists of three INEDs, namely Mr. LIU Jingwei, Mr. JIN Qingjun and Mr. LYU Hongbin, and two NEDs, namely Mr. ZHAO Peng and Mr. YU Zhiqiang. Mr. LIU Jingwei is the chairman of the Audit Committee. He has professional qualifications in accountancy. None of the members of the Audit Committee is a member of the former or existing auditors of the Company or has any financial interest in the firm.

The main duties of the Audit Committee are, including but not limited to, to monitor and supervise the financial reporting process, risk management and internal control systems, oversee the audit process and review the financial information of the Group. The Audit Committee is also responsible for considering the appointment, independence and remuneration of the auditor and any matters related to the removal and resignation of the auditor, reviewing and monitoring continuing connected transactions as well as performing other duties and responsibilities as may be assigned by the Board from time to time. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The responsibilities and work performed by the Audit Committee during the year under review and up to the date of this report include the following:

(i) Financial reporting

The Audit Committee reviewed the interim and annual consolidated financial statements and reports and accounts, and discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Audit Committee gave careful consideration to (among others) the accounting policies and practices adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. It also reviewed the overall financial position of the Group as well as the adequacy of the provision for material liabilities and impairment of assets.

(ii) External auditor

The Audit Committee considered and approved the terms of engagement and the level of remuneration of the external auditor.

The Audit Committee also assessed the external auditor's independence and objectivity and the effectiveness of the audit process, including the audit plan, the audit approach, the nature and scope of the audit and reporting obligations, as well as the engagement for the provision of non-audit services, in accordance with applicable standards.

The Audit Committee has also met the external auditor in the absence of Executive Directors and senior management to discuss issues regarding audit. The Audit Committee discussed with the external auditor on the matters including the impact of national macro policies to real estate companies, progress of various projects, joint venture operations, taxes, currency risk etc.

(iii) Internal audit, risk management and internal control

The Audit Committee reviewed the annual audit plan, works and reports by the Group's risk management department on the internal control function and the rectification procedures taken in respect of any deficiencies. The Audit Committee also assessed the adequacy and effectiveness of the risk management (including ESG risk) and internal control systems. For details, please refer to the paragraph headed "RISK MANAGEMENT AND INTERNAL CONTROL" below.

(iv) Others

The Audit Committee reviewed the continuing connected transactions conducted by the Group during the year. The Audit Committee also reviewed an independent review report in relation to an audit qualification for the financial year of 2022, including the internal control related recommendations thereunder. For further details, please refer to the section headed "ACCOUNTABILITY AND AUDIT — Relevant information on the audit qualifications for 2022" of this report.

The Audit Committee also discussed with the management to ensure that the Company is having adequate resources, staff qualifications and experience, training programmes and budget for the Company's accounting, internal audit, financial reporting function as well as the function relating to the Company's ESG performance and reporting.

Remuneration Committee

After Ms. CHAI Juan was appointed as a member of the Remuneration Committee with effect from 29 March 2024, the Remuneration Committee comprises four members, being an ED, Ms. CHAI Juan, and three INEDs, namely Mr. HAN Xiaojing, Mr. LYU Hongbin and Mr. JIANG Qi. Mr. HAN Xiaojing is the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee are, including but not limited to, (i) to make recommendations and proposals to the Board for approval on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for formulating remuneration policy for the Company; (ii) to review and approve the remunerations of EDs and senior management of the Company which are determined with reference to a number of factors, including but not limited to, their experience, qualifications, duties and responsibilities undertaken in the Company, the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board and the prevailing market conditions, in respect of which the Remuneration Committee may consult with the Chairman of the Board about their remuneration proposals for EDs; (iii) to determine, with delegated responsibility from the Board, the remuneration package and incentive payment of EDs and senior management of the Company, including benefits in kind, pension rights and compensation payments; and (iv) to make recommendations to the Board on the remuneration of NEDs. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

During the year under review and up to the date of this report, the Remuneration Committee has reviewed and approved, among others, the report of the labour cost for the years ended 31 December 2022 and 2023 and the budget of the overall labour cost for the year ended 31 December 2023 and for the year ending 31 December 2024, the report of remuneration payment for EDs and senior management of the Company for the years ended 31 December 2022 and 2023, the proposal of remuneration packages for EDs and senior management of the Company for the year ended 31 December 2023 and for the year ending 31 December 2024, and make a recommendation to the Board for the Director's fee of the newly appointed ED, NEDs and INEDs and adjust the Director's fee of all NEDs (including INEDs). It has also reviewed and recommended the adoption of the revised terms of reference of the Remuneration Committee. In addition, the Remuneration Committee reviewed the movements under Award Scheme and 2018 Option Scheme during the year under review.

Details of emoluments of Directors for the year under review are set out in note 52 to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	Number of senior management
Nil to RMB2 million	1
Above RMB2 million to RMB3 million	4

Nomination Committee

After each of Mr. SUN Jinfeng and Mr. JIANG Qi was appointed as a member of the Nomination Committee with effect from 29 March 2024, the Nomination Committee comprises five members, being an ED, Mr. LI Ming, a NED, Mr. SUN Jinfeng, and three INEDs, namely Mr. HAN Xiaojing, Mr. JIN Qingjun and Mr. JIANG Qi. Mr. LI Ming is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are, including but not limited to, to review the structure, size and composition of the Board, assess the independence of INEDs, identify, consider and nominate candidates for directorship and make recommendations to the Board on appointment and re-appointment of Directors. If necessary, the Nomination Committee will also convene meetings and submit relevant reports to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the year under review and up to the date of this report, the Nomination Committee has reviewed and approved, among others, the structure, size, composition and diversity of the Board and considered the Board consists of a diverse mix of members and provides a balance of skills and experience appropriate to the Group's business needs. It also reviewed the implementation and effectiveness of the mechanisms that ensure independent views and input are available to the Board and considered they remain sound and valid, assessed the independence of INEDs as well as considered all Directors are able to devote sufficient time and effect to perform their duties, despite some of them holding multiple directorship positions. Furthermore, it considered and recommended the appointment of the new Directors and changes in the composition of relevant Board Committees, and reviewed the biographical details (including qualification, capacity, diversity and experience) of the Retiring Directors in accordance with the Nomination Policy and the Board Diversity Policy and then make recommendations to the Shareholders for the proposed re-election of the Retiring Directors at the forthcoming AGM. Moreover, the Nomination Committee has reviewed and considered that the length of service of Mr. HAN Xiaojing, an INED, who has served the Company for more than nine years, with the Company would not affect his independence and make a recommendation to the Board for the proposed re-election of Mr. HAN Xiaojing as the INED at the forthcoming AGM. It has also reviewed and recommended the adoption of the revised terms of reference of the Nomination Committee.

Summary of Nomination Policy

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and re-appointment of Directors. The Nomination Policy has been revised that, among others, for the nomination and appointment of INEDs, the Nomination Committee shall consider approaching recruitment agencies, obtaining referrals from business acquaintances and peer industry circles, the recruitment advertisement or the personal network in searching for appropriate INED candidates.

In assessing the suitability of a proposed candidate, the factors which would be used as reference by the Nomination Committee include but not limited to the reputation for integrity, the accomplishment and experience in the industry, the commitment in respect of available time and relevant interest, diversity in all aspects, including but not limited to gender, age (18 years or above), nationality, cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise and independence.

Member(s) of the Nomination Committee may convene a meeting of the Nomination Committee for consideration of nominated candidate(s) and the Board members are welcome to nominate suitable candidates to be a Director from time to time. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing an additional Director, the Nomination Committee shall make recommendations for the Board's consideration and approval. For re-appointment of the existing Director, the Nomination Committee shall review the overall contributions and service of the retiring Director to the Company and determine whether the Retiring Director continues to meet the nomination criteria as set out in the Nomination Policy and make recommendations to the Shareholders for the proposed re-election of the Director at the general meeting. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations of the proposed candidates nominated by the Board to stand for election or re-election at the general meeting will be sent to Shareholders. A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting. If a Shareholder wishes to nominate a person for election as Director in a general meeting, please refer to the "Procedures for Shareholders to propose a person for Election as a Director" made available under the Corporate Governance section of the Company's website.

The Nomination Committee considered that the Retiring Directors shall have the required character, integrity and professional knowledge and experience to continue fulfilling their roles and functions and contributing to the Company.

Independent views and input

The Company has established mechanisms to ensure a strong independent element on, and independent views and inputs are available to, the Board and the implementation and effectiveness of these mechanisms will be reviewed annually by the Nomination Committee. A summary of which is set out below:

(i) Composition of the Board and Board Committees

The Board endeavours to ensure the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time). Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board Committees, INEDs will be appointed to other Board Committees as far as practicable to ensure independent views are available.

(ii) Independence assessment

The Nomination Committee must strictly adhere to the Nomination Policy and Board Diversity Policy as well as the independence assessment criteria as set out in the Listing Rules with regard to the nomination, appointment and re-election of INEDs, and is mandated to assess annually the independence of INEDs to ensure that they can continually exercise independent judgement.

(iii) Remuneration

In general, no equity-based remuneration (e.g. share options or grants) with performance-related elements will be granted to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Conduct of Board proceedings and supply of and access to information

INEDs (as well as other Directors) shall be provided with regular updates giving a balanced and understandable assessment of the Group's performance, position and prospects and also supplied with adequate information to enable them to make informed decision. INEDs (as well as other Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board and/or Board Committee meetings, and where necessary, independent advice from external professional advisers at the Company's expense. INEDs (as well as other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal concerning a matter that is significant to the Company's business in which such Director or any of his/her close associates has a material interest, save as otherwise permitted under the Listing Rules.

The Company has received annual confirmations from all INEDs, namely Mr. HAN Xiaojing, Mr. JIN Qingjun, Mr. LYU Hongbin, Mr. LIU Jingwei and Mr. JIANG Qi, in respect of their independence for the year ended 31 December 2023 pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee reviewed and concluded that all the INEDs are independent parties in accordance with the independence guidelines set out in the Rule 3.13 of the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements. The Nomination Committee also reviewed and considered that the above-mentioned mechanisms and the governance structure are effective in ensuring that independent views and inputs are provided to the Board.

Summary of Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors in terms of, including but not limited to, gender, age, nationality, cultural and education background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will, if considered necessary, discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will review annually the composition of the Board under diversified perspectives according to the Board Diversity Policy, and monitor the implementation of this policy to ensure its effectiveness. The Board is characterized by significant diversity, whether in terms of gender, age, professional background and skills.

Board diversity

The Nomination Committee has reviewed the current Board composition of one female Director and twelve male Directors with diverse professional background and industry experience with maintained an appropriate balance of diversity perspectives and believed that the gender diversity of the Board has been achieved with at least one female Director during the year. It is therefore not necessary to set any target or timeline for enhancing gender diversity on the Board for the time being. However, the Company is committed to improving gender diversity when identifying suitable candidates.

An analysis of the Board composition as of 31 December 2023 is set out as below:

 No. of Directors	1	2	3	4	5	6	7	8	9	10	11	12	13
 Gender	Female	Male											
 Category	EDs				NEDs				INEDs				
 Age Group	Below 50				50 or above and below 60					60 or above			
 Skill, knowledge and experience	<ul style="list-style-type: none"> • Expertise in property development, construction management and property management • Corporate strategies and risk management • Capital market, investment management and finance • Insurance, banking industry experience • Legal and compliance • Auditing • Listed company corporate governance 												

Gender diversity of workforce

The Group is well aware of the importance of nurturing talents and supporting the development of employees, and the Group is committed to achieving gender diversity in the workforce level.

As at the date of this report, Nomination Committee reviewed the gender diversity of workforce (including senior management) of the Group for the year ended 31 December 2023. As at 31 December 2023, gender ratio was approximately 6 (male): 4 (female) in workforce of the Group; approximately 8 (male): 2 (female) in senior management (other than Directors); approximately 8 (male): 2 (female) in middle management; and approximately 6 (male): 4 (female) in general staff and technical staff of the Group. Given the nature of business of the Group, we have not set any measurable objectives for gender ratio in senior management or workforce, thus we are focusing on identifying the right person for the right role after considering a number of factors including the educational background, professional experience, skills and knowledge of the candidate. The Company believes that the gender diversity of all employees in the Group is balanced currently and the gender diversity in the workforce level will be maintained. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level in the future and the Company is committed to provide career development opportunities for female staff with a view to developing a pipeline of potential successors to the Board for maintaining gender diversity.

The Group has implemented a number of measures to promote gender diversity in the workplace, in particular to ensure that female staff are provided with fair job opportunities and treatment at work, and are fully cared for in terms of learning and group activities, so that they could develop their talents to the fullest through work. Further details on the diversity in the Group's workforce are set out in the "Sustainable Development Report 2023 of Sino-Ocean Group".

Strategic and Investment Committee

After each of Ms. CHAI Juan and Mr. JIN Qingjun ceased to act as a member of the Strategic and Investment Committee, and each of Mr. CUI Hongjie, Mr. ZHANG Zhongdang and Mr. ZHAO Jianjun was appointed as a member of the Strategic and Investment Committee with effect from 29 March 2024, the Strategic and Investment Committee consists of three EDs namely Mr. LI Ming, Mr. WANG Honghui and Mr. CUI Hongjie, two NEDs namely Mr. ZHANG Zhongdang and Mr. SUN Jinfeng, one INED namely Mr. LIU Jingwei, and one senior management of the Company namely Mr. ZHAO Jianjun. Mr. LI Ming is the chairman of the Strategic and Investment Committee. It will meet at the request of any member of the committee and the head of the strategic and investment department will also participate in discussions. The Strategic and Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Strategic and Investment Committee are, including but not limited to, to research and make recommendation on the Company's development strategies, to review and approve investments within the authority delegated by the Board, to make recommendations to the Board on major investments which are beyond its authority, to make subsequent assessments of investments and to review and consider the overall investment direction and business development of the Company. The written terms of reference of the Strategic and Investment Committee are available on the websites of the Company and the Stock Exchange.

During the year under review, the Strategic and Investment Committee reviewed the report on the Company's annual investments in 2022, and reviewed and discussed the investment plans for the year of 2023 and investment and development, approved the disposal of assets, and adopted the relevant policies of the Group in relation to the provision of external guarantee for associates and joint ventures.

Corporate Culture

The Board lays emphasis on creating long-term sustainable growth for Shareholders and delivering long-term values to all stakeholders. The Board attaches great importance to the constructive opinions or recommendations on international and industrial trends, national policies, corporate sustainable development, and establishment of corporate culture discussed and put forward by the members of various committees and the Board at meetings from time to time. The Group proactively puts the relevant recommendations into practice.

With a strategic vision of becoming the “Creator of Building Health and Social Value”, Sino-Ocean Group is committed to becoming a pragmatic integrated corporation focusing on the principal business of property development while exploring related diversified new businesses. The Company commits to the core value concepts of its corporate culture of “Responsibility, Sharing, Health”, gradually inculcating the top-down phased implementation from senior management to the specific work of all levels and businesses across the Group by furthering the connotation and extension of each value concept, making them the employees’ standards of action and important ways to promote the development of the Company and establishment of its brand image, in respect of which some remarkable results have been accomplished. Employees are the valuable assets of the Group. After the management regularly collects and listens to the feedback, opinions, and recommendations through various channels from employees at various levels, departments and project companies on the implementation of each strategy, it also regularly reviews or adjusts the operation and management mindset of the Company and timely formulates or adjusts the relevant management mechanisms and systems to conform with the development strategy of the Company.

In 2023, facing the profound industry adjustments and the needs of its own development and transformation, Sino-Ocean Group gave full play to the cohesion and guiding role of its corporate culture to create a favorable internal and external environment and public opinion atmosphere for the Company’s development. While implementing the various tasks of operation and development, relying on its corporate culture, Sino-Ocean Group paid attention to integrating the core value concepts of its corporate culture of “Responsibility, Sharing, Health” into every organization and individual striving towards the common goal, thereby generating a powerful spiritual driving force and enabling Sino-Ocean Group to navigate steadily through turbulent times.

Responsibility

- **Upholding the concept of sustainable development**

In 2023, Sino-Ocean continued to promote the implementation of the concept of sustainable development, making significant progress in areas such as customer relationship management, supply chain management, operational ecological efficiency, resource conservation, environmental policies and social integration. At the end of 2023, Sino-Ocean Group achieved the highest overall score among property developers in Mainland China in the S&P Global Corporate Sustainability Assessment (CSA). Meanwhile, Sino-Ocean continued to promote the development of its carbon neutrality strategy, actively addressing climate change and implementing low-carbon practices in its operations. Sino-Ocean emphasized the harmonious development between humans and nature, integrating the concept of “health” into the core of its products.

- **Undertaking the mission of corporate survival and development**

In 2023, ensuring delivery of housing became an important task for Sino-Ocean. With the concerted efforts of all employees, Sino-Ocean successfully delivered approximately 54,000 high-quality residential units in over 40 cities, ranking among the Top 10 in the industry in terms of overall delivery quality. This demonstrated our commitment and responsibility.

Sharing

- **Seeking collaborative development with partners and stakeholders in various specialties and fields, forming business development synergy and sharing the achievement of corporate development**

In 2023, in the face of market volatility, Sino-Ocean continued to strengthen communication and collaboration with suppliers, partners and stakeholders to promote the stable development of all types of suppliers at all levels. Demonstrating a resolute sense of responsibility, we formed a community of shared destiny with suppliers, striving for multiple win-win situations while working towards the goal of ensuring delivery.

Health

- **Healthy Products**

Sino-Ocean focuses on developing healthy products, deepening the technological content of health, and establishing its self-developed technology system for health, so as to solidify the technological barriers and differentiated advantages of Sino-Ocean's health initiatives. Sino-Ocean also collaborates with various stakeholders to ensure the implementation of health initiatives and reshape the logic of health business to align with project realities. For more details on Sino-Ocean's efforts on building a healthy China and its achievements, please refer to the "Sustainable Development Report 2023 of Sino-Ocean Group".

- **Healthy Enterprise and Team**

In 2023, facing significant pressures in business development, Sino-Ocean strengthened its care for employees by providing condolences to nearly 12,000 employees in 351 units in a variety of ways through the labor union during the year. To enhance employee happiness and cohesion, Sino-Ocean held and/or organized a variety of cultural and sports activities, as well as interest groups, enriching employees' leisure and cultural lives. In late July, when severe rainfall and flooding occurred in North China and other regions, Sino-Ocean promptly assessed the situation of affected employees' families, expressed care and support, and encouraged them to rebuild their homes. This relieved them of concerns, allowing them to continue their involvement in business operations and management without worries.

For details, please refer to the "Corporate Culture" paragraphs in the "Company Profile" sub-section of the "About Us" section of the Company's website.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. The Directors are responsible for the preparation of the financial statements for each financial period which gives a true and fair view of the Group's financial results for relevant period. Such information has been disclosed in the management discussion and analysis and consolidated financial statements of the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators.

The statement of the independent auditor of the Company about its reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2023 is set out in the Independent Auditor's Report on pages 107 to 109 of this annual report.

As a result of the matters described in the paragraphs headed “BASIS FOR DISCLAIMER OF OPINION — Multiple Uncertainties Relating to Going Concern” in the Independent Auditor's Report in this annual report, BDO did not express an opinion (the “Disclaimer of Opinion”) on the consolidated financial statements of the Group for the year ended 31 December 2023 (the “2023 Financial Statements”). The Directors noted that such Disclaimer of Opinion is related to multiple uncertainties relating to going concern. In view of the circumstances which indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, the Directors have carefully considered the Group's cash flow forecast for the next eighteen months from 31 December 2023 (the “Cash Flow Forecast”) and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively formulated certain plans and measures to ensure the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, those set out in note 2.1 to the 2023 Financial Statements in this annual report (the “Relevant Plans and Measures”). The Directors consider that, assuming the success of all the Relevant Plans and Measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least eighteen months from 31 December 2023. Accordingly, the Directors are of the opinion that it is appropriate to prepare the 2023 Financial Statements on a going concern basis. Please refer to note 2.1 to the 2023 Financial Statement in this annual report for details. Please also refer to the paragraphs headed “ADDITIONAL INFORMATION ON AUDIT QUALIFICATIONS — Disclaimer of opinion expressed by auditor on the 2023 Financial Statements” under the section headed “Management Discussion & Analysis” in this annual report for further details.

Relevant information on the audit qualifications for 2022

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

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management and internal control systems of the Group are also designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal control systems cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and executing other risk management functions.

The Company has incorporated ESG risk (including but not limited to products and services, supply chain management, climate change risks etc.) into the Company's risk pool as its strategic risk consideration. The Audit Committee is responsible for the final review of annual risk issues, including but not limited to ESG risks. In terms of assessing and managing the climate change risks, the Company has referred to the Task Force on Climate-related Financial Disclosures ("TCFD") framework to identify the physical risk and transition risk regularly and evaluate their possible financial and operational risks. The Company has conducted analysis on the scoring results for the "probability" and "degree of impact" of risk occurrence and rank the risks accordingly. For the major climate risks identified, we propose feasible solutions and measures and identify development opportunities. In order to deepen its efforts and better integrate "climate change" risks and opportunities into the strategic planning of the Company's business, the Company has formulated and adopted the strategies and measures, quantified the relevant indicators, and set medium-term and long-term goals to be a net-zero emission real estate enterprise by 2050 which has been ahead of 10 years compared with China's goal of "carbon neutrality by 2060". The Group will monitor its annual carbon emissions, report them appropriately pursuant to the relevant laws and regulations, and promptly assess and reveal how the path is being implemented.

The Board requires the management to maintain sound and effective internal control. The Group has an internal audit function. Evaluation of the Group's risk management and internal control and the internal audit are independently conducted by our risk management department. They report to the Audit Committee at least twice each year on, among others, any significant findings and effectiveness of the internal audit, risk management and internal control systems. In 2023, the Company has engaged one of the "Big-Four" accounting firms to perform an independent review on an audit qualification for the financial year of 2022, pursuant to which certain major internal control related measures as recommended have been agreed and will be implemented. For further details, please refer to the section headed "ACCOUNTABILITY AND AUDIT — Relevant information on the audit qualifications for 2022" of this report. Save as disclosed above, the Board and the Audit Committee considered that the risk management and internal control systems are implemented effectively for the year ended 31 December 2023. Furthermore, the Board, through the Audit Committee, at least annually, has conducted the review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function as well as those relating to the Group's ESG performance and reporting, and the effectiveness of the Group's risk management and internal control systems that cover all material controls for the year ended 31 December 2023, including financial, operational and compliance controls and risk management function, and considered all the above were adequate.

Risk management strategies have been established to help individual operating divisions manage risks facing the Group and support the Board in discharging its corporate governance responsibilities. Our risk management process emphasizes on a comprehensive analysis of important matters and goes through the identification, analysis, evaluation, mitigation, monitoring and reporting of relevant risks to create a safe, fair, healthy, efficient and environmental friendly environment for employees, tenants, customers and contractors while ensuring the safety and health of the public and minimizing the impacts on environment. Risk management is implemented throughout every aspect of operation and management of the Group. Through risk management process, we identify the potential risks and uncertainties which may affect the Group's strategic goals and business plans, and manage risks within the scope of risk appetite in order to provide reasonable assurance for achieving the strategic goals and business plans of the Group. The descriptions of principal risks and uncertainties that the Group may be facing are set out in the paragraphs headed "MARKET REVIEW AND OUTLOOK" under the section headed "Chairman's Statement", note 4 to the 2023 Financial Statements and the paragraphs headed "OTHER INFORMATION" under the section headed "Management Discussion & Analysis" in this annual report.

Due to the changes in macro policy environment and industry environment, the Group's risk management department has summarized and analyzed the principal risks faced by the Group, and formulated the corresponding measures. The principal risk areas include strategic risks, investment risks, operational risks, financial risks, compliance risks, etc. The Group's risk management department reported to the Audit Committee the implementation of key concerns, major risks and corresponding measures, and the subsequent work plans at the Audit Committee meetings held in March and August 2023, respectively. Response plans for the related risks were submitted to the Audit Committee and confirmed by the Board. The Group's risk management department has presented to the Audit Committee the risk management and internal control report of the Group for 2023 in March 2024.

The Group complies with the requirements of the SFO and the Listing Rules with respect to the handling and dissemination of inside information. The Group will disclose inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours provisions and satisfies the conditions under the SFO. Before the information is fully disclosed to the public, the Group will ensure that the information is kept strictly confidential. The Group has strictly prohibited unauthorized use of confidential or inside information and established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the designated persons are authorized to communicate with parties outside the Group.

Internal audit process

The risk management department plays a crucial role in monitoring the internal governance of the Group and functionally reports directly to the Audit Committee. The risk management department has unfettered access to all necessary information, people, records and outsourced operations across the Group aiming to provide an independent assurance service to the Board, the Audit Committee and management, focusing on reviewing the effectiveness of the governance, risk management and control processes that management has put into place.

A risk-based approach has been adopted by the risk management department. Annual audit plan is formalized based on the result of the risk assessment covering business risk evaluation. The risk assessment methodology assists us in prioritizing business risks and determining audit frequencies, which enables the internal audit review to be more efficient and focused on the business needs, ensuring that key concerns and significant risks are considered within the scope of the audit. The annual internal audit plan is reviewed and approved by the Audit Committee at the beginning of each financial year. All findings and rectification on internal control deficiencies are communicated with respective management and/or business units for process improvement, in order to ensure that satisfactory control is maintained. Major audit findings and control deficiencies are reported to the Audit Committee and all rectification plans will be properly followed up by management and/or business units to ensure that they are remediated as intended within a reasonable period; and the status is reported to the Audit Committee.

Sustainable development

The Board also recognizes that it should take leadership for and accountability in promoting a top-down culture to ensure that ESG is a part of the business decision-making process. The Company believes that our comprehensive sustainability governance structure and management systems ensure that the sustainable development is implemented smoothly.

The Board has authorized the Sustainable Development Committee to be responsible for overall supervision of ESG management of the Group. The Sustainable Development Committee is responsible for developing ESG strategy and regularly reviewing its implementation, identifying and evaluating ESG risk and developing response plans. The Board continues to pay attention to the sustainable development trend, strengthen the assessment of ESG material issues, discuss and determine the risks and opportunities of the Group in ESG aspects, and take the key issues as the annual key work of sustainable development.

The Sustainable Development Committee held three communication meetings during the year. It discussed and endorsed "Sustainable Development Report 2022 of Sino-Ocean Group", double materiality issues (i.e. financial materiality and impact materiality), sustainable finance, climate risks, national policies adopted by the government and the recommendations of the TCFD, and research report on important issues of the stakeholders who had material interest. For further details of sustainability development of the governance structure and management, and sustainable development of the Group, please refer to the "Sustainable Development Report 2023 of Sino-Ocean Group".

Whistleblowing Policy

Sino-Ocean Group aims at all times to act ethically and with integrity, and to implant this behavior in all its employees. Through the Whistleblowing Policy, all relevant persons (including Directors, employees and those who deal with the Group) are encouraged to report, in a confidential manner, any concerns about suspected malpractice, fraud, bribery or irregularities relating to the Group. Case(s) can be submitted by way of email (email address: fengxianjc@sinooceangroup.com), telephone or mail correspondence, addressed to the Company's principal place of business in Beijing or our Hong Kong office for the attention of the Group's risk management department. According to the existing Whistleblowing Policy, the Group's risk management department is responsible for investigating and handling reported cases in accordance with relevant systems. The Group's risk management department reports to the Audit Committee the overall situation and results regarding the reported cases twice a year during the reporting period. The Whistleblowing Policy is available on the website of the Company.

Anti-fraud and Anti-bribery Policy

Our Anti-fraud and Anti-bribery Policy provides that all Directors and employees are strictly prohibited from any forms of fraud, bribery, money-laundering and financing of terrorism in all business transactions. They should report any cases in accordance with the Whistleblowing Policy in a timely manner if they become aware or reasonably suspect that individuals or enterprises engaged in business transactions with the Group might be involved in fraud or bribery. The Anti-fraud and Anti-bribery Policy is available on the website of the Company. During the year, the Group's risk management department and the risk management departments of the subsidiaries have provided anti-fraud and anti-bribery training to the staff.

INDEPENDENT AUDITOR

BDO was responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements for the year ended 31 December 2023.

During the year ended 31 December 2023, details of the total fees paid/payable in respect of the audit and non-audit services provided by the auditor to the Group are set out below:

Services rendered	Fees paid/payable RMB (million)
Audit services	12.93
Non-audit services related to review of interim financial information and continuing connected transactions	3.60

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance and other matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company, organizing general meetings of the Company and facilitating the induction and professional development of the Directors. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary.

The Company Secretary possesses professional qualification and extensive experience in discharging his duties as the Company Secretary and he is an employee of the Company. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2023.

SHAREHOLDERS' RIGHTS AND COMMUNICATION

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the AGM and general meetings as important events and the Directors (including the Chairman of the Board and chairman of each Board Committee), senior management, external auditors and external advisers (where necessary) make efforts to attend the AGM or general meetings of the Company to address the Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Company and the Stock Exchange on the same day of the relevant general meetings.

The notices of AGM and general meetings specifying the place, the date and the time of meeting and, in the case of special business, the general nature of such business, shall be sent to Shareholders at least 21 clear days and 14 clear days before the meeting, respectively in accordance with the Articles.

Shareholder(s) representing at least 5% of the total voting rights of all Shareholders can make a requisition to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Besides, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the company who have a relevant right to vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the company. Shareholders shall send those proposals to be put forward for consideration at the Company's general meetings by post to the registered office of the Company for the attention of the Company Secretary.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

Communication with Shareholders and investors

The Chairman ensures that appropriate steps are taken to maintain effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Company is committed to carefully listening and evaluating the impact of operations to its stakeholders, including the Shareholders, the employees, the investors and the community. The Shareholders Communication Policy aims at ensuring the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the disclosure of its financial statements and fosters two-way communication between the Company and the Shareholders and potential investors mainly through the following channels:

(i) Corporate communication

In support of environmental protection and to increase efficiency in communication with the Shareholders, the Company encourages and recommends the Shareholders to access all future corporate communications of the Company (including but not limited to annual and interim reports, annual accounts, results announcements, circulars, proxy forms and notices of general meetings and associated explanatory documents) through the websites of the Company and the Stock Exchange. The corporate communication of the Company were published in a timely manner on the websites of the Company and the Stock Exchange. Corporate communication of the Company will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding.

(ii) Shareholders' enquiries and general meetings of the Company

Shareholders can raise any comments on the performance and future directions of the Group to the Directors at general meetings and are welcomed at all times to send their enquiries to and communicate with the Company Secretary and/or our Investor Relations Department by post to the Company's registered office or by email to ir@sinooceangroup.com.

(iii) Results investor briefing

In line with market conditions and usual business practice, the Group will assess the actual requirements to hold physical interim and annual results investor briefing and/or webcast. Invited investors can attend the relevant investor briefing upon presentation of their invitation. Executive directors and/or senior management can answer questions at the meetings about the Group's operations and financial performance.

(iv) Capital market communications

Meetings with institutional investors and analyst briefings as well as marketing activities for investors and specialist industry forums will be available from time to time in order to facilitate communication between the Company and Shareholders and the investor community.

In 2023, the Group modified its communication strategies and methods with relevant stakeholders in a timely manner according to market conditions and changes in the Company's operation. The Group on the one hand enabled investors' better understanding of the Group's business development and performance through the annual results investor briefing and release of the results announcements on time; on the other hand continued to make announcements on the Stock Exchange's website, the Company's official website and other channels regarding our monthly unaudited operating statistics, as well as major news about the Group, conveying the various measures adopted and our strategic planning. The Board reviewed the communication activities with the Shareholders conducted during the year and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy. Further information about investor relations is set out in the section headed "Investor Relations" of this annual report.

INDEPENDENT AUDITOR'S REPORT



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To the Members of Sino-Ocean Group Holding Limited
(incorporated in Hong Kong with limited liability)
Report on the Audit of the Consolidated Financial Statements

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 110 to 243, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

The Group incurred a net loss of approximately RMB20.98 billion for the year ended 31 December 2023 and, as of that date, the Group’s current liabilities were in excess of current assets by approximately RMB8.45 billion. As disclosed in note 32 to the consolidated financial statements, the Group had total borrowings of approximately RMB96.14 billion, of which the current borrowings amounted to approximately RMB69.75 billion, while the Group had cash and cash equivalents of approximately RMB1.99 billion only.

Subsequent to 31 December 2023, the total principal and interest amounts of three of the Group’s bonds are approximately RMB 8.42 billion, of which approximately RMB 6.42 billion has already matured but has not been repaid, another bond with a principal amount of RMB 2 billion will mature in 2025. As of the approval date of the consolidated financial statements, the Group is in communication with the relevant bondholders of the bonds regarding the repayment adjustment arrangements. Please refer to the Group’s announcement dated 28 March 2024 for details.

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

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters for which the Group has made provision. Details are disclosed in Note 49 to the consolidated financial statements.

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

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

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

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

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

- The Group’s ability to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; and
- Successful implementation of the Group’s business strategy plan and cost control measures so as to improve the Group’s working capital and cash flow position.

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

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in Note 2.1 to the consolidated financial statements, it may not be able to continue to operate as a going concern basis, and adjustments would have to be made to write down the carrying amounts of the Group’s assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Directors’ Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group’s financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

Auditor’s Responsibilities for the audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group’s consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor’s report. This report is made solely to you, as a body, in accordance with the Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

BDO Limited
Certified Public Accountants

Chan Wing Fai
Practising Certificate Number P05443
Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
Revenue	6	46,459,008	46,126,585
Cost of sales	39	(45,276,191)	(43,749,646)
Gross profit		1,182,817	2,376,939
Interests and other income	37	854,411	1,093,965
Other losses — net	38	(672,379)	(2,688,919)
Fair value change on investment properties	12	(928,020)	(256,118)
Selling and marketing expense	39	(1,169,502)	(1,803,313)
Impairment loss on financial assets	39	(11,282,720)	(7,850,341)
Administrative expense	39	(1,694,518)	(1,697,513)
Operating loss		(13,709,911)	(10,825,300)
Finance costs	41	(3,517,124)	(3,066,124)
Share of results of joint ventures		(936,319)	(956,523)
Share of results of associates		(1,397,411)	(1,282,834)
Loss before income tax		(19,560,765)	(16,130,781)
Income tax expense	42	(1,424,120)	(2,625,399)
Loss for the year		(20,984,885)	(18,756,180)
Attributable to:			
— Owners of the Company		(21,096,541)	(19,036,534)
— Non-controlling interests		111,656	280,354
		(20,984,885)	(18,756,180)
Loss per share attributable to owners of the Company during the year (expressed in RMB)			
Basic loss per share	43	(2.770)	(2.500)
Diluted loss per share	43	(2.770)	(2.500)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	As at 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	3,492,480	3,536,637
Right-of-use assets	8	1,745,946	362,198
Land use rights	9	212,009	275,873
Intangible assets	10	400,164	459,807
Goodwill	11	1,243,182	888,654
Investment properties	12	15,857,341	7,734,474
Interests in joint ventures	14	18,679,921	20,463,935
Interests in associates	15	3,915,886	4,436,805
Financial assets at fair value through other comprehensive income	17	777,280	971,614
Financial assets at fair value through profit or loss	18	4,748,336	4,478,828
Trade and other receivables and prepayments	21	6,878,282	8,387,895
Deferred income tax assets	33	2,207,743	1,527,180
Total non-current assets		60,158,570	53,523,900
Current assets			
Properties under development	19	48,516,015	73,299,924
Inventories, at cost		1,379,381	1,223,421
Land development cost recoverable	20	1,279,428	1,275,688
Completed properties held for sale	22	26,713,610	20,234,097
Financial assets at fair value through profit or loss	18	646,833	972,284
Trade and other receivables and prepayments	21	62,409,893	80,795,277
Contract assets		46,590	29,177
Restricted bank deposits	23	3,033,268	4,763,360
Cash and cash equivalents	24	1,988,738	4,623,126
		146,013,756	187,216,354
Assets classified as held for sale	25	–	2,225,754
Total current assets		146,013,756	189,442,108

	Notes	As at 31 December	
		2023	2022
		RMB'000	RMB'000 (Restated)
Current liabilities			
Borrowings	32	69,750,588	38,091,736
Lease liabilities	8	150,898	74,782
Trade and other payables	34	49,096,209	44,882,027
Contract liabilities	35	20,872,878	41,025,991
Income tax payable		14,560,975	13,149,119
Financial liabilities at fair value through profit or loss	36	33,764	168,420
Total current liabilities		154,465,312	137,392,075
Net current (liabilities)/assets		(8,451,556)	52,050,033
Total assets less current liabilities		51,707,014	105,573,933
Non-current liabilities			
Borrowings	32	26,392,734	58,931,713
Lease liabilities	8	1,822,109	323,616
Trade and other payables	34	683,491	56,176
Deferred income tax liabilities	33	2,016,697	1,482,767
Total non-current liabilities		30,915,031	60,794,272
Net assets		20,791,983	44,779,661
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	27,329,232	27,329,232
Shares held for Restricted Share Award Scheme	26	–	(1,062)
Other reserves	28	(7,854,369)	(7,337,248)
(Accumulated losses)/retained earnings	27	(12,446,306)	8,650,235
		7,028,557	28,641,157
Non-controlling interests		13,763,426	16,138,504
Total equity		20,791,983	44,779,661

The consolidated financial statements on pages 110 to 243 were approved and authorised for issue by the board of directors and are signed on its behalf by:

LI Ming
Executive director

WANG Honghui
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company					Non-controlling interests				Total equity RMB'000
	Notes	Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinate capital securities RMB'000	Others RMB'000	
At 1 January 2023 (Restated)		27,329,232	(1,062)	(7,337,248)	8,650,235	28,641,157	2,359,000	4,349,689	9,429,815	44,779,661
Loss for the year		-	-	-	(21,096,541)	(21,096,541)	236,737	294,378	(419,459)	(20,984,885)
Fair value change on financial assets at fair value through other comprehensive income, net of tax		-	-	(190,269)	-	(190,269)	-	-	-	(190,269)
Deferred hedging gains		-	-	56,486	-	56,486	-	-	-	56,486
Currency translation differences		-	-	(344,260)	-	(344,260)	-	70,857	-	(273,403)
Share of other comprehensive income of investments accounted for using the equity method		-	-	164,174	-	164,174	-	-	-	164,174
Total comprehensive loss for the year		-	-	(313,869)	(21,096,541)	(21,410,410)	236,737	365,235	(419,459)	(21,227,897)
Transaction with owners of the Company										
Expenses on share-based payment	28	-	-	(1,479)	-	(1,479)	-	-	-	(1,479)
Vesting of shares under Restricted share award scheme	26	-	1,062	(1,062)	-	-	-	-	-	-
Distribution relating to capital instrument		-	-	-	-	-	(15,941)	-	-	(15,941)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(721,024)	(721,024)
Distribution relating to capital securities		-	-	-	-	-	-	(144,827)	-	(144,827)
Capital injection from non-controlling interests		-	-	-	-	-	-	-	108,381	108,381
Capital reduction of subsidiaries		-	-	-	-	-	-	-	(1,950,000)	(1,950,000)
Total contributions by and distributions to owners of the Company		-	1,062	(2,541)	-	(1,479)	(15,941)	(144,827)	(2,562,643)	(2,724,890)
Acquisition of subsidiaries		-	-	-	-	-	-	-	1,050,400	1,050,400
Disposal of subsidiaries		-	-	-	-	-	-	-	(508,212)	(508,212)
Acquisition and disposal of partial interests in subsidiaries		-	-	(200,711)	-	(200,711)	-	-	(376,368)	(577,079)
Total transactions with owners of the Company		-	1,062	(203,252)	-	(202,190)	(15,941)	(144,827)	(2,396,823)	(2,759,781)
At 31 December 2023		27,329,232	-	(7,854,369)	(12,446,306)	7,028,557	2,579,796	4,570,097	6,613,533	20,791,983

	Attributable to owners of the Company					Non-controlling interests				
	Notes	Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinate guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
At 1 January 2022		27,329,232	(52,317)	(87,891)	27,884,787	55,073,811	4,359,000	4,013,051	13,001,507	76,447,369
Loss for the year (Restated)		–	–	–	(19,036,534)	(19,036,534)	243,128	223,413	(186,187)	(18,756,180)
Fair value change on financial assets at fair value through other comprehensive income, net of tax		–	–	(4,686,266)	–	(4,686,266)	–	–	–	(4,686,266)
Deferred hedging gains		–	–	43,346	–	43,346	–	–	–	43,346
Currency translation differences		–	–	(1,882,689)	–	(1,882,689)	–	336,638	–	(1,546,051)
Share of other comprehensive loss of investments accounted for using the equity method		–	–	2,752	–	2,752	–	–	–	2,752
Total comprehensive loss for the year (Restated)		–	–	(6,522,857)	(19,036,534)	(25,559,391)	243,128	560,051	(186,187)	(24,942,399)
Transaction with owners of the Company										
Dividends relating to 2021		–	–	–	(198,018)	(198,018)	–	–	–	(198,018)
Expenses on share-based payment	28	–	–	13,158	–	13,158	–	–	–	13,158
Vesting of shares under Restricted Share Award Scheme	26	–	57,674	(57,674)	–	–	–	–	–	–
Purchase of shares for Restricted Share Award Scheme	26	–	(6,419)	–	–	(6,419)	–	–	–	(6,419)
Distribution relating to capital instrument		–	–	–	–	–	(243,128)	–	–	(243,128)
Distribution relating to non-controlling interest		–	–	–	–	–	–	–	(867,751)	(867,751)
Distribution relating to capital securities		–	–	–	–	–	–	(223,413)	–	(223,413)
Capital injection from non-controlling interests		–	–	–	–	–	–	–	3,810	3,810
Redemption of capital instrument		–	–	–	–	–	(2,000,000)	–	–	(2,000,000)
Total contributions by and distributions to owners of the Company		–	51,255	(44,516)	(198,018)	(191,279)	(2,243,128)	(223,413)	(863,941)	(3,521,761)
Acquisition of subsidiaries		–	–	–	–	–	–	–	332,777	332,777
Disposal of subsidiaries		–	–	–	–	–	–	–	(1,726,196)	(1,726,196)
Acquisition and disposal of partial interests in subsidiaries		–	–	(681,984)	–	(681,984)	–	–	(1,128,145)	(1,810,129)
Total transactions with owners of the Company		–	51,255	(726,500)	(198,018)	(873,263)	(2,243,128)	(223,413)	(3,385,505)	(6,725,309)
At 31 December 2022 (Restated)		27,329,232	(1,062)	(7,337,248)	8,650,235	28,641,157	2,359,000	4,349,689	9,429,815	44,779,661

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	45	5,716,955	(10,155,758)
Interest paid		(3,548,456)	(4,725,684)
Income tax paid		(538,421)	(647,989)
<i>Net cash generated from/(used in) operating activities</i>		1,630,078	(15,529,431)
Cash flows from investing activities			
Purchases of property, plant and equipment		(173,265)	(320,658)
Purchases of investment properties		(20,799)	–
Proceeds from sale of property, plant and equipment	45	73,645	102,118
Proceeds from sale of investment properties		19,050	329,969
Purchases of intangible assets and land use rights		(11,088)	(89,190)
Purchases of financial assets at fair value through profit or loss		(259,100)	(794,922)
Proceeds from disposal of financial assets at fair value through profit or loss		22,607	1,013,234
Dividends received from financial instruments		57,000	114,780
Acquisition of subsidiaries, net of cash acquired		(391,940)	(41,204)
Disposal of interests in subsidiaries, net of cash disposed		436,028	(113,900)
Capital injection to joint ventures		(99,777)	(755,959)
Capital reduction of joint ventures		10,780	–
Proceeds from disposal of joint ventures		4,556,749	1,659,609
Capital injection to associates	15	–	(113,211)
Capital reduction of associates		78,702	–
Proceeds from disposal of interests in associates		30,124	766,734
Dividends received from joint ventures and associates		46,872	120,140
Entrusted loans to third parties and related parties		(407,757)	(6,173,623)
Repayment of entrusted loans to third parties and related parties		1,169,961	15,236,754
The amounts advanced to related and third parties		(7,075,039)	(53,713,317)
The amounts repaid from related and third parties		8,196,796	47,726,112
Interest received		249,408	1,517,750
<i>Net cash generated from investing activities</i>		6,508,957	6,471,216

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		6,765,318	31,191,648
Repayments of borrowings		(16,276,280)	(33,736,867)
Capital injection from non-controlling interests		108,381	3,810
Redemption of capital instrument		–	(2,000,000)
Dividends paid to non-controlling interests		(394,221)	(867,751)
Dividends paid to the shareholders of the Company		–	(198,018)
Distribution relating to capital securities		(144,827)	(223,413)
Purchase of shares for Restricted Share Award Scheme		–	(6,419)
Consideration paid for transaction with non-controlling interests		(577,079)	(1,810,129)
Distribution relating to capital instrument		(15,941)	(243,128)
Payments of lease liabilities		(239,314)	(88,391)
<i>Net cash used in financing activities</i>		(10,773,963)	(7,978,658)
Decrease in cash and cash equivalents		(2,634,928)	(17,036,873)
Cash and cash equivalents at beginning of the year	24	4,623,126	21,655,471
Effect of exchange rate changes on cash and cash equivalents		540	4,528
Cash and cash equivalents at end of the year	24	1,988,738	4,623,126

The notes on pages 118 to 243 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

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

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

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

2.1 Basis of measurement and going concern assumption

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

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

The Group incurred a net loss of approximately RMB20.98 billion for the year ended 31 December 2023 and, as of that date, the Group’s current liabilities were in excess of current assets by approximately RMB8.45 billion. As disclosed in note 32 to the consolidated financial statements, the Group had total borrowings of approximately RMB96.14 billion, of which the current borrowings amounted to approximately RMB69.75 billion, while the Group had cash and cash equivalents of approximately RMB1.99 billion only.

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

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

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

2.1 Basis of measurement and going concern assumption (Continued)

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters for which the Group has made provision. Details are disclosed in Note 49 to the consolidated financial statements.

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

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

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

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

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

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

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

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

2.1 Basis of measurement and going concern assumption (Continued)

- The Group has been actively working with its advisors to formulate a practicable restructuring proposal for the Group's offshore debts. In September 2023, the Group has announced to commence the Offshore Debt Restructuring and has appointed Houlihan Lokey (China) Limited as the financial advisor and Sidley Austin as its legal advisor to assist the Group in assessing and formulating an optimal solution for its existing capital structure and liquidity challenges. The Group will continue to engage financial advisor and legal advisor to assess its current financial and operational conditions with a view to formulating a solution that respects the rights of all stakeholders and provides a sustainable capital structure, and establishes a runway for the Group to stabilise its operations. More detailed information of the Offshore Debt Restructuring been disclosed in the announcements of the Company dated 15 September 2023, 12 October 2023, 10 November 2023 and 8 February 2024 on the Stock Exchange of Hong Kong;
- The Group has been proactive in seeking ways to resolve the outstanding litigations of the Group. The Group is positive that it can continue to reach an amicable solution on the litigations which have not yet reached a definite outcome;
- The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions;
- The Group will continue to seek to obtain additional new sources of financing through all possible channels;
- The Group will continue to maintain active dialogue to secure a continuing and normal business relationship with major constructors and suppliers, including agreement on the payment arrangements with them and to complete the construction progress by them as scheduled;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Subject to the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and presales volumes and amounts;
- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending.

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

2.1 Basis of measurement and going concern assumption (Continued)

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

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

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

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

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

2.2 Prior year adjustments

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

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

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

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

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

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

2.2 Prior year adjustments (Continued)

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

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

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

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

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

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

2.2 Prior year adjustments (Continued)

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

	2022			
	(As previously reported) RMB'000	Prior year adjustments		(As restated) RMB'000
		RMB'000	RMB'000	
		(a)	(b)	
Revenue	46,126,585	–	–	46,126,585
Cost of sales	(43,749,646)	–	–	(43,749,646)
Gross profit	2,376,939	–	–	2,376,939
Interests and other income	1,093,965	–	–	1,093,965
Other losses — net	(2,688,919)	–	–	(2,688,919)
Fair value change on investment properties	(256,118)	–	–	(256,118)
Selling and marketing expense	(1,803,313)	–	–	(1,803,313)
Impairment loss on financial assets	(5,154,805)	–	(2,695,536)	(7,850,341)
Administrative expense	(1,697,513)	–	–	(1,697,513)
Operating loss	(8,129,764)	–	(2,695,536)	(10,825,300)
Finance costs	(3,066,124)	–	–	(3,066,124)
Share of results of joint ventures	(956,523)	–	–	(956,523)
Share of results of associates	(872,045)	(410,789)	–	(1,282,834)
Loss before income tax	(13,024,456)	(410,789)	(2,695,536)	(16,130,781)
Income tax expense	(2,625,399)	–	–	(2,625,399)
Loss for the year	(15,649,855)	(410,789)	(2,695,536)	(18,756,180)
Attributable to:				
— Owners of the Company	(15,930,209)	(410,789)	(2,695,536)	(19,036,534)
— Non-controlling interests	280,354	–	–	280,354
	(15,649,855)	(410,789)	(2,695,536)	(18,756,180)
Loss per share attributable to owners of the Company during the year (expressed in RMB)				
Basic loss per share	(2.092)	(0.054)	(0.354)	(2.500)
Diluted loss per share	(2.092)	(0.054)	(0.354)	(2.500)

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

2.2 Prior year adjustments (Continued)

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

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

2.2 Prior year adjustments (Continued)

	2022			
	(As previously reported)	Prior year adjustments		(As restated)
	RMB'000	RMB'000	RMB'000	RMB'000
		(a)	(b)	
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	3,536,637	—	—	3,536,637
Right-of-use assets	362,198	—	—	362,198
Land use rights	275,873	—	—	275,873
Intangible assets	459,807	—	—	459,807
Goodwill	888,654	—	—	888,654
Investment properties	7,734,474	—	—	7,734,474
Interests in joint ventures	20,463,935	—	—	20,463,935
Interests in associates	4,847,594	(410,789)	—	4,436,805
Financial assets at fair value through other comprehensive income	971,614	—	—	971,614
Financial assets at fair value through profit or loss	4,478,828	—	—	4,478,828
Trade and other receivables and prepayments	8,387,895	—	—	8,387,895
Deferred income tax assets	1,527,180	—	—	1,527,180
Total non-current assets	53,934,689	(410,789)	—	53,523,900
Current assets				
Properties under development	73,299,924	—	—	73,299,924
Inventories, at cost	1,223,421	—	—	1,223,421
Land development cost recoverable	1,275,688	—	—	1,275,688
Completed properties held for sale	20,234,097	—	—	20,234,097
Financial assets at fair value through profit and loss	972,284	—	—	972,284
Trade and other receivables and prepayments	83,490,813	—	(2,695,536)	80,795,277
Contract assets	29,177	—	—	29,177
Restricted bank deposits	4,763,360	—	—	4,763,360
Cash and cash equivalents	4,623,126	—	—	4,623,126
	189,911,890	—	(2,695,536)	187,216,354
Assets classified as held for sale	2,225,754	—	—	2,225,754
Total current assets	192,137,644	—	(2,695,536)	189,442,108

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

2.2 Prior year adjustments (Continued)

	2022			
	(As previously reported)	Prior year adjustments		(As restated)
	RMB'000	RMB'000	RMB'000	RMB'000
		(a)	(b)	
Current liabilities				
Borrowings	38,091,736	–	–	38,091,736
Lease liabilities	74,782	–	–	74,782
Trade and other payables	44,882,027	–	–	44,882,027
Contract liabilities	41,025,991	–	–	41,025,991
Income tax payable	13,149,119	–	–	13,149,119
Financial liabilities at fair value through profit or loss	168,420	–	–	168,420
Total current liabilities	137,392,075	–	–	137,392,075
Net current assets	54,745,569	–	(2,695,536)	52,050,033
Total assets less current liabilities	108,680,258	(410,789)	(2,695,536)	105,573,933
Non-current liabilities				
Borrowings	58,931,713	–	–	58,931,713
Lease liabilities	323,616	–	–	323,616
Trade and other payables	56,176	–	–	56,176
Deferred income tax liabilities	1,482,767	–	–	1,482,767
Total non-current liabilities	60,794,272	–	–	60,794,272
Net assets	47,885,986	(410,789)	(2,695,536)	44,779,661
EQUITY				
Equity attributable to owners of the Company				
Share capital	27,329,232	–	–	27,329,232
Shares held for Restricted Share Award Scheme	(1,062)	–	–	(1,062)
Other reserves	(7,337,248)	–	–	(7,337,248)
Retained earnings	11,756,560	(410,789)	(2,695,536)	8,650,235
	31,747,482	(410,789)	(2,695,536)	28,641,157
Non-controlling interests	16,138,504	–	–	16,138,504
Total equity	47,885,986	(410,789)	(2,695,536)	44,779,661

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

3. SUMMARY OF ACCOUNTING POLICIES

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

3.1 Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

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

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

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

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.1 Changes in accounting policy and disclosures (Continued)

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

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

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

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

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

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

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

3.2 Subsidiaries

3.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income (OCI). Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 Consolidation (Continued)

(d) Disposal of interests in subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.3 Joint arrangements

Under HKFRS 11 interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, amounts reported by joint ventures have been adjusted to ensure consistency with the policies adopted by the Group.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, amounts reported by associates have been adjusted to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of profit or loss.

When the Group begins to have significant influence but not control over another entity as a result of increasing its stake or having representation on the board, an existing investment becomes an associate for the first time, the investment in the associate is initially recognised at the cost of each purchase plus a share of investee's profits or losses which is recognised in the consolidated statement of profit or loss and other comprehensive income which is recognised in other comprehensive income, and acquisition-related costs are deemed as part of the cost of investment. Any existing gains or losses recognised in respect of the previously held investment are reversed to restate the investment to cost.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in RMB, which is the functional currency of the Company and its subsidiaries and the presentation currency of the Group.

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity’s foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity’s functional currency based on individual facts and circumstances.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss. All the foreign exchange gains and losses are presented in the income statement within “other losses — net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value change. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value change and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in statement of comprehensive income.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.7 Properties

(a) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under leases are classified and accounted for as investment property when the rest of the definition of investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value change reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss.

(b) Land use rights

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the statement of financial position, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.13.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and leasehold improvements	5–50 years
Machinery	5–15 years
Vehicles	4–10 years
Office equipment	3–5 years
Electronic equipment	3–20 years

Leasehold improvements' estimated useful life is shorter of remaining lease term of or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other losses — net", in the consolidated statement of profit or loss.

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generated units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.9 Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generated units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Financial assets

3.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value change on equity investments in OCI, there is no subsequent reclassification of fair value change to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 5(h) for further details.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

3.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

(ii) **Net investment hedges**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) **Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

3.13 Inventories

(a) **Properties under development**

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprise land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

(b) **Completed properties held for sale**

Completed properties held for sale are completed properties remaining unsold or undelivered at the statement of financial position date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold or undelivered properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less estimated selling expenses, or by management estimates based on prevailing marketing conditions.

(c) **Other inventories**

Other inventories mainly comprise raw materials for construction. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.14 Trade receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.11 for further information about the Group's accounting policies.

3.15 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

3.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.17 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Capital securities and capital instrument

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

3.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.21.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries/territories where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.21.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.21 Current and deferred income tax (Continued)

3.21.2 Deferred income tax (Continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

3.21.3 Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.22 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus entitlements

Expected costs of bonus payments are recognised as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.22 Employee benefits (Continued)

(c) Retirement benefits (Continued)

The Group also participates in a pension scheme under the rules and regulations of the Mandatory provident Fund Scheme Ordinance (“MPF Scheme”) for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees’ relevant aggregate income and HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group’s contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

3.23 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including “share option scheme” and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

• Share option scheme

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity’s share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.23 Share-based payments (Continued)

- **Restricted Shares Award Scheme**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Restricted Share Award Scheme" in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company's shares to grantees upon vesting, the related costs of the awarded shares are credited to "Shares held for Restricted Share Award Scheme".

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

3.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and the amount initially recognised loss, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers. Any increase in the liability relating to guarantees is reported in the statement of profit or loss.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Group.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.25 Revenue recognition

Revenue is measured at the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) **Sales of properties and construction services**

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over time of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(b) **Property management and agency fee income**

Property management and agency fee income is recognised in the accounting period in which the services are rendered.

(c) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.27 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and re-recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2023, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax loss for the year of the Group would have been approximately RMB1,248,859,000 higher/lower (2022: RMB1,261,107,000 higher/lower), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2023 and 2022, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2023, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax loss, after taking into account the impact of interest capitalization, would increase/decrease by approximately RMB22,931,000 (2022: RMB19,372,000).

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as financial assets at FVOCI and FVPL. The Group monitors the pricing change of these equity securities during each reporting period to manage the price risk.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

(i) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. To measure the expected credit losses ("ECL"), trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporates forward-looking information.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

As at 31 December 2023, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	2.8%	12.5%	7.7%	30.4%	100.0%	13.0%
Gross carrying amount						
— trade receivables	1,590,839	2,332,846	1,467,025	308,612	235,885	5,935,207
— contract assets	46,590	—	—	—	—	46,590
Loss allowance						
— trade receivables and contract assets	45,692	292,013	112,548	93,813	235,885	779,951

As at 31 December 2022, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	1.6%	9.6%	5.3%	31.6%	100.0%	8.8%
Gross carrying amount						
— trade receivables	1,952,854	2,047,211	1,269,705	443,507	74,246	5,787,523
— contract assets	29,177	—	—	—	—	29,177
Loss allowance						
— trade receivables and contract assets	32,633	195,988	67,599	140,166	74,246	510,632

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. The derecognition of ECL from disposal of subsidiaries was approximately RMB248,000 (2022: RMB332,000) for trade receivables and contract assets during the year ended 31 December 2023.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2023, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Carrying amount of other receivables	62,097,017	7,488,702	69,585,719
Expected credit loss rate	26.57%	12.73%	25.08%
Loss allowance	16,496,229	953,379	17,449,608
Other receivables, net	45,600,788	6,535,323	52,136,111

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables (Continued)

As at 31 December 2022, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests	Receivables from other third parties excluding prepayments	Total
	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)
Carrying amount of other receivables	71,339,947	7,841,716	79,181,663
Expected credit loss rate	10.21%	6.93%	9.89%
Loss allowance	7,284,404	543,823	7,828,227
Other receivables, net	64,055,543	7,297,893	71,353,436

Other receivables are written off when there is no reasonable expectation of recovery. The derecognition of ECL from disposal of subsidiaries and the written-off of ECL totally was approximately RMB1,391,772,000 (2022: RMB4,068,000) for other receivables during the year ended 31 December 2023.

(iv) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group can forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal, and the financial guarantees measured at fair value is immaterial.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the finance department of the Group. The finance department of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Borrowings	73,545,908	12,083,464	10,763,350	7,416,563	103,809,285
Lease liabilities	259,891	182,975	633,428	1,739,109	2,815,403
Trade and other payables excluding statutory liabilities	45,394,229	627,315	56,176	–	46,077,720
	119,200,028	12,893,754	11,452,954	9,155,672	152,702,408
At 31 December 2022					
Borrowings	42,111,473	23,836,677	33,335,420	8,776,239	108,059,809
Lease liabilities	140,471	43,485	120,948	300,150	605,054
Trade and other payables excluding statutory liabilities	37,564,361	37,009	19,167	–	37,620,537
	79,816,305	23,917,171	33,475,535	9,076,389	146,285,400

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 46(a)). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;
- which the Group make for its related and third parties' borrowings (Note 46(b)). Such guarantees terminate upon the repayment of relevant borrowings.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2023 and 2022 were as follows.

	As at 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Total borrowings (Note 32)	96,143,322	97,023,449
Less: cash and cash equivalents (Note 24)	(1,988,738)	(4,623,126)
Net debt	94,154,584	92,400,323
Total equity	20,791,983	44,779,661
Total capital	114,946,567	137,179,984
Gearing ratio	82%	67%

The increase in gearing ratio in 2023 is primarily due to decrease in cash and cash equivalents which is mainly attributed to the net cash used in operating activities and financing activities.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets or liabilities that are measured at fair value at 31 December 2023 and 2022. See Note 12 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2023				
Assets				
Financial assets at fair value through profit or loss (Note 18)	166,023	89,423	5,139,723	5,395,169
Financial assets at fair value through other comprehensive income (Note 17)	15,856	–	761,424	777,280
	181,879	89,423	5,901,147	6,172,449
Liabilities				
Financial liabilities at fair value through profit or loss (Note 36)	–	(33,764)	–	(33,764)
At 31 December 2022				
Assets				
Financial assets at fair value through profit or loss (Note 18)	481,284	229,227	4,740,601	5,451,112
Financial assets at fair value through other comprehensive income (Note 17)	16,020	–	955,594	971,614
	497,304	229,227	5,696,195	6,422,726
Liabilities				
Financial liabilities at fair value through profit or loss (Note 36)	–	(168,420)	–	(168,420)

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

During the period, there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

(a) **Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily the listed United States and HKSE equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(b) **Financial instruments in Level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise primarily equity fund, the underlying portfolio invested by equity fund are all listed equity shares, the valuation of equity fund is determined based on the quoted market price of listed equity shares.

(c) **Financial instruments in Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(c) Financial instruments in Level 3 (Continued)

The following table presents the changes in Level 3 instruments for the year ended 31 December 2023 and 2022.

	Financial assets at fair value through other comprehensive income and through profit or loss 2023 RMB'000	Financial assets at fair value through other comprehensive income and through profit or loss 2022 RMB'000
Financial assets in Level 3		
Opening balance	5,696,195	10,833,241
Addition	259,100	481,470
Increase due to acquisition of a subsidiary	580,860	1,000
Fair value change	(659,334)	(5,411,552)
Currency translation difference	27,761	453,175
Disposal	(3,435)	(661,139)
Closing balance	5,901,147	5,696,195

(d) Information about Level 3 fair value measurements

The following tables summarise the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement of equity fund investments and unlisted equity investments.

As at 31 December 2023 and 2022, the underlying portfolio invested by equity fund are all properties located in Mainland China, United States and Hong Kong, the valuation of equity fund investment is determined based on the valuation of properties.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(d) Information about Level 3 fair value measurements (Continued)

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted fund investments which principally invests in residential and commercial real estate	Comparative method	Prevailing market transaction price	RMB30,440 to RMB58,094 per square meter	The higher transaction price, the higher fair value
	Income capitalization	Prevailing market rents	RMB107 to RMB606 per month per square meter	The higher rents, the higher fair value
		Capitalization rates	3.50% to 6.50%	The higher capitalization rate, the lower fair value
Unlisted fund investments which principally invests in logistics real estate, medical industry, and other industries	Comparative method	Evaluation/Sales ratio	1.14 to 10.07	The higher evaluation/sales ratio, the higher fair value
		Evaluation/EBIT ratio	14.93 to 40.29	The higher evaluation/EBIT ratio, the higher fair value
		Evaluation/EBITDA ratio	17.03	The higher evaluation/EBITDA ratio, the higher fair value
		Liquidity discount rate	11.00% to 26.00%	The higher liquidity discount rate, the lower fair value
Income capitalization	Capitalization rates	9.11%	The higher capitalization rate, the lower fair value	

As at 31 December 2023 and 2022, the significant unlisted equity investments are mainly include perpetual and preferred equity instruments issued by associates of the Group.

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted equity investments	Income Approach	Discount rate	8.35% to 53.38%	The higher discount rate, the lower fair value
	Binominal pricing model	Risk-free interest rate	3.75%	The higher interest rate, the lower fair value
		Volatility	53.85%	The higher volatility level, the higher fair value
Black-Scholes Option Pricing Model	Risk-free interest rate	Volatility	4.01%	The higher interest rate, the lower fair value
		Volatility	37.25%	The higher volatility level, the higher fair value

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(e) Valuation process

The finance department of the Group includes a team that performs the valuations of Level 3 financial instruments required for financial reporting purposes. The finance department of the Group reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

The components of the Level 3 instruments mainly include investments in private investment funds and unlisted companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and comparable transactions approaches. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate and recent market transactions etc. The fair values of these instruments determined by the Group requires significant judgement, including the financial performance of the investee company, market value of comparable properties as well as discount rate, etc.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 12.

(b) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Income taxes and land appreciation tax (“LAT”) (Continued)

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognised LAT based on management’s best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated statement of profit or loss in the periods in which such taxes are finalized with local tax authorities.

(c) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(d) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognised.

(e) Revenue recognition

Revenue from sales of properties is recognised over time when the Group’s performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

(f) Estimated impairment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit’s fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(g) Estimate impairment of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are reviewed by management for impairment, to ensure that the carrying amount would not be higher than net realisable value. The net realisable value is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties (applicable to properties under development) and selling expenses and carrying amount of the properties under development and completed properties held for sale. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties (applicable to properties under development) and cost to sell in determining the net realisable value.

(h) Impairment of financial assets

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 4.

(i) Going concern

The assessment of the going concern assumption involves making a judgement by the Board of the Company, at the end of the reporting period, about the future outcome of events or conditions, which are inherently uncertain. The Board of the Company considers that the Group have the capabilities to continue as going concerns and the major events and conditions, which may give rise to business risks, that individually or collectively may cast doubt upon the going concern assumption and related mitigating measures taken by management are set out in Note 2.1.

6. SEGMENT INFORMATION

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

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

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

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

6. SEGMENT INFORMATION (Continued)

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

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

	Property development						Property investment	Property management	All other segments	Total
	Beijing Region	Bohai Rim Region	Eastern China Region	Southern China Region	Central China Region	Western China Region				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023										
Total revenue	2,818,710	10,093,280	7,186,772	6,343,071	11,298,589	1,801,161	453,829	3,133,209	6,635,718	49,764,339
Inter-segment revenue	(39,610)	(118,271)	(306,673)	–	–	(84,119)	(7,900)	(248,172)	(2,500,586)	(3,305,331)
Revenue (from external customers)	2,779,100	9,975,009	6,880,099	6,343,071	11,298,589	1,717,042	445,929	2,885,037	4,135,132	46,459,008
Segment operating profit/(loss)	(103,427)	(169,802)	(173,793)	(67,505)	(241,597)	(559,371)	280,732	(119,487)	(10,706,295)	(11,860,545)
Depreciation and amortization (Note 39)	(18,316)	(1,716)	(1,283)	(1,673)	(2,020)	(1,400)	(2,296)	(58,921)	(313,434)	(401,059)
Year ended 31 December 2022 (Restated)										
Total revenue	4,234,290	10,873,200	8,245,348	5,497,254	6,810,585	1,499,089	394,866	3,269,905	9,321,561	50,146,098
Inter-segment revenue	–	(1,426)	–	(24,271)	(2,323)	(156)	(3,666)	(401,546)	(3,586,125)	(4,019,513)
Revenue (from external customers)	4,234,290	10,871,774	8,245,348	5,472,983	6,808,262	1,498,933	391,200	2,868,359	5,735,436	46,126,585
Segment operating profit/(loss)	(1,082,525)	(1,371,760)	(917,236)	(1,115,455)	547,376	(280,289)	122,726	46,909	(3,455,710)	(7,505,964)
Depreciation and amortization (Note 39)	(653)	(12,712)	(2,367)	(5,206)	(2,181)	(1,903)	(1,664)	(28,784)	(237,098)	(292,568)

6. SEGMENT INFORMATION (Continued)

	Property development						Property investment	Property management	All other segments	Total
	Beijing Region	Bohai Rim Region	Eastern China Region	Southern China Region	Central China Region	Western China Region				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
As at 31 December 2023										
Total segment assets	18,956,191	15,850,019	14,392,027	19,716,285	14,895,793	7,542,554	15,709,032	3,794,514	64,310,813	175,167,228
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,627	104	3,492	97	18	12	2,372	24,833	789,730	822,285
Total segment liabilities	8,165,428	12,409,641	11,417,437	12,036,938	7,754,430	4,600,007	1,049,603	1,822,321	27,930,755	87,186,560
As at 31 December 2022 (Restated)										
Total segment assets	16,002,920	22,739,272	21,100,106	23,452,087	25,991,484	7,528,940	3,699,509	3,831,075	85,666,332	210,011,725
Additions to non-current assets (other than financial instruments and deferred income tax assets)	530,580	40,457	41	905	653	417	29	100,324	2,153,553	2,826,959
Total segment liabilities	6,170,793	15,356,930	15,458,748	13,118,688	15,354,419	5,026,319	174,213	1,836,577	27,015,024	99,511,711

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Segment operating loss	(11,860,545)	(7,505,964)
Corporate finance income	165	626
Corporate overheads	(249,132)	(374,925)
Fair value change on investment properties (Note 12)	(928,020)	(256,118)
Other losses — net (Note 38)	(672,379)	(2,688,919)
Finance costs (Note 41)	(3,517,124)	(3,066,124)
Share of results of joint ventures	(936,319)	(956,523)
Share of results of associates	(1,397,411)	(1,282,834)
Loss before income tax	(19,560,765)	(16,130,781)

6. SEGMENT INFORMATION (Continued)

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Total segment assets	175,167,228	210,011,725
Corporate cash and cash equivalents	29,099	103,637
Interests in joint ventures (Note 14)	18,679,921	20,463,935
Interests in associates (Note 15)	3,915,886	4,436,805
Financial assets at fair value through other comprehensive income (Note 17)	777,280	971,614
Financial assets at fair value through profit or loss (Note 18)	5,395,169	5,451,112
Deferred income tax assets (Note 33)	2,207,743	1,527,180
Total assets per consolidated statement of financial position	206,172,326	242,966,008
Total segment liabilities	87,186,560	99,511,711
Current borrowings (Note 32)	69,750,588	38,091,736
Non-current borrowings (Note 32)	26,392,734	58,931,713
Deferred income tax liabilities (Note 33)	2,016,697	1,482,767
Financial liabilities at fair value through profit or loss (Note 36)	33,764	168,420
Total liabilities per consolidated statement of financial position	185,380,343	198,186,347

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 31 December 2023							
Opening net book amount	2,034,648	76,592	11,414	32,433	435,446	946,104	3,536,637
Additions	7,309	16,756	445	18,327	24,568	105,860	173,265
Acquisition of subsidiaries	–	958	327	16,312	21,798	–	39,395
Transfer	–	8,174	–	–	–	(8,174)	–
Disposals	(68,068)	(959)	(140)	(260)	(5,454)	(5,629)	(80,510)
Depreciation charge (Note 39)	(32,542)	(12,795)	(3,389)	(28,301)	(50,289)	–	(127,316)
Disposal of interests in subsidiaries	(38,797)	–	(281)	(1,054)	(212)	(8,647)	(48,991)
Closing net book amount	1,902,550	88,726	8,376	37,457	425,857	1,029,514	3,492,480
At 31 December 2023							
Cost	1,963,043	112,917	52,376	162,830	771,885	1,029,514	4,092,565
Accumulated depreciation	(60,493)	(24,191)	(44,000)	(125,373)	(346,028)	–	(600,085)
Net book amount	1,902,550	88,726	8,376	37,457	425,857	1,029,514	3,492,480
As at 31 December 2022							
Opening net book amount	1,656,407	5,264	6,929	4,010	497,142	1,034,345	3,204,097
Additions	161,338	11,752	16,717	27,232	18,598	85,022	320,659
Acquisition of subsidiaries	67,775	63,429	4,884	342	685	8,268	145,383
Transfer	–	–	–	23,377	–	(23,377)	–
Transfer to investment properties (Note 12)	(310,854)	–	–	–	–	–	(310,854)
Transfer from properties under development (Note 19)	526,844	–	–	–	–	–	526,844
Disposals	(40,617)	(303)	(13,911)	(422)	(7,269)	(38,919)	(101,441)
Depreciation charge (Note 39)	(26,245)	(3,550)	(3,205)	(21,985)	(73,554)	–	(128,539)
Disposal of interests in subsidiaries	–	–	–	(121)	(156)	(119,235)	(119,512)
Closing net book amount	2,034,648	76,592	11,414	32,433	435,446	946,104	3,536,637
At 31 December 2022							
Cost	2,069,770	94,010	57,640	137,337	733,840	946,104	4,038,701
Accumulated depreciation	(35,122)	(17,418)	(46,226)	(104,904)	(298,394)	–	(502,064)
Net book amount	2,034,648	76,592	11,414	32,433	435,446	946,104	3,536,637

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses of approximately RMB107,876,000 (2022: RMB112,913,000) and approximately RMB19,440,000 (2022: RMB15,626,000) have been charged in cost of sales and in administrative expenses, respectively.

Construction in progress as at 31 December 2023 and 31 December 2022 represents buildings and data centers under construction mainly in Beijing, Shijiazhuang, Dalian and Suzhou with intended use for senior housing or health care related services and operation of data centers.

As at 31 December 2023, property, plant and equipment of the Group with carrying amount of approximately RMB1,034,600,000 (2022:RMB687,001,000) were pledged as collateral for the Group's borrowings.

8. LEASES

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Right-of-use assets		
Leased buildings	1,743,582	360,447
Other	2,364	1,751
Total right-of-use assets per consolidated statement of financial position	1,745,946	362,198
Lease liabilities		
Current	150,898	74,782
Non-current	1,822,109	323,616
Total lease liabilities per consolidated statement of financial position	1,973,007	398,398

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets		
Leased buildings	(185,500)	(76,787)
Other	(1,623)	(2,247)
Total (Note 39)	(187,123)	(79,034)
Interest expense (Note 41)	(117,672)	(24,204)

8. LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices and pension service. Rental contracts are typically made for fixed periods of 15 months to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

9. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years (including 50 years). The movements are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	275,873	197,949
Additions	–	87,418
Transfer from properties under development (Note 19)	–	19,866
Amortization charge (Note 39)	(15,889)	(29,360)
Disposal of a subsidiary	(47,975)	–
At end of the year	212,009	275,873

As at 31 December 2023, the land use rights of the Group with carrying amounts of approximately RMB24,230,000 (2022: RMB4,698,000) were pledged as collateral for the Group's borrowings.

10. INTANGIBLE ASSETS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	459,807	219,074
Additions	11,088	1,772
Acquisition of subsidiaries	–	294,596
Amortization charge (Note 39)	(70,731)	(55,635)
At end of the year	400,164	459,807

11. GOODWILL

	As at 31 December	
	2023 RMB'000	2022 RMB'000
At the beginning of the year	888,654	378,198
Acquisition of subsidiaries	355,473	511,394
Derecognition of goodwill (Note 39)	(945)	(938)
At the end of the year	1,243,182	888,654

Goodwill was generated from business combination and allocated to a cash generating unit or a group of cash generating units, from the acquisition date, that is expected to benefit from the synergies of the combination. Derecognition of goodwill allocated to a cash generating unit or a group of cash generating units was recognised due to disposal of the relevant properties.

Goodwill is allocated to the Group's cash generating units identified which is not larger than an operating segment. A summary of the goodwill allocation is presented below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Internet digital center related business (i)	213,948	213,948
Property management (ii)	455,757	458,359
Property development (iii)	4,431	5,376
Pension service (iv)	393,632	35,560
Other (v)	175,414	175,411
	1,243,182	888,654

- (i) Goodwill relating to internet digital center service contracts and customer relationship arose from the acquisition of internet digital center service companies.
- (ii) Goodwill relating to property management arose from the acquisition of property management companies. Impairment of such goodwill is considered together with the impairment of other non-financial assets of the Group.
- (iii) Goodwill relating to property development arose from the acquisition of properties development companies, the impairment of such goodwill is considered together with the impairment of the properties under development and completed properties held for sales of the Group.
- (iv) Goodwill relating to pension service arose from the acquisition of Suzhou Chunxuanmao Yitian Nursing Home Co., Ltd., Tianjin Hebei Chunxuanmao Jingwen Pension Service Co., Ltd., Guangzhou Chunxuanmao ChenYong Pension Service Co., Ltd., etc.. Impairment of such goodwill is considered together with the impairment of other non-financial assets of the Group.
- (v) Such goodwill raised from the acquisition of companies engaged in other fields, including landscaping and other construction companies. Impairment of such goodwill is considered together with the impairment of other non-financial assets of the Group.

11. GOODWILL (Continued)

As of 31 December 2023 and 2022, management performed impairment assessment on goodwill. The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on management's financial budgets covering periods of no more than 5 years. The Group expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing scale.

Key assumptions applied in the impairment test for the goodwill include the expected growth in revenue, terminal growth rate and pre-tax discount rate and so on. Management determined these key assumptions based on past performance and its expectation on market development. Management believes that any reasonably possible change in any of these key assumption on which recoverable amounts are based may not cause the carrying amounts of goodwill to exceed their recoverable amounts. As at 31 December 2023, the range of revenue growth rate, terminal growth rate and pre-tax discount rate used for the analysis of each of the CGUs are from -0.37% to 66.67%, 0% to 2% and 8.97% to 17.03% respectively.

12. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment Properties under development RMB'000	Total RMB'000
At fair value			
Year ended 31 December 2023			
At beginning of the year	7,734,474	–	7,734,474
Additions	20,799	–	20,799
Disposal	(19,050)	–	(19,050)
Acquisition of subsidiaries	4,185,500	3,788,000	7,973,500
Transfer from completed properties held for sales	1,073,395	–	1,073,395
Currency translation differences	2,243	–	2,243
Fair value change recognised in profit or loss	(928,020)	–	(928,020)
At end of the year	12,069,341	3,788,000	15,857,341
At fair value			
Year ended 31 December 2022			
At beginning of the year	6,441,213	–	6,441,213
Disposal	(393,593)	–	(393,593)
Acquisition of subsidiaries	1,394,884	–	1,394,884
Transfer from completed properties held for sales	222,068	–	222,068
Transfer from property, plant and equipment (Note 7)	310,854	–	310,854
Currency translation differences	15,166	–	15,166
Fair value change recognised in profit or loss	(256,118)	–	(256,118)
At end of the year	7,734,474	–	7,734,474

12. INVESTMENT PROPERTIES (Continued)

(a) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income	445,929	391,200
Direct operating expenses arising from investment properties that generate rental income	(101,635)	(135,461)
Direct operating expenses that did not generate rental income	(19,910)	(8,686)
	324,384	247,053

(b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2023									
	Completed investment properties						Sub total RMB'000	Investment properties under development		Total RMB'000
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	United States RMB'000	Shuyang RMB'000	Ganzhou RMB'000		Beijing RMB'000		
Opening balance as at 1 January	6,784,020	732,000	19,050	199,404	-	-	7,734,474	-	7,734,474	
Additions	20,799	-	-	-	-	-	20,799	-	20,799	
Disposal	-	-	(19,050)	-	-	-	(19,050)	-	(19,050)	
Acquisition of subsidiaries	4,185,500	-	-	-	-	-	4,185,500	3,788,000	7,973,500	
Transfer from completed properties held for sales	-	-	-	-	506,227	567,168	1,073,395	-	1,073,395	
Currency translation differences	-	-	-	2,243	-	-	2,243	-	2,243	
Fair value change recognised in profit or loss	(488,691)	(94,000)	-	(135,424)	(153,567)	(56,338)	(928,020)	-	(928,020)	
Closing balance as at 31 December	10,501,628	638,000	-	66,223	352,660	510,830	12,069,341	3,788,000	15,857,341	

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Fair value measurements using significant unobservable inputs

	31 December 2022						
	Completed investment properties					Investment properties under development	
	Beijing RMB'000	Tianjin RMB'000	Dalian RMB'000	United States RMB'000	Sub total RMB'000	Beijing RMB'000	Total RMB'000
Opening balance as at 1 January	5,755,937	–	443,000	242,276	6,441,213	–	6,441,213
Disposal	–	–	(393,593)	–	(393,593)	–	(393,593)
Acquisition of subsidiaries	662,884	732,000	–	–	1,394,884	–	1,394,884
Transfer from completed properties held for sales	222,068	–	–	–	222,068	–	222,068
Transfer from properties, plant and equipment (Note 7)	310,854	–	–	–	310,854	–	310,854
Currency translation differences	–	–	–	15,166	15,166	–	15,166
Fair value change recognised in profit or loss	(167,723)	–	(30,357)	(58,038)	(256,118)	–	(256,118)
Closing balance as at 31 December	6,784,020	732,000	19,050	199,404	7,734,474	–	7,734,474

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were mainly revalued by Cushman & Wakefield Limited, Newmark Valuation & Advisor Limited, Shenzhen Worldunion Land Real Estate Appraisal Limited etc. the independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The finance department of the Group reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department of the Group:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuers.

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Valuation techniques

Fair values of completed properties in Beijing, Tianjin, Dalian, Shuyang and the United States are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of completed properties in Ganzhou is generally derived using the comparative method.

Fair values of investment properties under development in Beijing are generally derived using the hypothetical development method and cost method.

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

Significant unobservable inputs used to determine fair value

- Completed investment properties

Description	Fair value at 31 December 2023 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		
			Prevailing market rents	Prevailing market transaction price	Capitalization rates (%)
Completed investment properties — Beijing	10,501,628	Income capitalization	RMB30 to RMB593 per month per square meter	Not applicable	4.5-7.0
Completed investment properties — Tianjin	638,000	Income capitalization	RMB64 to RMB111 per month per square meter	Not applicable	6.5
Completed investment properties — Shuyang	352,660	Income capitalization	RMB33.28 per month per square meter	Not applicable	6.0-6.5
Completed investment properties — Ganzhou	510,830	Comparative method	Not applicable	RMB7,979.8 to RMB11,000 per square meter	Not applicable
Completed investment properties — United States	66,223	Income capitalization	USD5 per month per square feet	Not applicable	7.0

- Investment properties under development

Description	Fair value at 31 December 2023 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs	
			Profit Rate of Cost(%)	Development costs to completion
Investment properties under development — Beijing	3,788,000	Cost method	25.0	Not applicable
		Hypothetical development method	Not applicable	Approximately RMB624 per square meter

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value (Continued)

- Completed investment properties (Continued)

Description	Fair value at 31 December 2022 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs	
			Prevailing market rents	Capitalization rates (%)
Completed investment properties — Beijing	6,784,020	Income capitalization	RMB25 to RMB981 per month per square meter	4.50-8.85
Completed investment properties — Tianjin	732,000	Income capitalization	RMB71 to RMB85 per month per square meter	6.50
Completed investment properties — Dalian	19,050	Income capitalization	RMB64 to RMB111 per month per square meter	6.00
Completed investment properties — United States	199,404	Income capitalization	USD3 per month per square feet	6.50

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

(c) Non-current assets pledged as collateral

As at 31 December 2023 and 2022, investment properties of the Group with carrying amount of approximately RMB13,372,271,000 and RMB4,872,057,000, respectively, were pledged as collateral for the Group's borrowings.

13. SUBSIDIARIES

The following is a list of the subsidiaries as at 31 December 2023 which, in the opinion of the directors, materially affect the results or assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(1) Sino-Ocean Holding Group (China) Limited 遠洋控股集團(中國)有限公司	PRC, Limited liability company	Investment holding	RMB7,064,870	100%	100%	-	-
(2) 遠洋國際建設有限公司	PRC, Limited liability company	Renovation service in PRC	RMB600,000	100%	100%	-	-
(3) 北京遠盛置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(4) Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC, Limited liability company	Investment holding	RMB500,000	100%	100%	-	-
(5) 北京碧城創業投資管理有限公司	PRC, Limited liability company	Investment holding	RMB336,000	100%	100%	-	-
(6) Beijing Qianyuan Property Co., Ltd. 北京乾遠置業有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB300,000	100%	100%	-	-
(7) Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC, Limited liability company	Investment property in PRC	USD30,000	72%	72%	28%	28%
(8) Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB100,000	75%	75%	25%	25%
(9) Beijing Jun De Land Development Company Limited 北京駿德置業有限公司	PRC, Limited liability company	Investment holding	RMB90,000	100%	100%	-	-
(10) Beijing Dong long Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	PRC, Limited liability company	Property development in PRC	USD12,370	85.72%	85.72%	14.28%	14.28%
(11) Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB225,000	100%	100%	-	-
(12) Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB60,000	100%	100%	-	-
(13) Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC, Limited liability company	Investment holding	RMB30,000	100%	100%	-	-
(14) 北京遠東新地置業有限公司	PRC, Limited liability company	Investment holding	RMB200,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(15) Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB10,000	100%	100%	-	-
(16) Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(17) 天津宇華房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(18) Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-
(19) 大連新悅置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD60,250	100%	100%	-	-
(20) 大連滙洋置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD15,142	100%	100%	-	-
(21) 大連廣宇置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD10,900	100%	100%	-	-
(22) 大連世甲置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD16,785	100%	100%	-	-
(23) Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC, Limited liability company	Property development in PRC	USD20,000	100%	100%	-	-
(24) Dalian Sky-upright Property Limited 大連正乾置業有限公司	PRC, Limited liability company	Property development in PRC	RMB106,931	100%	100%	-	-
(25) 大連源豐置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD50,700	100%	100%	-	-
(26) 大連遠佳產業園開發有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD15,000	100%	100%	-	-
(27) 遠洋地產(遼寧)有限公司	PRC, Limited liability company	Property development in PRC	RMB70,000	100%	100%	-	-
(28) 長春東方聯合置業有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	-	-
(29) 遠洋地產(上海)有限公司	PRC, Limited liability company	Investment holding	RMB20,000	100%	100%	-	-
(30) 大連鑫融置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD120,000	100%	100%	-	-
(31) 天基房地產開發(深圳)有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	HKD160,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(32) 三亞南國奧林匹克花園有限公司	PRC, Limited liability company	Property development in PRC	RMB64,100	100%	100%	-	-
(33) 天津遠頤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(34) 大連利遠置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD2,870	100%	100%	-	-
(35) 遠洋養老運營管理有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB500,000	100%	100%	-	-
(36) Tianjin Yuan-bin Real Estate Development Company, Limited 天津市遠濱房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB20,000	100%	100%	-	-
(37) 大連宏宇置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(38) 北京遠山置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(39) 盈創再生資源有限公司	PRC, Limited liability company	Investment property in PRC	RMB361,670	100%	100%	-	-
(40) 上海銳盈置業有限公司	PRC, Limited liability company	Property development in PRC	RMB145,000	100%	100%	-	-
(41) 遠洋地產(深圳)有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(42) 北京遠新資產管理有限公司	PRC, Limited liability company	Investment property in PRC	RMB20,000	100%	100%	-	-
(43) 北京市佳利華經濟開發有限責任公司	PRC, Limited liability company	Senior housing service in PRC	RMB30,000	100%	100%	-	-
(44) Sino-Ocean Service Holding Limited 遠洋服務控股有限公司	Cayman Islands, Limited liability company	Property management in PRC	RMB99,829	67.48%	67.57%	32.52%	32.43%
(45) 上海遠滙置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	RMB2,200,000	100%	100%	-	-
(46) 深圳市金楓房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	60%	60%	40%	40%
(47) 深圳市高誠達投資發展有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	80%	80%	20%	20%
(48) 三亞德商房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD30,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(49) 南京金遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB33,330	70%	70%	30%	30%
(50) 上海椿萱養老服務有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB10,000	100%	100%	–	–
(51) 湖北福星惠譽常青置業有限公司 (“Hubei Fuxing”)	PRC, Limited liability company	Property development in PRC	RMB10,000	51%	51%	49%	49%
(52) 成都嘉昱房地產有限責任公司	PRC, Limited liability company	Property development in PRC	RMB10,000	60%	60%	40%	40%
(53) 北京遠奧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(54) 天津濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	60%	60%	40%	40%
(55) 遠洋地產鎮江有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	55%	55%	45%	45%
(56) 西安遠洋中央公園置業有限責任公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD80,000	100%	100%	–	–
(57) 宜興遠博置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(58) 廣州市遠翔房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB1,800,000	100%	100%	–	–
(59) 成都恒茂置地有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(60) 溫州宸遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(61) 南京遠乾置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(62) 天津城投濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	–	–
(63) 中山市遠昇房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,400	100%	100%	–	–
(64) 大連宏澤置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD3,020	100%	100%	–	–
(65) 山西明遠房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	80%	80%	20%	20%
(66) 貴州築宸府置業有限公司	PRC, Limited liability company	Property development in PRC	RMB12,500	100%	100%	–	–

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(67) 秦皇島潤海房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB766,000	100%	100%	-	-
(68) 秦皇島潤濱房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB212,000	100%	100%	-	-
(69) 秦皇島潤鴻房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB61,200	100%	100%	-	-
(70) 秦皇島潤澤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(71) 秦皇島潤港房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(72) 秦皇島潤鑫房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(73) 大連盈合置業有限公司 ("Dalian Yinghe")	PRC, Limited liability company	Property development in PRC	RMB20,000	51%	51%	49%	49%
(74) 大連峰景美墅地產發展有限公司	PRC, Limited liability company	Property development in PRC	RMB9,080	100%	100%	-	-
(75) 上海崇遠企業管理諮詢有限公司	PRC, Limited liability company	Investment holding	RMB10,000	100%	100%	-	-
(76) 茂名市錦繡河山房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB19,000	51%	51%	49%	49%
(77) 煙台遠景置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(78) 上海雋品置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(79) 杭州雋遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(80) 湖南樂住置業投資有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	95%	95%	5%	5%
(81) 貴陽遠瀝房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB450,000	100%	100%	-	-
(82) 佛山昱辰房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB174,148	100%	50%	-	50%
(83) Zhejiang Guoheng Xixi Real Estate Co., Ltd 浙江國恆西溪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(84) Wuhan Yuanhui Real Estate Co., Ltd 武漢元慧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	70%	70%	30%	30%

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(85) Shenzhen Tianheng Chuangxing Industrial Co., Ltd 深圳市天恆創興實業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	63.25%	63.25%	36.75%	36.75%
(86) 江西軍邦房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	51%	51%	49%	49%
(87) 深圳市天恆創興宏房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB101,000	100%	100%	–	–
(88) 中山市駿盈房產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(89) Beijing UNIQloud Technology Co. Ltd. 北京雲泰數通互聯網科技有限公司	PRC, Limited liability company	Colocation services in PRC	RMB588,580	50.92%	50.92%	49.08%	49.08%
(90) 北京遠創興城置業有限公司 (i)	PRC, Limited liability company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(91) 武漢弘盛永泰置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	70%	70%	30%	30%
(92) 上海熙序企業管理有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB5,000	51%	51%	49%	49%
(93) 西寧遠鐸房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(94) 柳州星遠房地產有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(95) 溫州星龍房地產開發有限責任公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(96) 涿陽星龍房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(97) 成都遠實房地產開發有限責任公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	–	–
(98) 溫州遠康置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(99) 蘇州遠祺房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB332,500	100%	100%	–	–
(100) 溫州遠溪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	–	–
(101) 廣州市遠昊房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(102) Sino-Ocean land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD10	100%	100%	–	–

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(103) Shine Wind Development Limited	BVI, Limited company	Investment holding in BVI	USD10	100%	100%	–	–
(104) Mission Success Limited	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(105) Dynamic Class Limited	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(106) Mega Precise Profits Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(107) Smart State Properties Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(108) Faith Ocean International Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(109) World Luck Corporation Limited	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(110) Fame Gain Holdings Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(111) Sino-Ocean Land Property Development Limited	Hong Kong, Limited company	Investment holding in Hong Kong	HKD20	100%	100%	–	–
(112) Fast Fame Capital Investment Limited	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(113) Sino-Ocean Land Treasure Finance I Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(114) Sino-Ocean Land Treasure Finance II Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(115) Sino-Ocean Land Treasure III Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(116) Sino-Ocean Land Treasure IV Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(117) New Advance Limited	Hong Kong, Limited company	Property development in Hong Kong	HKD1,000	100%	100%	–	–
(118) Rich Group Creation Limited	Hong Kong, Limited company	Property development in Hong Kong	HKD–	100%	100%	–	–
(119) 南昌靖崧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	51%	51%	49%	49%
(120) 深圳市華興展房地產開發有限公司 (ii)	PRC, Limited liability company	Property development in PRC	RMB101,960	49%	49%	51%	51%
(121) 杭州遠宸建祥置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	51%	51%	49%	49%
(122) 山東泰洋置業有限公司	PRC, Limited liability company	Property development in PRC	RMB25,000	60%	60%	40%	40%
(123) 廊坊市裕豐房地產開發有限公司 (iii)	PRC, Limited liability company	Property development in PRC	RMB50,000	35.7%	35.7%	64.3%	64.3%

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2023	2022	2023	2022
(124) 山東遠泉置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	70%	60%	30%	40%
(125) 大連遠摺企業管理諮詢有限公司	PRC, Limited liability company	Investment holding in PRC	RMB194,520	87.5%	87.5%	12.5%	12.5%
(126) 北京中聯置地房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB622,200	90%	90%	10%	10%
(127) 深圳市遠盛業投資有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB200,000	81%	51%	19%	49%
(128) 山東遠赫房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	60%	–	40%
(129) 北京遠新房地產開發有限公司(i)	PRC, Limited liability company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(130) 太原吉飛通房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	70%	–	30%
(131) 北京禦海天朝文化發展有限公司	PRC, Limited liability company	Property development in PRC	RMB29,900	100%	–	–	–
(132) 上海遠鑫置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	–	–	–
(133) 中山市長豐創展有限公司	PRC, Limited liability	Property development in PRC	RMB50,000	100%	60%	–	40%

(i) Although the Group only owns 50% equity interests in these companies, the Group has the power to control and direct the key operating and financing activities of these companies as the majority of the board of directors of these companies are appointed by the Group. Consequently, these companies are considered as subsidiaries of the Group.

(ii) Although the Group only owns 49% equity interests in this company, the Group are entitled to appoint 3 out of 5 directors and 51% voting right in the Shareholder Board. The Group has the power to control and direct its key operating and financing activities. The company is considered as a subsidiary of the Group.

(iii) As at 31 December 2023, although the Group only owns 35.7% interests in this company, the Group has the power to control and direct its key operating and financing activities through entering into an acting in concert agreement with other shareholders. By executing the acting in concert agreement, other shareholders agreed to follow all decisions made by the Group when unanimous consent is not being reached. Consequently, the company is considered as a subsidiary of the Group.

13. SUBSIDIARIES (Continued)

(a) Material non-controlling interests

The total non-controlling interests as at 31 December 2023 is approximately RMB13,763,426,000, which mainly consists of non-controlling interests of approximately RMB559,708,000 and non-controlling interests of approximately RMB147,002,000 deriving from Hubei Fuxing and Dalian Yinghe, being 51% and 51% owned subsidiaries, respectively. The non-controlling interests in respect of other subsidiaries is not individually material.

Cash and short-term deposits held by Hubei Fuxing and Dalian Yinghe as at 31 December 2023 was amounted to approximately RMB105,455,000. in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized statement of financial position

	Hubei Fuxing		Dalian Yinghe	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Current				
Assets	1,834,713	1,901,493	689,498	909,486
Liabilities	(712,063)	(777,524)	(395,734)	(611,896)
Total current net assets	1,122,650	1,123,969	293,764	297,590
Non-current				
Assets	19,609	19,651	6,239	16,663
Liabilities	–	–	–	–
Total non-current net assets	19,609	19,651	6,239	16,663
Net assets	1,142,259	1,143,620	300,003	314,253
Accumulated non-controlling interests	559,708	560,375	147,002	153,984

13. SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarized statement of profit or loss

	Hubei Fuxing		Dalian Yinghe	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	4,528	504,485	173,508	2,805,916
(Loss)/profit before income tax	(1,361)	22,536	(11,214)	451,454
Income tax expense	–	(9,543)	(3,036)	(97,575)
Post-tax (loss)/profit	(1,361)	12,993	(14,250)	353,879
Total comprehensive (loss)/income	(1,361)	12,993	(14,250)	353,879
Total comprehensive (loss)/income allocated to non-controlling interests	(667)	6,367	(6,983)	173,401
Dividend paid to non-controlling interests	–	–	–	–

Summarized statement of cash flows

	Hubei Fuxing		Dalian Yinghe	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash flows from operating activities				
Cash (used in)/generated from operations	(1,358)	(91,238)	31,960	(24,170)
Interest paid	–	–	–	(5,131)
Income tax paid	(1,242)	(99,347)	(43,166)	(48,212)
Net cash used in operating activities	(2,600)	(190,585)	(11,206)	(77,513)
Net cash used in investing activities	–	(147,984)	–	–
Net cash used in financing activities	–	–	–	–
Net decrease in cash and cash equivalents	(2,600)	(338,569)	(11,206)	(77,513)
Cash and cash equivalents at beginning of the year	2,605	341,174	116,656	194,169
Cash and cash equivalents at end of the year	5	2,605	105,450	116,656

The information above is the amount before inter-company eliminations.

14. INTERESTS IN JOINT VENTURES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	20,463,935	25,290,806
Capital injection	99,777	755,959
Dividend	(26,530)	(973,897)
Capital reduction	(10,780)	–
Disposal	(170,720)	(2,049,214)
Deemed disposal of joint ventures, net	(788,854)	(218,155)
Increase due to partial disposal of interests in a subsidiary, net	–	859,158
Transferred to assets classified as held-for-sale	–	(2,225,754)
Share of results of joint ventures — after adjustment for unrealized profit or loss from inter-company transactions between the Group and the joint ventures	(901,648)	(977,994)
Currency translation difference	14,741	3,026
At end of the year	18,679,921	20,463,935

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted:

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(1) Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability company	RMB400,000	50%	50%	(iii)	Investment property development
(2) 北京遠騰置業有限公司	PRC	Limited liability company	RMB1,820,000	50%	50%	(iii)	Land and property development
(3) 北京遠洋新揚子資產管理有限公司	PRC	Limited liability company	RMB2,000	50%	50%	(iv)	Investment management
(4) 鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(5) Tianjin Yijiahe Real Estate Company Limited 天津市億嘉合置業有限公司	PRC	Limited liability company	RMB80,000	51%	51%	(i), (iii)	Land and property development
(6) SOL Investment Fund LP	Cayman Islands	Limited partnership	HKD2,679,000	50%	50%	(iv)	Investment management
(7) 天津市富士房地產開發有限公司	PRC	Limited liability company	RMB30,000	51%	51%	(i), (iii)	Land and property development
(8) 北京房地天銳鑫洋房地產開發有限公司	PRC	Limited liability company	RMB41,180	30%	30%	(ii), (iii)	Land and property development
(9) 上海新證財經信息諮詢有限公司	PRC	Limited liability company	RMB142,500	45%	45%	(ii), (v)	Investment management
(10) 北京卓信瑞通投資有限公司	PRC	Limited liability company	RMB1,000	33%	33%	(ii), (iv)	Investment management
(11) 天津旭浩房地產開發有限公司	PRC	Limited liability company	RMB120,000	25%	25%	(ii), (iii)	Land and property development
(12) 北京新揚子投資基金管理中心(有限合夥)	PRC	Limited liability partnership	RMB1,000,000	50%	50%	(iv)	Investment management
(13) 北京房地銘洋房地產開發有限公司	PRC	Limited liability company	RMB8,000	49%	49%	(ii), (iii)	Land and property development
(14) 張家口富利嘉房地產開發有限公司	PRC	Limited liability company	RMB30,000	60%	60%	(i), (iii)	Land and property development
(15) 河北川滙房地產開發有限公司	PRC	Limited liability company	RMB5,000	51%	51%	(i), (iii)	Land and property development
(16) 石家莊永熹房地產開發有限公司	PRC	Limited liability company	RMB10,000	20%	20%	(ii), (iii)	Land and property development

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(17) 深圳市遠康置地投資有限公司	PRC	Limited liability company	RMB50,000	65%	65%	(i), (iv)	Investment management
(18) 長春王府井遠洋商業投資有限公司	PRC	Limited liability company	RMB210,000	40%	40%	(ii), (iii)	Land and property development
(19) 合肥永拓置業發展有限公司	PRC	Limited liability company	RMB400,000	25%	25%	(ii), (iii)	Land and property development
(20) 深圳市國通厚德房地產開發有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iii)	Land and property development
(21) 鄭州建業十八城置業有限公司	PRC	Limited liability company	RMB200,000	50%	50%	(iii)	Land and property development
(22) 北京遠創興茂置業有限公司	PRC	Limited liability company	RMB100,000	40%	40%	(ii), (iii)	Land and property development
(23) 愛車(天津)房地產開發有限公司	PRC	Limited liability company	RMB150,000	49.98%	49.98%	(ii), (iii)	Land and property development
(24) 贏家(天津)房地產開發有限公司	PRC	Limited liability company	RMB850,000	49.98%	49.98%	(ii), (iii)	Land and property development
(25) 北京創遠亦程置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(26) 太倉遠匯置業有限公司	PRC	Limited liability company	RMB200,000	34%	34%	(ii), (iii)	Land and property development
(27) 北京遠和置業有限公司	PRC	Limited liability company	RMB810,000	25%	25%	(ii), (iii)	Land and property development
(28) 上海遠緒置業有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iii)	Land and property development
(29) 天津吉慶置業有限公司	PRC	Limited liability company	RMB30,000	50%	50%	(iii)	Land and property development
(30) 鄭州遠啟博奧企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iv)	Investment management
(31) 中山市遠聞房地產開發有限公司	PRC	Limited liability company	RMB40,000	51%	51%	(i), (iii)	Land and property development
(32) 西安恆正隆房地產有限公司	PRC	Limited liability company	USD132,274	34%	34%	(ii), (iii)	Land and property development
(33) 長沙遠曜投資管理合夥企業(有限合夥)	PRC	Limited liability company	RMB1,267,000	49.92%	49.92%	(ii), (iv)	Investment management

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(34) 北京樂優富拓投資有限公司	PRC	Limited liability company	RMB1,000	25%	25%	(ii), (iv)	Investment management
(35) 嘉興金久房地產開發有限公司	PRC	Limited liability company	RMB100,000	33%	33%	(ii), (iii)	Land and property development
(36) 龍洋生命(開曼)有限公司	Cayman Islands	Limited liability company	USD68,000	50%	50%	(iii)	Land and property development
(37) SO CTCO Investments, L.P.	Cayman Islands	Limited liability partnership	USD100,000	50%	50%	(iv)	Investment management
(38) 石家莊新聯遠鴻房地產開發有限公司	PRC	Limited liability company	RMB100,000	31%	31%	(ii), (iii)	Land and property development
(39) 西安遠瑞置業有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(40) 天津市遠馳房地產開發有限公司	PRC	Limited liability company	RMB400,000	30%	30%	(ii), (iii)	Land and property development
(41) 北京睿暉商業管理有限公司	PRC	Limited liability company	RMB1,000	30%	30%	(ii), (iii)	Land and property development
(42) Sino-Ocean Meridian Holding, LLC	USA	Limited liability company	USD11,659	40%	40%	(ii), (v)	Elderly care
(43) TSKY Carirnhill Pte. Ltd	SG	Limited liability company	USD20,000	30%	30%	(ii), (iii)	Land and property development
(44) 杭州遠洋新河酒店置業有限公司	PRC	Limited liability company	USD132,590	60%	60%	(i), (iii)	Land and property development
(45) 杭州遠洋運河商務區開發有限公司	PRC	Limited liability company	USD143,210	60%	60%	(i), (iii)	Land and property development
(46) 杭州遠洋天祺置業有限公司	PRC	Limited liability company	USD147,760	60%	60%	(i), (iii)	Land and property development
(47) 北京建遠萬譽房地產開發有限公司	PRC	Limited liability company	RMB100,000	51%	51%	(i), (iii)	Land and property development
(48) 北京商務中心區開發建設有限責任公司	PRC	Limited liability company	RMB680,850	47%	47%	(ii), (iii)	Land and property development
(49) 武漢設計之心建設發展有限公司	PRC	Limited liability company	RMB50,000	70%	70%	(i), (iii)	Land and property development

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(50) 來安縣遠錦房地產開發有限公司	PRC	Limited liability company	RMB12,000	30%	30%	(ii), (iii)	Land and property development
(51) 北京遠盛泰房地產開發有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iv)	Investment management
(52) 山東遠舜置業有限公司	PRC	Limited liability company	RMB90,909	32.35%	58.82%	(ii), (iii)	Land and property development
(53) 北京遠景中安置業有限公司	PRC	Limited liability company	RMB2,100,000	31%	31%	(ii), (iii)	Land and property development
(54) 濟南滙遠產業園開發有限公司	PRC	Limited liability company	RMB30,000	42%	42%	(ii), (iii)	Land and property development
(55) 福州遠裕興置業有限公司	PRC	Limited liability company	RMB30,000	51%	51%	(i), (iii)	Land and property development
(56) 北京盛霖市政園林有限公司	PRC	Limited liability company	RMB50,000	74.5%	74.5%	(i), (v)	Landscaping services
(57) 北京星泰通港置業有限公司	PRC	Limited liability company	RMB9,500,000	64.79%	64.79%	(i), (iii)	Land and property development
(58) PT MAKNA AIAM SEJAHTERA	Indonesia	Limited liability company	Rupiah 10,000,000	28%	28%	(ii), (iii)	Land and property development
(59) Sunrise River Ventures Limited	BVI	Limited company	USD-	49%	49%	(ii), (v)	Landscaping services
(60) 丹陽愛家房地產有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(61) 鄭州鑫沃置業有限公司	PRC	Limited liability company	RMB20,000	49%	49%	(ii), (iii)	Land and property development
(62) 深圳市遠靈置業有限公司	PRC	Limited liability company	RMB50,000	51%	51%	(i), (iii)	Land and property development
(63) 中山市遠維房地產開發有限公司	PRC	Limited liability company	RMB1,000	60%	60%	(i), (iii)	Land and property development
(64) 天津普利達房地產建設開發有限公司	PRC	Limited liability company	RMB600,000	70%	70%	(i), (iii)	Land and property development
(65) 合肥啟迪厚德置業有限公司	PRC	Limited liability company	RMB50,000	30%	30%	(ii), (iii)	Land and property development

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(66) 遠洋(海南)產業發展有限公司	PRC	Limited liability company	RMB100,000	30%	30%	(ii), (iii)	Land and property development
(67) 遠洋裝飾工程股份有限公司	PRC	Limited liability company	RMB725,846	51%	51%	(i), (v)	Renovation service
(68) 佛山市展翰房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(69) 山東遠宏投資置業有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(70) Active Growth Ventures Limited	BVI	Limited liability company	USD-	50%	50%	(iii)	Land and property development
(71) Sino-Ocean Logistics Property Holding Limited	Cayman Islands	Limited liability company	HKD10	30%	30%	(ii), (iii)	Land and property development
(72) Sino-Ocean Prime Office Partners I LP	Cayman Islands	Limited partnership	USD1,400,000	28.57%	28.57%	(ii), (iii)	Investment property development
(73) 廈門遠宏安房地產開發有限公司	PRC	Limited liability company	RMB50,000	51%	51%	(i), (iii)	Land and property development
(74) 青島海駿置業有限公司	PRC	Limited liability company	RMB14,884	43%	43%	(ii), (iii)	Land and property development
(75) 石家莊遠乾房地產開發有限公司	PRC	Limited liability company	RMB100,000	51%	51%	(i), (iii)	Land and property development
(76) 廣州潤嘉置業有限公司	PRC	Limited liability company	RMB50,000	40%	40%	(ii), (iii)	Land and property development
(77) 西安雅荷名城房地產開發有限公司	PRC	Limited liability company	RMB20,000	70%	70%	(i), (iii)	Land and property development
(78) 福滿有限公司	Cayman Islands	Limited liability company	HKD-	30%	30%	(ii), (iii)	Land and property development
(79) 北京椿萱茂凱健養老服務有限公司	PRC	Limited liability company	RMB20,000	50%	-	(v)	Elderly care
(80) 深圳市遠華投資有限公司	PRC	Limited liability company	RMB10,000	51%	-	(i), (iv)	Investment management
(81) 辰瑞企業管理(深圳)有限公司	PRC	Limited liability company	RMB5,000	51%	-	(i), (iv)	Investment management

14. INTERESTS IN JOINT VENTURES (Continued)

- (a) Following are the details of part of the joint ventures held by the Group as at 31 December 2023, all of which are unlisted: (Continued)
- (i) Although the Group holds more than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (ii) Although the Group holds less than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (iii) Interests in these joint ventures provide more business opportunities in property development and investment properties.
 - (iv) Interests in these joint ventures provide more business opportunities in real estate investment activities.
 - (v) Interests in these joint ventures provide more business opportunities for the Group in other business activities.
 - (vi) As at 31 December 2023, the Group has the outstanding capital commitment to joint ventures amounting to approximately RMB2,304,167,000 (2022: RMB2,749,924,000).

(b) Individually immaterial joint venture

The directors considered that none of the joint ventures individually are material to the Group. The Group's interests in individually immaterial joint ventures that are accounted for using the equity method:

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial joint ventures	18,679,921	20,463,935
Aggregate amounts of the Group's share of:		
Loss from continuing operations	(936,319)	(956,523)
Total comprehensive income	(873,463)	(956,523)

(c) Non-current assets pledged as collateral

As at 31 December 2023 and 2022, interests in a joint venture, with carrying amount of approximately RMB2,433,385,000 and RMB2,344,360,000, respectively, was pledged as collateral for the Group's borrowings.

15. INTERESTS IN ASSOCIATES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
At beginning of the year	4,436,805	6,730,935
Capital injection	–	113,211
Capital reduction	(78,702)	–
Disposal	(30,069)	(766,734)
Dividend	(20,342)	(51,839)
Increase/(decrease) due to partial disposal of interests in a subsidiary, net	868,688	(178,264)
Decrease due to deemed disposal of associates, net	–	(137,843)
Share of results of associates		
— after adjustment for unrealized profit or loss from inter-company transactions between the Group and the associates	(1,296,789)	(1,280,984)
Currency translation difference	36,295	8,323
At end of the year	3,915,886	4,436,805

(a) Following are the details of part of the associates of the Group at 31 December 2023:

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(1) Beijing Shengyong Property Development and Investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability company	RMB500,000	35%	35%	(ii)	Investment property development
(2) CIGIS (China) Company Limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability company	RMB50,000	35%	35%	(iii)	Survey and design
(3) 北京興佰君泰房地產開發有限公司	PRC	Limited liability company	RMB90,000	21%	21%	(ii)	Land and property development
(4) 北京達成光遠置業有限公司	PRC	Limited liability company	RMB100,000	23%	23%	(ii)	Land and property development

15. INTERESTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2023: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
(5) 廣州宏嘉房地產開發有限公司	PRC	Limited liability company	RMB300,000	16.66%	16.66%	(i), (ii)	Land and property development
(6) Beijing Capital Grand Limited. 首創鉅大有限公司	Cayman Islands	Limited liability company	HKD20,345	9.9%	9.9%	(i), (ii)	Land and property development
(7) 杭州北晨房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(ii), (vii)	Land and property development
(8) 天津中建致恒地產有限公司	PRC	Limited liability company	RMB70,000	42.86%	42.86%	(ii)	Land and property development
(9) 成都青銅滙股權投資基金 合夥企業(有限合夥)	PRC	Limited liability partnership	RMB515,611	51.06%	51.06%	(iv), (vi)	Investment management
(10) 北京瑞成永創科技有限公司	PRC	Limited liability company	RMB50,000	22.2%	22.2%	(iv)	Investment management
(11) 南昌國遠盈潤置業有限公司	PRC	Limited liability company	RMB98,000	49%	49%	(ii)	Land and property development
(12) Gemini Investments (Holdings) Limited 盛洋投資(控股)有限公司	Hong Kong	Limited company	HKD22,550	25%	25%	(iv)	Investment management
(13) 武漢遠悅置業有限公司	PRC	Sino-foreign equity joint venture	RMB2,144,436	7.75%	7.75%	(i), (ii)	Land and property development
(14) Coldwest Fund I LP	Cayman Islands	Limited partnership	USD105,000	47.62%	47.62%	(iv)	Investment management
(15) Delos China (HK) Limited	Hong Kong	Limited company	USD16,000	25%	25%	(v)	Healthy renovation service
(16) Fortune Joy Ventures Limited	BVI	Limited liability company	USD580,000	49%	49%	(v)	Investment management

15. INTERESTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2023: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022	Nature of relationship	Principal activities
				2023	2022		
(17) 北京誼城置業有限公司	PRC	Limited liability company	RMB10,000	21%	21%	(ii)	Land and property development
(18) 上饒市棕遠生態環境有限公司	PRC	Limited liability company	RMB320,000	28.98%	28.98%	(v)	Environmental governance
(19) 北京遠創置業有限公司	PRC	Limited liability company	RMB300,000	51%	51%	(ii),(vi)	Land and property development
(20) 北京金開旭泰房地產開發有限公司	PRC	Limited liability company	RMB1,360,000	25%	25%	(ii)	Land and property development
(21) 納什空間創業科技(北京)有限公司	PRC	Limited liability company	RMB72,760	20%	20%	(v)	Office services
(22) 石家莊遠福房地產開發有限公司	PRC	Limited liability company	RMB10,000	40%	40%	(ii)	Land and property development
(23) 佛山市遠凱房地產開發有限公司	PRC	Limited liability company	RMB50,000	49%	49%	(ii)	Investment property development

Among the associates mentioned above, Beijing Capital Grand Limited and Gemini Investments (Holdings) Limited are listed on Stock Exchange of Hong Kong Limited, the quoted fair value and carrying amount of these associates are presented as below:

Name	Place of incorporation and operation	Legal status	Quoted market value		Carrying amount	
			2023	2022	2023	2022
			RMB'000	RMB'000	RMB'000	RMB'000
(1) Beijing Capital Grand Limited	Cayman Islands and PRC	Limited liability company	60,386	49,319	66,339	54,739
(2) Gemini Investments (Holdings) Limited	Hong Kong	Limited liability company	38,656	50,387	–	137,366

15. INTERESTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2023: (Continued)

Even though quoted market values of equity investments mentioned above are less and higher than carrying amounts respectively, the recoverable amounts, which are determined by the value-in-use of net assets of these companies attributable to the Group, are higher than the carrying amounts respectively, no impairment charge is recognised for the investments.

- (i) Although the Group holds less than 20% of the equity shares of these entities, the Group exercises significant influence in the strategic financial and operating policy decisions through the Group's presence in the Board of Directors of these companies.
- (ii) Interests in these associates provide more business opportunities in property development.
- (iii) Interests in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
- (iv) Interests in these associates provide more business opportunities in real estate investment activities.
- (v) Interests in these associates provide more business opportunities in other activities.
- (vi) Although the Group holds more than 50% of the equity shares of these companies, the Group has no control over the financial and operating policies of these companies but has significant influence over them. Accordingly, the company is considered as an associate of the Group by the directors.
- (vii) Although the Group holds 50% of the equity shares of this company, the Group has no control nor joint control over the financial and operating policies of this company but has significant influence over it. Accordingly, the company is considered as an associate of the Group by the directors.
- (viii) As at 31 December 2023, the Group has the outstanding capital commitment to associates amounting to approximately RMB181,500,000 (2022: RMB206,456,100).

(b) Individually immaterial associates

The directors considered that none of the associates individually are material to the Group. The Group's interests in individually immaterial associates that are accounted for using the equity method:

	2023 RMB'000	2022 RMB'000 (Restated)
Aggregate carrying amount of individually immaterial associates	3,915,886	4,436,805
Aggregate amounts of the Group's share of:		
Loss from continuing operations	(1,397,411)	(1,282,834)
Total comprehensive income	(1,296,093)	(1,280,082)

(c) Non-current assets pledged as collateral

As at 31 December 2023, interests in an associate, with carrying amount of approximately RMB861,866,000 (2022: RMBNil), was pledged as collateral for the Group's borrowings.

16. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables and prepayments (Note 21)	69,288,175	89,183,172
Less: prepayments	(5,222,415)	(4,033,523)
— Trade and other receivables and prepayments excluding prepayments	64,065,760	85,149,649
— Restricted bank deposits	3,033,268	4,763,360
— Cash and cash equivalents (Note 24)	1,988,738	4,623,126
Financial assets at fair value through other comprehensive income (Note 17)	777,280	971,614
Financial assets at fair value through profit or loss (Note 18)	5,395,169	5,451,112
	75,260,215	100,958,861
Financial liabilities		
Liabilities at amortised cost:		
— Borrowings (Note 32)	96,143,322	97,023,449
— Lease liabilities (Note 8)	1,973,007	398,398
— Trade and other payables excluding other tax payables (Note 34)	45,756,678	38,124,319
Financial liabilities at fair value through profit or loss (Note 36)	33,764	168,420
	143,906,771	135,714,586

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(ii) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Listed securities (a)	15,856	16,020
Unlisted securities (b)	761,424	955,594
	777,280	971,614
Less: Non-current portion	(777,280)	(971,614)
Current portion	–	–

(a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.

(b) Investment in unlisted equity securities are denominated in HKD and RMB. For the valuation of unlisted equity securities, please refer to Note 4.3.

The following table presents the changes in equity investments at fair value through other comprehensive income:

	2023 RMB'000	2022 RMB'000
At 1 January	971,614	6,234,811
Fair value change	(196,699)	(5,115,016)
Disposal	–	(495,120)
Currency translation difference	2,365	346,939
At 31 December	777,280	971,614

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI, and
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value change through other comprehensive income.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Investment in fund and bond investments	4,702,136	4,717,622
Investment in other unlisted equity securities	335,558	316,654
Investment in listed equity securities	481	4,160
Derivative financial instruments	356,994	412,676
	5,395,169	5,451,112
Less: Non-current portion	(4,748,336)	(4,478,828)
Current portion	646,833	972,284

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other losses — net" in the statement of profit or loss.

(ii) Amounts recognised in profit or loss

During the year, the following losses were recognised in profit or loss:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fair value loss recognised in other losses — net	(893,490)	(448,727)

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is disclosed in Note 4.1. Information about the methods and assumptions used in determining fair value is disclosed in Note 4.3.

(iv) Non-current assets pledged as collateral

As at 31 December 2023, financial assets at fair value through profit or loss with fair value of approximately RMB592,992,000 (2022: RMBNil) were pledged as collateral for the Group's borrowings.

19. PROPERTIES UNDER DEVELOPMENT

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	73,299,924	81,334,265
Additions	15,498,935	29,159,575
Acquisition of subsidiaries	4,545,028	–
Disposal of interests in subsidiaries	(2,503,154)	(7,514,441)
Provision for impairment (Note 39)	(1,935,580)	(1,253,754)
Transfer to property, plant and equipment (Note 7)	–	(526,844)
Transfer to land use rights (Note 9)	–	(19,866)
Transfer to completed properties held for sale	(40,389,138)	(27,879,011)
At end of the year	48,516,015	73,299,924
Properties under development comprises:		
Land use rights	22,568,177	41,062,541
Construction costs and capitalized expenditure	18,198,279	21,518,491
Interest capitalized	7,749,559	10,718,892
	48,516,015	73,299,924

Properties under development are mainly located in the PRC. As at 31 December 2023, properties under development of approximately RMB24,192,376,000 (2022: RMB32,859,420,000) were pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which approximately RMB29,981,825,000 (2022: RMB36,823,552,000) is expected to be completed and available for sale more than twelve months after the statement of financial position date.

20. LAND DEVELOPMENT COST RECOVERABLE

Land development cost recoverable refers to capitalised costs on primary land development projects. The land use right certificates belong to the government for these projects. Main activities for primary land development projects included house dismantlement and land leveling works, in order to make sure the land is connected to water, gas, and electric power supplies.

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

(a) Trade receivables

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

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

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

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

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

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

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

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments

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

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

(i) Entrusted loans due from joint ventures are unsecured, interest bearing from 0% to 13% (2022: from 0% to 13%) per annum. Balances of approximately RMB3,425,068,000 (2022: RMB3,842,277,000) are repayable within one year. The remaining balances of approximately RMB223,476,000 (2022: RMB439,078,000) are repayable after one year and included in the non-current portion.

(ii) Entrusted loans due from associates are unsecured, interest bearing 7% (2022: Nil) per annum. Balances of approximately RMB636,206,000 are repayable after one year and hence included in the non-current portion.

As at 31 December 2023, entrusted loans due from associates of the Group with carrying amount of approximately RMB591,696,000 (2022: RMBNil) were pledged for the Group's borrowings.

(iii) Entrusted loans and amounts due from third parties represent amounts paid to joint ventures and associates of the Group's joint ventures, associates and cooperation parties to support the development of their real estate projects. As the Group has no direct equity interests in these companies to which the amounts paid are classified as entrusted loans and amounts due from third parties.

Unsecured entrusted loans bear interest from 8.5% to 15.0% (2022: from 8.5% to 15.0%) per annum.

Amounts due from Wuhu Deye are secured, interest free and repayable on demand. The remaining amounts due from third parties are unsecured, interest free, and repayable on demand.

(iv) Amounts due from non-controlling interests are unsecured and interest free. Balances of approximately RMB5,469,140,000 (2022: RMB6,052,263,000) are repayable within one year.

The remaining balances of approximately RMB310,000,000 in 2022 are repayable after one year and included in the non-current portion.

(v) Amounts due from joint ventures and associates are unsecured, interest free, and repayable on demand.

(vi) Receivables from government mainly represent payments made for land development cost, deposits paid to government in the activities of land purchasing, and funds to government for cooperation intention in real estate project development, which will be subsequently reimbursed by the government.

(vii) Amounts mainly represent the payment for cooperation of potential properties development projects. As at 31 December 2023, such cooperation is still in negotiation stage. Balances of approximately RMB150,000,000 (2022: RMB150,000,000) are unsecured, interest bearing 8.8% (2022: 8.8%) per annum. The remaining balances of approximately RMB1,297,819,000 (2022: RMB2,157,819,000) are unsecured and interest free. Balances of approximately RMB1,447,819,000 (2022: RMB2,307,819,000) are repayable on demand.

(viii) As at 31 December 2023, included in prepayments of approximately RMB2,198,564,000 (2022: RMB2,163,792,000) represented an amount paid for redevelopment project of certain land parcels in the PRC designated to a subsidiary of the Company by the local PRC government. The demolition work of redevelopment project has been completed.

(ix) During the year ended 31 December 2023, total fund transfers to and from Wuhu Deye were approximately RMB493,444,000 (2022: RMB28,195,969,000) and RMB5,561,004,000 (2022: RMB15,875,986,000), respectively from Zhonglian Real Estate with the resultant balance of approximately RMB5,492,428,000 (2022: RMB10,559,988,000) as at 31 December 2023.

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade and other receivables and prepayments approximate their respective fair values as at 31 December 2023 and 2022.

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
At 1 January	(7,828,227)	(342,338)
Provision for receivable impairment	(11,013,153)	(7,489,957)
Write-off	1,390,045	–
Derecognition from disposal of subsidiaries	1,727	4,068
At 31 December	(17,449,608)	(7,828,227)

22. COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leasehold lands with lease terms between 40 to 70 years (2022: 40 to 70 years).

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Completed properties held for sale comprised:		
Land use rights	8,000,215	6,841,760
Construction costs and capitalised expenditure	15,637,248	11,109,650
Interest capitalised	3,076,147	2,282,687
	26,713,610	20,234,097

22. COMPLETED PROPERTIES HELD FOR SALE (Continued)

Movements on the provision for impairment of completed properties held for sale are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	201,548	237,024
Addition	336,153	127,196
Transfer from properties under development	795,929	–
Write-off upon sales of completed properties held for sale	(341,317)	(162,672)
At end of the year	992,313	201,548

As at 31 December 2023, completed properties held for sale of approximately RMB12,257,699,000 (2022: RMB1,502,472,000) were pledged as collateral for the Group's borrowings.

23. RESTRICTED BANK DEPOSITS

Restricted bank deposits are mainly denominated in RMB, which are guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements. The effective interest rate on restricted bank deposits ranging from 0.20% to 0.35% (2022: from 0.25% to 0.35%) per annum for the year ended 31 December 2023.

24. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash at bank and in hand	1,988,738	4,612,003
Short-term bank deposits	–	11,123
Cash and cash equivalents	1,988,738	4,623,126
Denominated in:		
— RMB	1,956,189	4,522,191
— HKD	1,308	52,019
— USD	31,241	48,916
	1,988,738	4,623,126

The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

25. ASSETS CLASSIFIED AS HELD FOR SALE

On 15 December 2022, the Company, Neo Origin Limited, an indirect wholly owned subsidiary of the Company, Beijing Yingang Real Estate Development Company Limited* (北京銀港房地產開發有限公司), an indirect wholly owned subsidiary of the Company and Beijing Yichi Property Services Company Limited* (北京億馳物業服務有限公司), an indirect wholly owned subsidiary of Sino-Ocean Service Holding Limited and an indirect non-wholly owned subsidiary of the Company (together, “the sellers”) and Swire Properties (Chengdu) Limited, Tianjin Linsong City Facilities Development Company Limited* (天津麟松城市建設開發有限公司) and Beijing Great Well Consultancy Company Limited* (北京浩倡諮詢有限公司) (together, the “purchaser”) entered into master agreements to disposal 50% equity interest in Chengdu Qianhao Property Services Company Limited* (成都乾豪物業服務有限公司), a joint venture of Sino-Ocean Service Holding Limited, Great City China Holdings Limited (乾林中國控股有限公司) and Chengdu Yingang Real Estate Company Limited* (成都銀港置業有限公司), the then joint ventures of the Company, (together, “the Disposal Companies”), for an aggregate consideration of RMB5,550,000,000 (the “Disposal”). The disposal of 15% of the equity interest in the Disposal Companies was completed before the year ended 31 December 2022 for a consideration of RMB1,000,000,000. The disposal of the remaining 35% of the equity interest in the Disposal Companies for an aggregate consideration of RMB4,550,000,000 was subsequently completed in February 2023. Accordingly, the investment in the Disposal Companies had been classified as interests in joint ventures classified as held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2022. By reference to the sales consideration and the carrying amount of the Disposal Companies as at 31 December 2022, no impairment loss was recorded for the year ended 31 December 2022.

The Investment in Joint Ventures classified as held for sale as at 31 December 2023 and 2022 were as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Investment in Joint Ventures	–	2,225,754

26. CAPITAL

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
Opening balance 1 January 2023	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Issue of shares pursuant to exercise of employee share options	–	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	–	–	–	–	–
	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Restricted Share Award Scheme (a)					
Opening balance 1 January 2023	(4,887,245)	–	–	(1,062)	(1,062)
Shares purchased during the year	(2)	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	4,887,247	–	–	1,062	1,062
	–	–	–	–	–
At 31 December 2023	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Restricted Share Award Scheme (a)					
Opening balance 1 January 2022	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Issue of shares pursuant to exercise of employee share options	–	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	–	–	–	–	–
	7,616,095,657	30,413,634	27,329,232	–	27,329,232
Restricted Share Award Scheme (a)					
Opening balance 1 January 2022	(18,450,202)	–	–	(52,317)	(52,317)
Shares purchased during the year	(6,773,523)	–	–	(6,419)	(6,419)
Vesting of shares under Restricted Share Award Scheme	20,336,480	–	–	57,674	57,674
	(4,887,245)	–	–	(1,062)	(1,062)
At 31 December 2022	7,611,208,412	30,413,634	27,329,232	(1,062)	27,328,170

26. CAPITAL (Continued)

- (a) On 22 March 2010, the Board of the Company resolved to adopt a Restricted Share Award Scheme, the purpose of the Scheme is to recognise and motivate the contribution of certain employees and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Restricted Share Award Scheme was administered by an independent trustee appointed by the Group, the trustee shall purchase from the market such number of shares awarded as specified by the Board of the Company and shall hold such shares until they are vested in accordance with the Restricted Share Award Scheme Rules. When the selected employee has satisfied all vesting conditions specified by the Board of the Company at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that employee.

Movements in the number of awarded shares for the years ended 31 December 2023 and 2022 are as follows:

	Shares (thousands)
At 1 January 2023	4,887
Vested	(4,887)
At 31 December 2023	–
At 1 January 2022	25,748
Vested	(20,336)
Forfeited	(525)
At 31 December 2022	4,887

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

27. (ACCUMULATED LOSS)/RETAINED EARNINGS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
At 1 January	8,650,235	27,884,787
Loss for the year	(21,096,541)	(19,036,534)
Dividends relating to 2021	–	(198,018)
At 31 December	(12,446,306)	8,650,235

28. RESERVES

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2023	(763,427)	1,596,937	(1,114,782)	(6,106,776)	615,364	(64,447)	(1,500,117)	(7,337,248)
Fair value change on financial assets at fair value through other comprehensive income, net of tax	-	-	-	(190,269)	-	-	-	(190,269)
Deferred hedging gains	-	-	-	-	-	-	56,486	56,486
Currency translation differences	-	-	(344,260)	-	-	-	-	(344,260)
Expense on share-based payment (Note 40)	-	-	-	-	-	(1,479)	-	(1,479)
Vesting of shares under Restricted share award scheme	-	-	-	-	-	(1,062)	-	(1,062)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-	-	164,174	164,174
Acquisition and disposal of partial interests in subsidiaries	-	-	-	-	-	-	(200,711)	(200,711)
At 31 December 2023	(763,427)	1,596,937	(1,459,042)	(6,297,045)	615,364	(66,988)	(1,480,168)	(7,854,369)

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2022	(763,427)	1,596,937	767,907	(1,420,510)	615,289	(19,856)	(864,231)	(87,891)
Fair value change on financial assets at fair value through other comprehensive income, net of tax	-	-	-	(4,686,266)	-	-	-	(4,686,266)
Deferred hedging gains	-	-	-	-	-	-	43,346	43,346
Currency translation differences	-	-	(1,882,689)	-	-	-	-	(1,882,689)
Expense on share-based payment (Note 40)	-	-	-	-	75	13,083	-	13,158
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(57,674)	-	(57,674)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-	-	-	2,752	2,752
Acquisition and disposal of partial interests in subsidiaries	-	-	-	-	-	-	(681,984)	(681,984)
At 31 December 2022	(763,427)	1,596,937	(1,114,782)	(6,106,776)	615,364	(64,447)	(1,500,117)	(7,337,248)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

29. SHARE OPTIONS

The establishment of the Group's shares schemes plan was approved on 3 September 2007 and 6 August 2018, respectively by the shareholders. The share option plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the schemes, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Share options granted from 2015 to 2017 are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date.

Share options granted from 2018 to 2019 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

Share options granted in 2020 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price per share (HKD)	Shares (thousands)
At 1 January 2023	3.55	744,129
Lapsed during the year	3.94	(236,200)
At 31 December 2023	3.37	507,929

	Average exercise price per share (HKD)	Shares (thousands)
At 1 January 2022	3.60	784,629
Lapsed during the year	4.70	(40,500)
At 31 December 2022	3.55	744,129

Out of the 507,929,000 outstanding options (2022: 744,129,000), 507,929,000 (2022: 744,129,000) were exercisable as at 31 December 2023.

As a result of no options being exercised during the year ended 31 December 2023, nil ordinary shares (2022: nil) were issued by the Company. The weighted average price of the shares at 2023 was HKD3.37 per share (2022: HKD3.55).

29. SHARE OPTIONS (Continued)

Share options outstanding as at 31 December 2023 have the following expiry dates and exercise prices:

Expiry date	Exercise price per share (HKD)	Shares (thousands)
27-Mar-2024	3.370	506,729
25-Mar-2025	2.106	1,200
		507,929

30. CAPITAL SECURITIES

On 21 September 2017, Sino-Ocean Land Treasure III limited (“Sino-Ocean Land III”), a wholly owned subsidiary, issued perpetual subordinated guaranteed capital securities (“capital securities”), which are redeemable only at the issuer discretion, with initial aggregate principal amount of approximately USD600,000,000.

The capital securities have no maturity date, and the payments of distribution of such capital securities can be deferred at the discretion of Sino-Ocean Land III. When Sino-Ocean Land III and the Company elects to declare dividends to their shareholders, Sino-Ocean Land III should make a distribution at an initial rate of 4.900% till 21 September 2023, and then at a fixed rate per annum equal to the sum of (i) the then-prevailing U.S. Treasury rate and (ii) the spread till 21 September 2027. In respect of the period from 21 September 2022 to 20 September 2023, Sino-Ocean Land III should make a distribution at 6.946% per annum, as defined in the subscription agreement. Such capital securities are guaranteed by the Company.

31. CAPITAL INSTRUMENT

- (a) On 18 and 25 February 2020, Sino-Ocean Holding Group (China) limited (“Sino-Ocean Holding”), a wholly owned subsidiary, issued capital instruments of principal amount of RMB3,378,000,000, which are callable only at the Company’s discretion. In 2022, Sino-Ocean Holding redeemed RMB2,000,000,000 of the capital instruments. As at 31 December 2023, the principal amount from the capital instrument amounted to approximately RMB1,378,000,000. The capital instrument has no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Sino-Ocean Holding. When Sino-Ocean Holding and the Company elect to declare dividends to their shareholders, Sino-Ocean Holding should make a distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.
- (b) On 26 June 2019, Sino-Ocean Holding issued a capital instrument, which is callable only at the Company’s discretion. As at 31 December 2023, the principal amount from the capital instrument amounted to approximately RMB981,000,000. The capital instrument has no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Sino-Ocean Holding. When Sino-Ocean Holding and the Company elect to declare dividends to their shareholders, Sino-Ocean Holding should make a distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.

32. BORROWINGS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Non-current		
Bank borrowings (a)	13,928,040	11,124,911
Other borrowings (b)	12,464,694	47,806,802
Total non-current borrowings	26,392,734	58,931,713
Current		
Current portion of long-term bank borrowings (a)	23,374,543	21,543,973
Current portion of long-term other borrowings (b)	44,952,445	9,009,857
Short-term bank borrowings (a)	1,088,600	3,775,306
Short-term other borrowings (b)	335,000	3,762,600
Total current borrowings	69,750,588	38,091,736
Total borrowings	96,143,322	97,023,449

(a) As at 31 December 2023, bank borrowings amounted to approximately RMB19,895,829,000 (2022: RMB14,417,280,000) were secured by the pledge of investment properties, plant and equipment, land use rights, property under development, completed properties held for sales and equity interest in certain subsidiaries.

(b) Other borrowings

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Bond issuance (i)	18,256,992	23,534,714
Guaranteed notes (ii)	23,250,577	22,744,095
Borrowings from trust companies (iii)	3,213,916	3,222,450
Asset-backed securitisation (iv)	4,107,196	4,131,297
Borrowings from non-controlling interests (v)	1,113,789	2,025,635
Borrowings from associates and joint ventures (vi)	4,152,646	3,568,237
Borrowings from third parties (vii)	3,657,023	1,352,831
	57,752,139	60,579,259
Less: non-current portion	(12,464,694)	(47,806,802)
Current portion	45,287,445	12,772,457

32. BORROWINGS (Continued)

(b) Other borrowings (Continued)

- (i) In 2022, Sino-Ocean Holding, a wholly owned subsidiary, issued a bond with a total principal amount of RMB2,000,000,000 with coupon rate of 5.32% per year of a term of three years. As at 31 December 2023, the total unpaid principal amount of RMB1,997,688,000. The Group is in communication with the relevant bondholders of the bond regarding the repayment adjustment arrangements. Please refer to the Group's announcement dated 28 March 2024 for details.

In 2021, Sino-Ocean Holding, a wholly owned subsidiary, issued a corporate bond with a total principal amount of RMB1,950,000,000 with coupon rate of 4.06% per year of a term of five years. As at 31 December 2023, the total unpaid principal amount of RMB1,947,483,000 has been extended in January 2024.

In 2021, Sino-Ocean Holding, a wholly owned subsidiary, issued a corporate bond with a total principal amount of RMB2,600,000,000 with coupon rate of 4.20% per year of a term of five years. As at 31 December 2023, the total unpaid principal amount of RMB2,598,795,000 has been extended in January 2024.

In 2021, Sino-Ocean Holding, a wholly owned subsidiary, issued a bond with a total principal amount of RMB3,000,000,000 with coupon rate of 4.60% per year of a term of three years. As at 31 December 2023, the total unpaid principal amount of RMB2,999,892,000. The Group is in communication with the relevant bondholders of the bond regarding the repayment adjustment arrangements. Please refer to the Group's announcement dated 28 March 2024 for details.

In 2019, Sino-Ocean Holding, a wholly owned subsidiary, issued corporate bonds in an aggregate amount of RMB2,900,000,000 in two series: (i) RMB1,700,000,000 with coupon rate of 4.06% per year of a term of five years; in March 2022, Sino-Ocean Holding raised its coupon rate from 4.06% to 5.50%, redeemed RMB1,330,000,000 of the corporate bonds and re-issued RMB950,000,000 of the redeemed corporate bond; (ii) RMB1,200,000,000 with coupon rate of 4.59% per year of a term of seven years. As at 31 December 2023, the total unpaid principal amount of RMB2,517,754,000 has been extended in January 2024.

In 2018, Sino-Ocean Holding, a wholly owned subsidiary, issued a corporate bond with a total principal amount of RMB2,000,000,000 with coupon rate of 4.00% per year of a term of five years. The Group has repaid the principal amount of RMB300,000,000 in 2023. As at 31 December 2023, the remaining principal amount of RMB1,700,000,000 has been extended in January 2024.

In August 2015, Sino-Ocean Holding, a wholly-owned subsidiary, issued a corporate bond with total principal amount of RMB1,500,000,000, with a coupon rate of 5.00% per year of a term of ten years. In October 2015, another corporate bond with total principal amount of RMB3,000,000,000 was issued, with a coupon rate of 4.76% per year for ten years. In January 2024, both corporate bonds maturity period has been extended, with total unpaid principal amount of RMB4,495,380,000 as at 31 December 2023.

32. BORROWINGS (Continued)

(b) Other borrowings (Continued)

- (ii) In April 2022, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD200,000,000 with a maturity period of three years and annual interest rate of 3.80%.

In February 2022, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD200,000,000 with a maturity period of three years and annual interest rate of 2.70%, which is to be consolidated and form a single series with guaranteed note issued in July 2021.

In July 2021, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD320,000,000 with a maturity period of three and half years and annual interest rate of 2.70%.

In May 2021, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD400,000,000 with a maturity period of five years and annual interest rate of 3.25%.

In January 2020, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD400,000,000 with a maturity period of ten years and annual interest rate of 4.75%.

In August 2019, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD600,000,000 with a maturity period of ten years and annual interest rate of 4.75%.

In January 2015, Sino-Ocean Land Treasure Finance II Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD500,000,000 with a maturity period of twelve years and annual interest rate of 5.95%.

In July 2014, Sino-Ocean Land Treasure Finance I Limited, a wholly-owned subsidiary, issued a guaranteed note with total principal amount of USD700,000,000 with a maturity period of ten years and annual interest rate of 6.00%.

- (iii) Borrowings from trust companies bear interest from 5.75% to 7.40% per annum and current portion approximately RMB3,132,196,000 are repayable within one year (2022: Nil).

As at 31 December 2023, such borrowings amounted to approximately RMB3,213,916,000 were secured by the pledge of properties under development and completed properties held for sale (2022: RMB3,222,450,000). The equity of certain subsidiaries was also pledged.

32. BORROWINGS (Continued)

(b) Other borrowings (Continued)

- (iv) In July 2021, Sino-Ocean Holding entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation with total principal amount of RMB3,200,000,000. Such borrowings pledged by property, plant and equipment, land use rights and investment properties and trade and other receivables of the Group. Such a borrowing is repayable within one year, with total unpaid principal amount of RMB3,132,196,000 as at 31 December 2023(2022: RMB3,156,297,000). The Group is in communication with the relevant stakeholders regarding the repayment adjustment arrangements. Please refer to the Group's announcement dated 28 March 2024 for details.

In December 2022, Sino-Ocean Holding entered into a special asset-backed agreement with a third-party financing company in the form of a real estate trust investment fund with total principal amount of RMB975,000,000. Such a borrowing was pledged by investment properties and trade and other receivables of the Group.

- (v) Borrowings from non-controlling interest bear interest from 8.00% to 10.00% per annum and current portion approximately RMB71,541,000 are repayable within one year (2022: RMB923,695,000).

As at 31 December 2023 and 2022, the equity of certain subsidiaries of the Group were pledged.

- (vi) Borrowings from associates and joint ventures bear interest from 8.00% to 10.00% per annum and current portion approximately RMB2,637,000,000 are repayable within one year (2022: RMB3,079,137,000).

As at 31 December 2023 and 2022, the equity of certain joint ventures of the Group were pledged.

- (vii) Borrowings from third parties bear interest from 2.80% to 24.00% per annum and current portion approximately RMB888,004,000 are repayable within one year (2022: RMB391,331,000).

As at 31 December 2023, such borrowings from third parties amounted to RMB2,926,524,000 were secured by the pledge of financial assets, property, plants and equipment, investment properties, properties under development, completed properties held for sale, trade and other receivables and equity interest in certain subsidiaries and an associate (2022: RMB1,236,621,000).

- (c) The maturities of the Group's total borrowings at respective statement of financial position dates are set out as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total borrowings		
— Within 1 year	69,750,588	38,091,736
— Between 1 and 2 years	11,027,040	21,062,550
— Between 2 and 5 years	9,386,622	30,061,043
— Over 5 years	5,979,072	7,808,120
	96,143,322	97,023,449

32. BORROWINGS (Continued)

(d) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Denominated in:		
— RMB	57,415,547	57,386,207
— HKD	13,343,437	14,666,153
— USD	25,384,338	24,971,089
	96,143,322	97,023,449

(e) The weighted average effective annual interest rates at the respective statement of financial position dates are set out as follows:

	As at 31 December	
	2023 Interest rate (per annum)	2022 Interest rate (per annum)
Bank borrowings	5.89%	4.87%
Other borrowings	5.47%	5.33%

(f) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 6 months	41,643,266	28,059,757
Between 6 and 12 months	41,333,366	17,595,074
Between 1 and 5 years	12,581,949	43,585,249
Over 5 years	584,741	7,783,369
	96,143,322	97,023,449

(g) The fair value of non-current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.89% (2022: 4.87%) and are within level 2 of the fair value hierarchy.

32. BORROWINGS (Continued)

- (h) As at 31 December 2023, borrowings amounting to approximately RMB42,106,336,000 (2022: RMB22,016,627,000) have potential repayment on demand due to the terms in relevant loan agreements and are classified as current liabilities.

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Current portion of long-term borrowings	41,307,736	20,595,258
Short-term borrowings	798,600	1,421,369
	42,106,336	22,016,627

33. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	2,203,406	1,793,940
— to be recovered within 12 months	106,230	329,087
	2,309,636	2,123,027
Set-off of deferred tax assets pursuant to set-off provisions	(101,893)	(595,847)
Net deferred income tax assets	2,207,743	1,527,180
Deferred income tax liabilities:		
— to be settled after more than 12 months	(2,048,575)	(1,914,442)
— to be settled within 12 months	(70,015)	(164,172)
	(2,118,590)	(2,078,614)
Set-off of deferred tax liabilities pursuant to set-off provisions	101,893	595,847
Net deferred income tax liabilities	(2,016,697)	(1,482,767)
Deferred income tax assets, net	191,046	44,413

33. DEFERRED INCOME TAX (Continued)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	(44,413)	218,142
Recognised in profit or loss (Note 42)	(600,094)	244,792
Credited to other comprehensive income	(6,429)	(429,220)
Acquisition of subsidiaries, net	553,973	(28,806)
Disposal of interests in subsidiaries	(94,083)	(49,321)
At end of the year	(191,046)	(44,413)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Future tax deduction on LAT and other accrued expenses RMB'000	Unrealised gains RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	1,208,346	612,488	297,105	5,088	2,123,027
(Charged)/credited to profit or loss	(29,058)	127,077	84,978	(5,088)	177,909
Acquisition of subsidiaries	–	–	8,700	–	8,700
At 31 December 2023	1,179,288	739,565	390,783	–	2,309,636
At 1 January 2022	1,631,224	332,366	304,165	5,088	2,272,843
(Charged)/credited to profit or loss	(422,878)	230,755	(112,197)	(2,546)	(306,866)
Disposal of interests in subsidiaries	–	49,321	–	–	49,321
Acquisition of subsidiaries	–	46	105,137	2,546	107,729
At 31 December 2022	1,208,346	612,488	297,105	5,088	2,123,027

33. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Assets revaluation RMB'000	Recognition of revenue over time RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	(65,853)	(1,155,480)	(279,815)	(443,572)	(196,035)	62,141	(2,078,614)
Credited/(charged) to profit or loss	724	171,623	43,351	268,628	–	(62,141)	422,185
Acquisition of subsidiaries	–	(508,213)	(54,460)	–	–	–	(562,673)
Disposal of interests in subsidiaries	–	–	94,083	–	–	–	94,083
Credited to other comprehensive income	–	–	6,429	–	–	–	6,429
At 31 December 2023	(65,129)	(1,492,070)	(190,412)	(174,944)	(196,035)	–	(2,118,590)
At 1 January 2022	(66,577)	(1,169,091)	(550,924)	(445,756)	(196,035)	(62,602)	(2,490,985)
Credited/(charged) to profit or loss	724	89,043	(158,111)	5,675	–	124,743	62,074
Acquisition of subsidiaries	–	(75,432)	–	(3,491)	–	–	(78,923)
Credited to other comprehensive income	–	–	429,220	–	–	–	429,220
At 31 December 2022	(65,853)	(1,155,480)	(279,815)	(443,572)	(196,035)	62,141	(2,078,614)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognise deferred income tax assets of approximately RMB1,585,454,000 (2022: RMB1,323,788,000) in respect of losses amounting to approximately RMB6,341,817,000 (2022: RMB5,295,155,000) that can be carried forward against future taxable income.

At 31 December 2023, the Group recognised deferred income tax liabilities of approximately RMB196,035,000 (2022: RMB196,035,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining available unremitted earnings of the Group's subsidiaries will be distributed in the foreseeable future according to the distribution and reinvestment plans of the Group. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB6,619,251,000 at 31 December 2023 (2022: RMB3,084,620,000).

34. TRADE AND OTHER PAYABLES

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

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

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

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

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

35. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Receipts in advance of pre-sale proceeds directly from property purchasers	20,872,878	41,025,991

36. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Derivatives-held for trading		
— Forward foreign exchange contracts	33,764	168,420

During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fair value gain recognised in other losses — net	157,361	181,594

37. INTEREST AND OTHER INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest income from:		
— Bank deposits	47,651	86,442
— Entrusted loans	542,066	625,662
— Others	151,394	172,780
Dividend income	—	114,780
Others	113,300	94,301
	854,411	1,093,965

38. OTHER LOSSES — NET

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

39. EXPENSES BY NATURE

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Cost of properties and land use rights sold:		
— Land use rights	11,978,508	15,255,518
— Capitalised interest	4,232,640	2,531,580
— Construction related cost	21,063,798	18,309,012
Cost of upfitting services rendered	2,296,064	2,556,032
Direct investment property expenses (Note 12)	121,545	144,147
Employee benefit expense (Note 40)	1,893,308	1,960,313
Consultancy fee	425,700	518,918
Auditor's remuneration	16,530	19,680
— Audit services	12,930	14,990
— Non-audit services	3,600	4,690
Depreciation of property, plant and equipment (Note 7)	127,316	128,539
Depreciation of right-of-use assets (Note 8)	187,123	79,034
Amortization of land use rights and intangible asset (Notes 9 and 10)	86,620	84,995
Advertising and marketing	1,150,589	1,686,689
Business taxes and other levies	290,045	269,951
Impairment charges	13,554,453	9,231,291
— Impairment loss on financial assets	11,282,720	7,850,341
— Impairment loss on properties under development (Note 19)	1,935,580	1,253,754
— Impairment loss on completed properties held for sale (Note 22)	336,153	127,196
Derecognition of goodwill (Note 11)	945	938
Office expenditure	79,854	89,577
Properties maintenance expenses	1,105,222	1,258,420
Energy expenses	332,527	283,568
Others	480,144	692,611
	59,422,931	55,100,813

40. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Salaries, wages and bonuses	1,995,327	2,114,359
Retirement benefits contribution	233,653	227,771
Share options granted to directors and employees (Note 28)	–	75
Restricted Share Award Scheme (Note 28)	(1,479)	13,083
Other allowances and benefits	213,291	328,961
	2,440,792	2,684,249
Less: capitalised in properties under development	(547,484)	(723,936)
	1,893,308	1,960,313

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2023 and 2022.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

40. EMPLOYEE BENEFITS EXPENSE (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2022: three) directors whose emoluments are reflected in the analysis shown in Note 52. The emoluments payable to the remaining two (2022: two) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Basic salaries	4,725	4,151
Other benefit	–	–
Discretionary bonuses	–	843
Retirement scheme contributions	375	370
Share-based payments	–	–
	5,100	5,364

The emoluments fell within the following bands:

	Year ended 31 December	
	2023	2022
RMB2,265,551 (equivalent to HKD2,500,001) to RMB2,718,660 (equivalent to HKD3,000,000)	2	1
RMB2,718,660 (equivalent to HKD3,000,001) to RMB3,171,770 (equivalent to HKD3,500,000)	–	1
	2	2

- (b) During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

41. FINANCE COSTS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expense:		
— Bank borrowings	2,040,253	1,770,539
— Other borrowings	3,200,175	3,269,583
— Lease liabilities (Note 8)	117,672	24,204
	5,358,100	5,064,326
Less: interest capitalised at a capitalisation rate of 5.63% (2022: 5.16%) per annum	(1,840,976)	(1,998,202)
	3,517,124	3,066,124

42. INCOME TAX EXPENSE

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

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax:		
— PRC enterprise income tax	961,544	929,951
— PRC land appreciation tax	1,062,670	1,450,656
Deferred income tax (Note 33)	(600,094)	244,792
	1,424,120	2,625,399

42. INCOME TAX EXPENSE (Continued)

Taxation on the Group's loss before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Loss before income tax	(19,560,765)	(16,130,781)
Adjust for: Share of results of joint ventures	936,319	956,523
Share of results of associates	1,397,411	1,282,834
	(17,227,035)	(13,891,424)
Tax calculated at a tax rate of 25%	(4,306,759)	(3,472,856)
Effect of higher tax rate for the appreciation of land in the PRC	797,003	1,087,992
Income not subject to tax	(1,232)	(69,959)
Expenses not deductible for tax purposes	1,832,532	1,745,715
Tax losses not recognised	1,381,937	1,248,147
Utilisation of previously unrecognised tax losses and expenses	(335,276)	(230,895)
Reversal of previously recognised deferred income tax assets	119,106	270,478
Deductible temporary differences not recognised	1,936,809	2,046,777
Income tax expense	1,424,120	2,625,399

43. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme (Note 26).

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

43. LOSS PER SHARE (Continued)

(b) Diluted

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

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

44. DIVIDENDS

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

45. CASH FLOW INFORMATION

(a) Cash flows from operating activities

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Loss for the year	(20,984,885)	(18,756,180)
Adjustments for:		
— Income tax expense (Note 42)	1,424,120	2,625,399
— Depreciation of property, plant and equipment (Note 7)	127,316	128,539
— Amortization of land use rights (Note 9)	15,889	29,360
— Amortization of intangible assets (Note 10)	70,731	55,635
— Amortization of right-of-use assets (Note 8)	187,123	79,034
— Fair value change on investment properties (Note 12)	928,020	256,118
— Share of results of joint ventures	964,504	977,994
— Share of results of associates	1,398,107	1,280,984
— (Gains)/losses on disposal of joint ventures and associates (Note 38)	(1,132,219)	389,605
— Losses on deemed disposal of joint ventures and associates, net (Note 38)	206,078	64,212
— Dividend income (Note 37)	—	(114,780)
— Interest income (Note 37)	(693,460)	(798,442)
— (Gains)/losses on disposal of interests in subsidiaries (Note 38)	(85,945)	621,555
— Losses/(gains) on disposal of property, plant and equipment (Note 38)	6,865	(677)
— Losses on disposal of investment properties (Note 38)	—	63,624
— Fair value change on financial assets and financial liabilities at fair value through profit or loss (Note 38)	736,129	267,133
— Impairment charges (Note 39)	13,554,453	9,231,291
— Derecognition of goodwill (Note 39)	945	938
— Finance costs (Note 41)	3,517,124	3,066,124
— Exchange losses (Note 38)	220,110	1,178,350
— Share-based payments (Note 40)	(1,479)	13,158
— Provision for litigation (Note 38)	618,713	—
	1,078,239	658,974

45. CASH FLOW INFORMATION (Continued)

(a) Cash flows from operating activities (Continued)

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
— Properties under development	(13,657,959)	21,146,525
— Inventories, at cost	(155,960)	(443,990)
— Land development cost recoverable	(21,153)	7,503
— Completed properties held for sale	37,729,558	957,391
— Trade and other receivables and prepayments	6,898,517	(4,761,824)
— Contract assets	470,752	198,304
— Restricted bank deposits	1,730,092	660,213
— Trade and other payables	(8,202,018)	(13,471,337)
— Receipts in advance of pre-sale proceeds directly from property purchasers and lessees	(20,153,113)	(15,107,517)
Cash generated from/(used in) operations	5,716,955	(10,155,758)

(b) In the consolidated statement of cash flow, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Net book amount (Note 7)	80,510	101,441
(Losses)/gains on disposal of property, plant and equipment (Note 38)	(6,865)	677
Proceeds from disposal of property, plant and equipment	73,645	102,118

45. CASH FLOW INFORMATION (Continued)

(c) The reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements in liabilities from financing activities for each of the periods presented.

	2023 RMB'000	2022 RMB'000
Borrowings-repayable within one year (Note 32)	(69,750,588)	(38,091,736)
Borrowings-repayable after one year (Note 32)	(26,392,734)	(58,931,713)
Lease liabilities (Note 8)	(1,973,007)	(398,398)
Liabilities from financing activities	(98,116,329)	(97,421,847)
Gross debt — fixed interest rates	(62,804,960)	(65,636,673)
Gross debt — variable interest rates	(35,311,369)	(31,785,174)
Liabilities from financing activities	(98,116,329)	(97,421,847)

	Liabilities from financing activities			
	Borrowing due within 1 year RMB'000	Borrowing due after 1 year RMB'000	Lease liabilities RMB'000	Total RMB'000
Liabilities at 31 December 2021	(18,667,628)	(73,556,834)	(427,073)	(92,651,535)
Cash flows	6,632,877	(4,087,657)	88,391	2,633,611
Increase due to business combination	(1,457,000)	(2,418,504)	(4,801)	(3,880,305)
Decrease due to disposal of interests in subsidiaries	336,830	–	2,267	339,097
Foreign exchange adjustments	(212,365)	(3,278,728)	–	(3,491,093)
Increase due to other acquisitions	(24,619)	(289,821)	(57,182)	(371,622)
Other non-cash movements	(24,699,831)	24,699,831	–	–
Liabilities at 31 December 2022	(38,091,736)	(58,931,713)	(398,398)	(97,421,847)
Cash flows	9,013,281	497,681	239,314	9,750,276
Increase due to business combination	(1,708,250)	(7,252,232)	(1,672,575)	(10,633,057)
Decrease due to disposal of interests in subsidiaries	–	825,154	22,895	848,049
Foreign exchange adjustments	(598,550)	(23,210)	–	(621,760)
Increase due to other acquisitions	(120,377)	(16,452)	–	(136,829)
Transfer to other payables	263,082	–	–	263,082
Other non-cash movements	(38,508,038)	38,508,038	(164,243)	(164,243)
Liabilities at 31 December 2023	(69,750,588)	(26,392,734)	(1,973,007)	(98,116,329)

Other non-cash movement is mainly the reclassification of long-term borrowing and borrowing within 1 year.

46. FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as 31 December 2023 and 2022:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	16,590,788	20,677,278

As at 31 December 2023 and 31 December 2022, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the property title certificate which is then pledged with the banks.

The Group has not recognised any liabilities in connection with the aforesaid financial guarantee contracts as the directors of the Company are of the view that it is remote for the Group to suffer from any significant losses on these financial guarantee contracts.

- (b) As at 31 December 2023, the Group provided guarantees amounted to approximately RMB63,029,830,000 for borrowings of related parties and third parties (2022: RMB5,523,480,000). Properties under development and other assets owned by these parties are the primary collateral of such borrowings.

47. COMMITMENTS

- (a) Capital commitments

Capital commitments at the statement of financial position date but not yet incurred are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Properties under development	6,333,204	6,669,612
Commitment of investments	2,485,667	2,956,388
Contracted but not provided for	8,818,871	9,626,000

47. COMMITMENTS (Continued)

(b) Commitments to a joint venture

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Commitments to provide funding to a joint venture for its investment properties development	8,641,747	8,662,694

(c) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	343,243	375,204
Between 1 to 5 years	544,515	188,703
Over 5 years	–	2,612
	887,758	566,519

48. SETTLEMENT WITH NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2023, the Group has purchased or subscribed additional equity interests of its non-wholly owned subsidiaries and disposed of certain equity interests to its non-controlling shareholders through certain transactions with non-controlling interests which resulted in the total decrease in non-controlling interests of approximately RMB376,368,000 and total decrease in net assets attributable to the owners of the Company of approximately RMB200,711,000.

During the year ended 31 December 2022, the Group has purchased or subscribed additional equity interests of its non-wholly owned subsidiaries and disposed of certain equity interests to its non-controlling shareholders through certain transactions with non-controlling interests which resulted in the total decrease in non-controlling interests of approximately RMB1,128,145,000 and total decrease in net assets attributable to the owners of the Company of approximately RMB681,984,000.

49. PROVISION FOR LITIGATIONS

Up to the date of this report, various parties have filed litigation against the Group for unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters. The Directors have assessed the impact of the above litigation matters on the consolidated financial statements for the year ended 31 December 2023 and provision for litigations amounted to approximately RMB0.62 billion and was recognised in the liabilities. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

50. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered in the ordinary course of business between the Group and its related parties during the years ended 31 December 2023 and 2022:

(a) Provision of services to:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
— A shareholder	6,901	29,450
— Joint ventures	2,216,132	1,636,862
— Associates	105,081	251,067
	2,328,114	1,917,379

Provision of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

(b) Purchase of services from:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Joint ventures	1,193,565	349,884
Associates	9,229	10,722
	1,202,794	360,606

(c) Transaction with joint ventures:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Gains on disposal of joint ventures to a joint venture	—	71,066
Gains on disposal of an associate to a joint venture	—	94,875
	—	165,941

The Group did not dispose any equity interests in subsidiaries, joint ventures, or associates to joint ventures of the Group during the year ended 31 December 2023.

50. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Salaries and other short-term employee benefits	32,911	26,305
Post-employment benefits	3,026	3,147
Other long-term welfare	1,119	1,131
	37,056	30,583

(e) Year-end balances arising from sales and purchases of properties and services:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Receivables from related parties:		
— A shareholder	1,008	5,995
— Joint ventures	2,527,308	3,119,702
— Associates	211,397	353,690
	2,739,713	3,479,387
Advance to related parties:		
— A shareholder	54	54
— Joint ventures	95,582	62,491
— Associates	102,007	—
	197,643	62,545
Trade payables due to related parties:		
— A joint venture	837,524	791,896
— An associate	41,897	42,297
	879,421	834,193

50. RELATED PARTY TRANSACTIONS (Continued)

(f) Interest income

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
— Joint ventures	396,117	371,084
— Associates	1,241	298,219
	397,358	669,303

(g) Entrusted loans to related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Joint ventures:		
At 1 January	4,281,355	8,032,571
Loans advanced during year	291,002	7,393,817
Loans repayments received	(917,119)	(11,145,033)
Decrease due to deemed disposal of joint ventures	(6,694)	—
Interest income	396,117	371,084
Interest received	(248,167)	(371,084)
Reclass to amounts due from joint ventures	(147,950)	—
At 31 December (Note 21(b)(i))	3,648,544	4,281,355
Associates:		
At 1 January	—	5,168,878
Loans advanced during year	24,510	1,087,809
Loans repayments received	—	(6,256,687)
Increase due to disposal of interests in subsidiaries	611,696	—
Interest income	1,241	298,219
Interest received	(1,241)	(298,219)
At 31 December (Note 21(b)(ii))	636,206	—

50. RELATED PARTY TRANSACTIONS (Continued)

(h) Dividend income

During the year ended 31 December 2023, the dividend income received from Sino-Ocean Capital, the associate of the Company amounted to RMBNil (2022: RMB114,780,000).

(i) Acquisition of a subsidiary from a joint venture

(i) During the year ended 31 December 2023, the consideration paid to acquire of 100% equity interest of 中山市長豐創展有限公司 from 中山市遠維房地產開發有限公司, a joint venture of the Company, amounted to RMB455,377,000.

(ii) During the year ended 31 December 2023, the consideration paid to acquire of 100% equity interest of 太原吉飛通房地產開發有限公司 from 天津普利達房地產建設開發有限公司, a joint venture of the Company, amounted to RMB9,500,000.

(j) Amounts due from related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Joint ventures:		
At 1 January	26,402,974	26,809,010
Amounts advanced during year	4,800,014	32,856,518
Reclass from entrusted loans to related parties	147,950	–
Repayments during year	(4,774,514)	(30,220,527)
Increase due to acquisition of joint ventures	266,252	–
Decrease due to deemed disposal of joint ventures	(1,968,798)	(5,122,470)
Increase due to disposal of interests in subsidiaries	–	2,080,443
Increase due to acquisition of subsidiaries	8,409	–
Decrease due to disposal of joint ventures	(110,962)	–
At 31 December (Note 21(b)(v))	24,771,325	26,402,974
Associates:		
At 1 January	10,265,224	7,722,884
Amounts advanced during year	375,461	5,753,909
Repayments during year	(673,575)	(3,211,569)
Increase due to acquisition of associates	18,180	–
Decrease due to deemed disposal of associates	(263,482)	–
Increase due to disposal of subsidiaries	632,728	–
Decrease due to disposal of associates	(315,949)	–
At 31 December (Note 21(b)(v))	10,038,587	10,265,224

50. RELATED PARTY TRANSACTIONS (Continued)

(k) Amounts due to related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Joint ventures:		
At 1 January	7,708,753	6,292,286
Amounts advanced during year	3,530,431	12,527,192
Repayments during year	(3,992,632)	(10,776,281)
Decrease due to deemed disposal of joint ventures	–	(895,636)
Increase due to acquisition of subsidiaries	426	350,432
Increase due to disposal of interests in subsidiaries	–	217,892
Decrease due to disposal of interests in joint ventures	(208,590)	(7,132)
At 31 December (Note 34(ii))	7,038,388	7,708,753
Associates:		
At 1 January	915,288	2,035,391
Amounts advanced during year	86,161	2,575,699
Repayments during year	(53,179)	(3,517,735)
Decrease due to deemed disposal of associates	–	(173,811)
Increase due to disposal of interest in associates	91,925	–
Decrease due to disposal of interest in associates	–	(4,256)
At 31 December (Note 34(ii))	1,040,195	915,288

50. RELATED PARTY TRANSACTIONS (Continued)

(l) Borrowing from related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Joint ventures	3,917,262	3,328,237
Associates	235,384	240,000
	4,152,646	3,568,237

(m) Investment in limited partners' share issued by an associate

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Fair value of investment in limited partners' share issued by an associate	1,969,861	1,712,329

(n) Investment in capital instrument issued by associates

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Fair value of interests in capital instruments issued by associates	440,833	501,876

51. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Notes	As at 31 December	
		2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		3,407,371	3,411,545
Current assets			
Amounts due from subsidiaries		16,047,049	24,498,246
Financial assets at fair value through profit or loss		128,169	477,124
Other receivables		2,458	2,459
Cash and cash equivalents		62	170
		16,177,738	24,977,999
Total assets		19,585,109	28,389,544
EQUITY			
Capital	(a)	27,329,232	27,329,232
Reserves	(b)	944,363	945,842
(Accumulated loss)/retained earnings	(c)	(8,738,971)	60,938
Total equity		19,534,624	28,336,012
LIABILITY			
Current liabilities			
Other payables		50,485	53,532
Total liabilities		50,485	53,532
Total equity and liabilities		19,585,109	28,389,544

Approved by the Board of Directors of the Company on 28 March 2024 and signed on its behalf by:

LI Ming
Executive Director

WANG Honghui
Executive Director

51. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Capital movement of the Company

	RMB'000
At 1 January 2023	27,329,232
Issue of shares pursuant to exercise of employee share options	–
At 31 December 2023	27,329,232
At 1 January 2022	27,329,232
Issue of shares pursuant to exercise of employee share options	–
At 31 December 2022	27,329,232

(b) Reserve movement of the Company

	RMB'000
At 1 January 2023	945,842
Share based payment	(1,479)
Purchase of shares for Restricted Share Award Scheme	–
At 31 December 2023	944,363
At 1 January 2022	939,103
Share based payment	13,158
Purchase of shares for Restricted Share Award Scheme	(6,419)
At 31 December 2022	945,842

(c) (Accumulated loss)/retained earnings

	RMB'000
At 1 January 2023	60,938
Loss for the year	(8,794,360)
Currency translation difference	(5,549)
At 31 December 2023	(8,738,971)
At 1 January 2022	265,976
Profit for the year	2,627
Dividends relating to 2021	(198,018)
Currency translation difference	(9,647)
At 31 December 2022	60,938

52. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the years is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking														
Year ended 31 December														
	2023					2022								
	Director's fee	Salary	Discretionary bonus	Employer's contribution to retirement benefit scheme	Other benefit	Subtotal	Share-based payments	Director's fee	Salary	Discretionary bonus	Employer's contribution to retirement benefit scheme	Other benefit	Subtotal	Share-based payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors														
Mr. Li Ming (Chairman)	-	5,828	-	1,159	1,119	8,106	-	-	5,306	1,260	1,432	1,132	9,130	-
Mr. Wang Honghui	-	2,588	-	96	-	2,684	-	-	2,005	960	102	-	3,067	-
Mr. Cui Hongjie	-	2,382	-	96	-	2,478	-	-	2,001	660	102	-	2,763	-
Ms. Chai Juan (i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-executive directors														
Ms. Huang Xiumei (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhao Peng	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hou Jun (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chen Ziyang (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhan Zhong (ii)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhang Zhongdang (i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yu Zhiqiang (i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sun Jinfeng (i)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent non-executive directors														
Mr. Han Xiaojing	417	-	-	-	-	417	-	411	-	-	-	-	411	-
Mr. Suen Man Tak (ii)	201	-	-	-	-	201	-	411	-	-	-	-	411	-
Mr. Wang Zhifeng (ii)	103	-	-	-	-	103	-	411	-	-	-	-	411	-
Mr. Jin Qingjun	417	-	-	-	-	417	-	411	-	-	-	-	411	-
Ms. Lam Sin Lai Judy (ii)	201	-	-	-	-	201	-	411	-	-	-	-	411	-
Mr. Lyu Hongbin (i)	314	-	-	-	-	314	-	-	-	-	-	-	-	-
Mr. Liu Jingwei (i)	216	-	-	-	-	216	-	-	-	-	-	-	-	-
Mr. Jiang Qi (i)	216	-	-	-	-	216	-	-	-	-	-	-	-	-
	2,085	10,798	-	1,351	1,119	15,353	-	2,055	9,312	2,880	1,636	1,132	17,015	-

52. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

- (i) On 26 June 2023, Ms. Chai Juan, was appointed as an executive director.

On 26 June 2023, Mr. Zhang Zhongdang, was appointed as a non-executive director.

On 26 June 2023, Mr. Yu Zhiqiang, was appointed as a non-executive director.

On 26 June 2023, Mr. Sun Jinfeng, was appointed as a non-executive director.

On 31 March 2023, Mr. Lyu Hongbin, was appointed as an independent non-executive director.

On 26 June 2023, Mr. Liu Jingwei, was appointed as an independent non-executive director.

On 26 June 2023, Mr. Jiang Qi, was appointed as an independent non-executive director.

- (ii) On 26 June 2023, Ms. Huang Xiumei, a non-executive director, has resigned.

On 26 June 2023, Mr. Hou Jun, a non-executive director, has resigned.

On 26 June 2023, Mr. Chen Ziyang, a non-executive director, has resigned.

On 26 June 2023, Mr. Zhan Zhong, a non-executive director, has resigned.

On 31 March 2023, Mr. Wang Zhifeng, an independent non-executive director, has resigned.

On 26 June 2023, Ms. Lam Sin Lai Judy, an independent non-executive director, has resigned.

On 26 June 2023, Mr. Suen Man Tak, an independent non-executive director, has resigned.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

- (c) During the years ended 31 December 2023 and 2022, no emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for losses of office.

53. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as the events disclosed under the "Note 2.1 Basis of measurement and going concern assumption", there was no other significant subsequent event affecting the Group after the financial year ended 31 December 2023 and up to the date of issuance of the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

	2023 (RMB million)	2022 (RMB million) (Restated)	2021 (RMB million)	2020 (RMB million)	2019 (RMB million)
Revenue	46,459	46,127	64,247	56,511	50,926
Gross Profit	1,183	2,377	11,258	10,457	10,222
(Loss)/profit attributable to owners of the Company	(21,097)	(19,037)	2,729	2,866	2,656
Total assets	206,172	242,966	281,252	259,689	243,699
Total liabilities	199,143	198,186	204,805	189,784	178,088
Shareholders' equity	7,029	28,641	55,074	53,649	49,907
Total equity	20,792	44,780	76,447	69,905	65,611

GLOSSARY

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

“2018 Option Scheme”	the share option scheme approved and adopted by the shareholders of the Company on 6 August 2018
“AGM”	annual general meeting of the Company
“Anti-fraud and Anti-bribery Policy”	the anti-fraud and anti-bribery policy of the Company
“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Award Scheme”	the restricted share award scheme adopted by the Board on 22 March 2010
“BDO”	BDO Limited
“Board”	the board of directors of the Company
“Board Committees”	collectively, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic and Investment Committee and each a “Board Committee”
“Board Diversity Policy”	the board diversity policy of the Company
“CEO”	the chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China
“China Life Group”	China Life Insurance (Group) Company, a company established under the laws of the PRC, being the controlling shareholder of China Life, which in turn is a substantial shareholder of the Company
“China Life Insurance”	China Life Insurance Company Limited (中國人壽保險股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Stock Exchange (Stock Code: 02628.HK) and the Shanghai Stock Exchange (Stock Code: 610628.SE) respectively, being a substantial shareholder of the Company
“Code of Conduct”	the code of conduct regarding Director’s securities transactions adopted by the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Company” or “Sino-Ocean Group”	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.HK)
“Company Secretary”	the company secretary of the Company
“Dajia Insurance Group”	Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司), a company established under the laws of the PRC, being the controlling shareholder of Dajia Life Insurance, which in turn is a substantial shareholder of the Company
“Dajia Life Insurance”	Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司), a company established under the laws of the PRC, being a substantial shareholder of the Company
“Dajia Life Insurance Group”	Dajia Life Insurance and its subsidiaries and associates
“Director(s)”	director(s) of the Company
“ED(s)” or “Executive Director(s)”	executive director(s) of the Company
“ESG”	environment, social and governance
“Financial Street Holdings”	Financial Street Holdings Co., Ltd., a company established under the laws of the PRC and listed on the Shenzhen Stock Exchange (Stock Code: 000402.SZ)
“GFA”	gross floor area
“Group” or “we”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSAR” or “Hong Kong”	Hong Kong Special Administrative Region of the PRC
“INED(s)” or “Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Latest Practicable Date”	2 April 2024, being the latest practicable date prior to the issue of this annual report
“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 C3 to the Listing Rules
“MPF Scheme”	the mandatory provident fund scheme registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
“NED(s)” or “Non-executive Director(s)”	non-executive director(s) of the Company
“net gearing ratio”	total borrowings less total cash resources divided by total equity

“Nomination Committee”	the nomination committee of the Company
“Nomination Policy”	the nomination policy of the Company
“Remuneration Committee”	the remuneration committee of the Company
“Retiring Directors”	the Directors to be retired and stand for re-election at the forthcoming AGM
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“Share(s)”	ordinary share(s) of the Company with no nominal value
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders Communication Policy”	the shareholders communication policy of the Company
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“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.HK), being 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
“Strategic and Investment Committee”	the strategic and investment committee of the Company
“Sustainable Development Committee”	the sustainable development management committee of the Company
“USD”	United States dollars, the lawful currency of the United States
“Whistleblowing Policy”	the whistleblowing policy of the Company

“Xishuangbanna” Xishuangbanna Dai Autonomous Prefecture

“YoY” year-on-year

“%” per cent

Note:

In this annual report, the English names of the entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

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