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禹洲集團控股有限公司

YUZHOU GROUP HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Equity Stock Code: 01628)

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

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of Yuzhou Group Holdings Company Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**” or “**Yuzhou Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, which have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Board.

FINANCIAL HIGHLIGHTS

1. Contracted sales was RMB7,953.11 million in 2024, down by 55.42% year-on-year.
2. Revenue decreased by 54.76% year-on-year to RMB9,716.26 million in 2024.
3. Loss attributable to owners of the parent was RMB11,966.84 million in 2024, compared to loss attributable to owners of the parent of RMB10,520.57 million in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
REVENUE	3	9,716,264	21,477,083
Cost of sales		<u>(9,540,325)</u>	<u>(21,109,247)</u>
Gross profit		175,939	367,836
Fair value loss on investment properties, net		(1,048,026)	(3,033,881)
Other income and gains	3	64,090	351,047
Selling and distribution expenses		(211,088)	(385,384)
Administrative expenses		(848,068)	(861,313)
Other expenses		(364,914)	(571,090)
Write-down of properties held for sale and properties under development to net realisable value		(6,612,235)	(4,548,883)
Impairment of investments in joint ventures and associates		(114,316)	(93,456)
Impairment of other receivables		(1,584,411)	(1,603,056)
Remeasurement of financial guarantee contracts		(233,831)	(179,609)
Finance costs	5	(3,964,401)	(3,862,323)
Share of profits and losses of joint ventures		477,928	294,057
Share of profits and losses of associates		<u>(396,965)</u>	<u>(105,278)</u>
LOSS BEFORE TAX	6	(14,660,298)	(14,231,333)
Income tax expense	7	<u>(114,565)</u>	<u>(78,077)</u>
LOSS FOR THE YEAR		<u>(14,774,863)</u>	<u>(14,309,410)</u>
Attributable to:			
Owners of the parent		(11,966,840)	(10,520,568)
Non-controlling interests		<u>(2,808,023)</u>	<u>(3,788,842)</u>
		<u>(14,774,863)</u>	<u>(14,309,410)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic (<i>RMB cents per share</i>)	9	<u>(187.23)</u>	<u>(165.05)</u>
– Diluted (<i>RMB cents per share</i>)	9	<u>(187.23)</u>	<u>(165.05)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(14,774,863)</u>	<u>(14,309,410)</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(768,791)</u>	<u>(715,629)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Surplus on properties revaluation	42,408	–
Income tax effect of properties revaluation	(10,602)	–
Changes in financial assets at fair value through other comprehensive income	<u>(6,367)</u>	<u>(48,921)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>25,439</u>	<u>(48,921)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(743,352)</u>	<u>(764,550)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(15,518,215)</u>	<u>(15,073,960)</u>
Attributable to:		
Owners of the parent	(12,710,192)	(11,285,118)
Non-controlling interests	<u>(2,808,023)</u>	<u>(3,788,842)</u>
	<u>(15,518,215)</u>	<u>(15,073,960)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	2,106,871	2,474,948
Investment properties	11,188,200	12,339,900
Goodwill	–	65,963
Investments in joint ventures	2,060,673	2,373,722
Investments in associates	4,847,499	5,509,165
Financial assets at fair value through profit or loss	5,100	5,100
Financial assets at fair value through other comprehensive income	–	6,367
Deferred tax assets	683,170	1,050,453
	<hr/>	<hr/>
Total non-current assets	20,891,513	23,825,618
CURRENT ASSETS		
Land held for property development for sale	1,624,455	1,624,455
Properties under development	18,112,748	29,607,234
Properties held for sale	13,037,581	15,734,875
Prepayments, other receivables and other assets	24,856,097	31,006,494
Prepaid corporate income tax	695,411	609,984
Prepaid land appreciation tax	871,841	959,254
Financial assets at fair value through profit or loss	–	240,813
Restricted cash	1,858,068	1,368,808
Cash and cash equivalents	1,119,141	3,773,803
	<hr/>	<hr/>
Total current assets	62,175,342	84,925,720

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES			
Contract liabilities		5,361,237	12,069,626
Trade payables	10	7,960,003	10,118,689
Other payables and accruals		24,030,690	21,492,041
Interest-bearing bank and other borrowings		5,625,105	7,178,115
Corporate bonds	11	900,000	1,412,500
Senior notes	12	38,789,815	38,719,873
Corporate income tax payables		1,979,475	1,985,197
Provision for land appreciation tax		<u>1,330,573</u>	<u>1,547,433</u>
Total current liabilities		<u>85,976,898</u>	<u>94,523,474</u>
NET CURRENT LIABILITIES		<u>(23,801,556)</u>	<u>(9,597,754)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,910,043)</u>	<u>14,227,864</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		5,330,302	5,433,869
Corporate bonds	11	1,975,000	1,800,000
Deferred tax liabilities		<u>1,520,341</u>	<u>1,934,018</u>
Total non-current liabilities		<u>8,825,643</u>	<u>9,167,887</u>
Net (liabilities)/assets		<u><u>(11,735,686)</u></u>	<u><u>5,059,977</u></u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		559,947	559,947
Senior perpetual securities		1,911,986	1,911,986
Reserves		<u>(15,019,383)</u>	<u>(2,039,836)</u>
		<u>(12,547,450)</u>	432,097
Non-controlling interests		<u>811,764</u>	<u>4,627,880</u>
(Capital deficiency)/total equity		<u><u>(11,735,686)</u></u>	<u><u>5,059,977</u></u>

Notes:

1. BASIS OF PRESENTATION

The Group incurred a loss of RMB14,774,863,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of RMB23,801,556,000 and RMB11,735,686,000 respectively and failed to pay off a US\$1,285,496,000 (equivalent to RMB9,143,333,000) senior notes' interests, unpaid interest-bearing bank borrowing interest of US\$24,482,000 (equivalent to RMB176,124,000) and HK\$47,325,000 (equivalent to RMB43,825,000) and non-payment of senior notes with principal in total of US\$3,095,085,000 (equivalent to RMB22,014,377,000) as well as non-payment of interest-bearing bank borrowings with principal totaling US\$179,583,000 (equivalent to RMB1,291,926,000) and HK\$206,162,000 (equivalent to RMB190,914,000). Such non-payment of interest or overdue principal have caused an event of default pursuant to the terms and conditions of both the senior notes and interest-bearing bank borrowing agreements. As a result, the respective creditors have right to demand for immediate repayment on the outstanding principal together with accrued interests. As at 31 December 2024, the Group has interest-bearing bank and other borrowings, corporate bonds and senior notes with an aggregate amount of RMB52,620,222,000, while available cash and cash equivalent on hand was RMB1,119,141,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this fact, the directors of the Company (the "**Directors**") consider it is appropriate to prepare the consolidated financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligation as they fall due for the next fifteen months based on its projected cash flow forecasts. The Directors have carried out a detailed review of the cash flow projections of the Group covering a period up to 31 March 2026, the Directors consider that the Group is financially viable to continue as a going concern.

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

- (a) The Company and members of the Ad Hoc Group (the "**AHG**"), together with their respective advisors, have been engaging in constructive dialogue for the purposes of implementing a holistic restructuring of the Group's offshore indebtedness (the "**Proposed Restructuring**") through a scheme of arrangement (or parallel schemes of arrangement) (the "**Scheme**"). Since 8 February 2024, creditors representing approximately 93% of the Existing Notes (the "**Scheme Creditors**") have acceded to the restructuring support agreement.

The Schemes were approved by the requisite statutory majorities of Scheme Creditors in the meetings of the Scheme Creditors on 16 September 2024. The Court of First Instance of the High Court of Hong Kong Special Administrative Region and the Grand Court of the Cayman Islands respectively approved the Hong Kong Plan and the Cayman Plan in September 2024, with the plan effective date being 4 October 2024.

On 20 February 2025, the Company has obtained the requisite support from the majority of Scheme Creditors, and the final longstop date for the restructuring effective date has been extended from the originally scheduled 28 February 2025 to 31 August 2025 to allow more time to fulfill the remaining restructuring conditions.

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year’s financial statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of these amendments to HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

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

	2024	2023
	RMB'000	RMB'000
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties	9,226,399	20,996,450
Property management fee income	267,304	231,509
Hotel operation income	1,103	9,780
	9,494,806	21,237,739
<i>Revenue from other sources</i>		
Rental income from investment properties	221,458	239,344
	9,716,264	21,477,083
Other income and gains		
Bank interest income	30,525	67,068
Gain on disposal of subsidiaries, net	1,597	205,530
Gain on disposal of joint ventures and associates, net	11,813	–
Others	20,155	78,449
	64,090	351,047

4. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the hotel operation segment engages in the operation of hotels; and
- (e) the others segment comprises corporate income and expense items.

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

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

Year ended 31 December 2024

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
Segment revenue						
Sales to external customers	9,226,399	221,458	267,304	1,103	-	9,716,264
Other income and gains	32,077	842	303	-	343	33,565
Total	9,258,476	222,300	267,607	1,103	343	9,749,829
Segment results	(9,683,443)	(1,081,431)	90,057	(346)	(51,259)	(10,726,422)
<i>Reconciliation:</i>						
Interest income						30,525
Finance costs						(3,964,401)
Loss before tax						(14,660,298)
Other segment information:						
Depreciation	33,352	26,318	2,125	1,262	301	63,358
Capital expenditure*	358	1,162	310	-	-	1,830
Fair value loss on investment properties, net	-	1,048,026	-	-	-	1,048,026
Fair value loss on properties revaluation	197,766	-	-	-	-	197,766
Impairment on property, plant and equipment	61,940	-	-	-	-	61,940
Impairment of goodwill	65,963	-	-	-	-	65,963
Impairment of investments in joint ventures and associates	114,316	-	-	-	-	114,316
Impairment of other receivables	1,584,411	-	-	-	-	1,584,411
Remeasurement of financial guarantee contracts	233,831	-	-	-	-	233,831
Share of profits of joint ventures	(477,928)	-	-	-	-	(477,928)
Share of losses of associates	396,965	-	-	-	-	396,965
Write-down of properties held for sale and properties under development to net realisable value	6,612,235	-	-	-	-	6,612,235
Investments in joint ventures	2,060,673	-	-	-	-	2,060,673
Investments in associates	4,847,499	-	-	-	-	4,847,499

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

Year ended 31 December 2023

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

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

Information about a major customer

There were no sales to a single external customer which amounted to 10% or more of the Group's revenue during the year ended 31 December 2023 and 2024.

Geographical information

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on interest-bearing bank and other borrowings, corporate bonds and senior notes	4,301,215	4,370,122
<i>Less: Interest capitalised</i>	<u>(336,814)</u>	<u>(507,799)</u>
	<u>3,964,401</u>	<u>3,862,323</u>

6. LOSS BEFORE TAX

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	63,358	58,351
Impairment on property, plant and equipment*	61,940	–
Fair value loss on properties revaluation*	197,766	–
Impairment of goodwill*	65,963	205,110
Employee benefit expense (including Directors' and chief executive officer's remuneration)		
Wages and salaries	123,361	207,030
Equity-settled share option expense	3,164	6,920
Retirement benefit scheme contributions	18,877	27,825
<i>Less: amount capitalised</i>	<u>(19,384)</u>	<u>(55,525)</u>
	<u>126,018</u>	<u>186,250</u>

* *These items are included in "Other expenses" in the consolidated statement of profit or loss.*

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the current year as the Group has no assessable profits arising in Hong Kong during the year (2023: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current:		
PRC corporate income tax		
– Charge for the year	86,260	199,195
– (Over)/under provision in prior years	(40,087)	14,983
PRC land appreciation tax	125,388	368,846
	171,561	583,024
Deferred:		
Current year	(56,996)	(504,947)
Total tax charge for the year	114,565	78,077

8. DIVIDENDS

The Directors did not recommend the payment of a final dividend for the years end 31 December 2024 and 2023.

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

The calculation of the basic loss per share amount for the year ended 31 December 2024 is based on the loss for the year attributable to ordinary equity holders of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 6,543,909,500 (2023: 6,543,909,500) in issue less the weighted average number of shares of 10,324,504 (2023: 10,324,504) held under the share award scheme during the year.

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

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss		
Loss attributable to owners of the parent	(11,966,840)	(10,520,568)
Distribution related to senior perpetual securities	(265,928)	(263,318)
	<u>(12,232,768)</u>	<u>(10,783,886)</u>
	<u>(12,232,768)</u>	<u>(10,783,886)</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic loss per share calculation	<u>6,533,584,996</u>	<u>6,533,584,996</u>
Weighted average number of ordinary shares in issue during the year, used in the diluted loss per share calculation	<u>6,533,584,996</u>	<u>6,533,584,996</u>
	<u>6,533,584,996</u>	<u>6,533,584,996</u>

10. TRADE PAYABLES

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,784,145	7,302,454
1 to 2 years	<u>3,175,858</u>	<u>2,816,235</u>
	<u>7,960,003</u>	<u>10,118,689</u>
	<u>7,960,003</u>	<u>10,118,689</u>

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

11. CORPORATE BONDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Corporate bonds due in 2024	1,075,000	1,075,000
Corporate bonds due in 2025	1,800,000	2,137,500
	<u>2,875,000</u>	<u>3,212,500</u>
Portion classified as current liabilities	<u>(900,000)</u>	<u>(1,412,500)</u>
Non-current liabilities	<u>1,975,000</u>	<u>1,800,000</u>

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

- (i) RMB2,000,000,000 corporate bonds due in 2024 issued by a subsidiary of the Company in April 2019 (the “**6.5% Corporate Bonds**”). The 6.5% Corporate Bonds have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds are unsecured. At the end of the second, third and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In April 2021, the coupon rate was adjusted to 6.98% per annum. During the year ended 31 December 2023, a large Chinese state-owned asset management company repaid 6.5% Corporate Bonds with a principal amount of RMB925,000,000 on behalf of the Company. In April 2024, the coupon rate was adjusted to 6% per annum, and the Group obtained approval from the respective bondholders of the 6.5% Corporate Bonds for the extension of the maturity date. According to the related extension arrangement, the Group is required to settle 15% of the outstanding principal in 2026 and the remaining 85% of the outstanding principal in 2027, therefore the remaining balance RMB1,075,000,000 as at 31 December 2024 are classified as non-current liabilities. The 6.5% Corporate Bonds were classified as current liabilities as at 31 December 2023.
- (ii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in July 2020 (the “**6.5% Corporate Bonds II**”). The 6.5% Corporate Bonds II have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bondholders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively. During the reporting period, the Group has repaid RMB168,750,000 of the corporate bonds and the remaining balance is RMB900,000,000 as at 31 December 2024. In July 2023, the Group has agreed to change repayment terms with respective bondholders in which the balance of RMB450,000,000 6.5% Corporate Bonds II are becoming due before 31 December 2025 and therefore classified as current liabilities as at 31 December 2024, while the remaining balance of RMB225,000,000 and RMB225,000,000 are becoming due in January 2026 and July 2026, respectively, which are classified as non-current liabilities as at 31 December 2024. The 6.5% Corporate Bond II are pledged over the Group’s equity interests in certain subsidiaries. The balance of RMB168,750,000 and RMB900,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2023.

(iii) RMB1,500,000,000 corporate bonds due in 2025 issued by a subsidiary of the Company in September 2020 (the “6.5% Corporate Bonds III”). The 6.5% Corporate Bonds III have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bondholders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2022 and 2023, the Group repaid RMB75,000,000 and RMB356,250,000 of the corporate bonds respectively. During the reporting period, the Group has repaid RMB168,750,000 of the corporate bonds and the remaining balance is RMB900,000,000 as at 31 December 2024. In July 2023, the Group has agreed to change repayment terms with respective bondholders in which the balance of RMB450,000,000 6.5% Corporate Bonds III are becoming due before 31 December 2025 and therefore classified as current liabilities as at 31 December 2024, while the remaining balance of RMB225,000,000 and RMB225,000,000 are becoming due in March 2026 and September 2026, respectively, which are classified as non-current liabilities as at 31 December 2024. The 6.5% Corporate Bond III are pledged over the Group’s equity interests in certain subsidiaries. The balance of RMB168,750,000 and RMB900,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2023.

12. SENIOR NOTES

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
2016 Senior Notes-6%	6.26	2023	1,778,172	6.26	2023	1,769,734
2017 Senior Notes-6%	6.35	2022	83,532	6.35	2022	83,135
2019 Senior Notes-8.625%	9.40	2022	102,714	9.40	2022	102,227
2019 Senior Notes I-8.5%	8.81	2023	3,556,345	8.81	2023	3,539,469
2019 Senior Notes II-8.5%	8.85	2024	3,556,345	8.85	2024	3,537,638
2019 Senior Notes-6%	7.74	2023	2,845,076	7.74	2023	2,831,575
2019 Senior Notes-8.375%	8.63	2024	3,535,007	8.63	2024	3,532,547
2019 Senior Notes-8.3%	8.56	2025	3,440,022	8.56	2025	3,462,488
2020 Senior Notes-7.375%	7.52	2026	4,501,284	7.52	2026	4,503,615
2020 Senior Notes-7.7%	7.87	2025	2,830,172	7.87	2025	2,826,319
2020 Senior Notes-7.85%	8.01	2026	2,084,319	8.01	2026	2,080,451
2021 Senior Notes-6.35%	6.36	2027	3,919,641	6.36	2027	3,924,604
2021 Senior Notes-8.5%	18.06	2022	817,959	18.06	2022	814,078
2021 Senior Notes-9.95%	14.06	2023	1,273,171	14.06	2023	1,267,130
2021 Senior Notes-12%	14.66	2023	711,269	14.66	2023	707,894
2022 Senior Notes-7.8125%	10.07	2023	3,754,787	10.07	2023	3,736,969
			<u>38,789,815</u>			<u>38,719,873</u>
Portion classified as current liabilities			<u>(38,789,815)</u>			<u>(38,719,873)</u>

Note: During the year ended 31 December 2024, the Group failed to pay off a US\$446,592,000 (equivalent to RMB3,176,465,000) (2023: US\$488,257,000 (equivalent to RMB3,456,341,000)) senior notes' interest and non-payment of senior notes with principal in total of US\$997,000,000 (equivalent to RMB7,091,352,000) (2023: US\$1,956,900,000 (equivalent to RMB13,852,773,000)). As of 31 December 2024, the Group failed to pay off a US\$1,285,496,000 (equivalent to RMB9,143,333,000) (2023: US\$842,027,000 (equivalent to RMB5,960,657,000)) senior notes' interest and non-payment of senior notes with principal in total of US\$3,095,085,000 (equivalent to RMB22,014,377,000) (2023: US\$2,098,085,000 (equivalent to RMB14,852,211,000)). Such non-payment of interest or overdue principal have caused an event of default under the senior notes agreements. As a result, all note holders have right to demand immediate repayment of the principal and accrued interest. As at 31 December 2024 and 2023, all senior notes are classified as current liabilities.

13. EVENTS AFTER THE REPORTING PERIOD

For the offshore debt restructuring, the Company has obtained the requisite support from the majority of Scheme Creditors on 20 February 2025, and the final longstop date for the restructuring effective date has been extended from the originally scheduled 28 February 2025 to 31 August 2025 to allow more time to fulfill the remaining restructuring conditions.

Further details are set out in the Company's announcements dated 17 January 2025, 5 February 2025, and 20 February 2025, respectively.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to the consolidated financial statements which discloses that, the Group incurred a loss of RMB14,774,863,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of RMB23,801,556,000 and RMB11,735,686,000 respectively and failed to pay off a US\$1,285,496,000 (equivalent to RMB9,143,333,000) senior notes’ interests, unpaid interest-bearing bank borrowing interest of US\$24,482,000 (equivalent to RMB176,124,000) and HK\$47,325,000 (equivalent to RMB43,825,000), and non-payment of senior notes with principal in total of US\$3,095,085,000 (equivalent to RMB22,014,377,000) as well as non-payment of interest-bearing bank borrowings with principal totaling US\$179,583,000 (equivalent to RMB1,291,926,000) and HK\$206,162,000 (equivalent to RMB190,914,000). Such non-payment of interest or overdue principal have caused an event of default pursuant to the terms and conditions of both the senior note and interest-bearing bank borrowing agreements. As a result, the respective creditors have right to demand for immediate repayment on the outstanding principal together with accrued interests. As at 31 December 2024, the Group has interest-bearing bank and other borrowings, corporate bonds and senior notes with an aggregate amount of RMB52,620,222,000, while available cash and cash equivalent on hand was RMB1,119,141,000.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

In the first three quarters of 2024, new home sales saw a significant year-on-year decline, while the second-hand housing market maintained relatively active supported by the strategy of “trading price for volume”. Driven by strong policy incentives introduced by the state in late September, real estate enterprises saw a year-end rebound in sales in the fourth quarter. Nevertheless, the annual sales of the property market still recorded a double-digit drop compared to last year, reflecting a low-growth adjustment phase.

The intensity of national policy support for the real estate market was a decisive factor in shaping its annual sales performance. In May and June of 2024, the market witnessed a recovery trend following the promulgation and implementation of the new policy on May 17, but subsequently weakened again. At the end of September, a new round of national stimulus policies triggered an immediate market rebound, providing strong support for sales performance, while the average transaction price declined. On one hand, real estate enterprises actively adopted promotional incentives aligned with state and local government support policies. On the other hand, owners in the second-hand housing market also lowered their target selling prices through the strategy of “trading price for volume”, collectively resulting in a downward trend in the average transaction price. In terms of transaction composition, the market continued to show a clear split. The proportion of new home transactions continued to shrink, while second-hand home transactions stabilized and gradually recovered. Notably, low-priced, compact-sized units became the top choice of rigid-demand buyers, accounting for a growing share of total transactions. Weak confidence in the real estate market was reflected in the performance of various market segments. Concerns among homebuyers about future economic uncertainty, income instability, and pessimistic price expectations have curbed demand, leading to more cautious and rational purchasing behavior. Additionally, the delayed implementation of government policies such as housing inventory purchases and urban village renovation has put greater pressure on market inventory.

In 2024, the land market remained subdued, persistently hovering at low levels. Amid weak property sales, developers’ reluctance to initiate projects, and liquidity pressures, the land auction market witnessed concurrent declines in both volume and prices. The land transaction premium rate remained largely flat year-on-year at a depressed level. In terms of transaction types throughout the year, the proportion of successful bids by state-owned and central enterprises grew further, and the proportion of urban investment land purchasing increased.

Overall Performance

During the year, the revenue of the Group was RMB9,716.26 million, down by 54.76% year-on-year. The loss attributable to owners of the parent for the year was RMB11,966.84 million. The capital deficiency amounted to RMB11,735.69 million. The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

Sale of Properties

During the year, the Group's revenue from property sales was RMB9,226.40 million, accounting for 94.96% of the total revenue of the Group. The Group delivered a total gross floor area ("GFA") of approximately 815,330 sq.m. The average selling price of the properties delivered and recognized as property sales in 2024 was RMB11,316 per sq.m.

The Group's recognized revenue from property sales derived from a number of regions across the country, including the Yangtze River Delta Region, Central China Region, Bohai Rim Region, Southwest Region, Guangdong – Hong Kong – Macao Greater Bay Area (the "Greater Bay Area") and West Strait Economic Zone, which contributed 45.63%, 27.87%, 10.36%, 9.48%, 4.26% and 2.40% of the recognized revenue, respectively. The Yangtze River Delta Region, in particular, continued to stand as the principal contributor. Going forward, the Group will stick to its strategy of "Leading with Locality Development", facilitate synergetic development of various regions and inject more diversity into the revenue streams of the Group.

The recognized sales and GFA sold in each region in 2024 are set out in the following table:

Name of regions	Amount (RMB'000)	Saleable GFA (sq.m.)	Average Selling Price (after tax) (RMB/sq.m.)
West Strait Economic Zone	221,361	33,397	6,628
Yangtze River Delta Region	4,210,238	291,262	14,455
Bohai Rim Region	955,351	120,479	7,930
Central China Region	2,571,645	221,071	11,633
Greater Bay Area	392,941	59,490	6,605
Southwest Region	874,863	89,631	9,761
Total sales of properties recognized	<u>9,226,399</u>	<u>815,330</u>	<u>11,316</u>

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

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

Contracted Sales

As of 31 December 2024, the Group's accumulated contracted sales amounted to RMB7,953.11 million. The GFA of contracted sales amounted to 545,787 sq.m. and the contracted average selling price was approximately RMB14,572 per sq.m.

The Yangtze River Delta Region recorded contracted sales of RMB3,774.97 million in 2024, accounting for 47.46% of the Group's total contracted sales and remained the larger contributor to the contracted sales of the Group. In particular, Shanghai, Hangzhou, Hefei, Suzhou, Wuxi and Yangzhou constituted the core cities of our footprint in this region, contributing aggregate contracted sales of RMB2,853.67 million, which fully demonstrated the Group's stellar performance in its locality development strategy in the Yangtze River Delta Region. The total contracted sales of the Greater Bay Area amounted to RMB2,153.43 million, accounting for 27.08% of the Group's total contracted sales. Such gradually increasing sales proportion reflected the advantage and achievement of Yuzhou Group's strategic footprint in the Greater Bay Area. The Southwest Region and Central China Region also contributed total contracted sales in the amount of RMB1,061.40 million, accounting for 13.34% of the Group's total contracted sales. The total contracted sales of the Bohai Rim Region and West Strait Economic Zone amounted to RMB963.31 million, accounting for 12.12% of the Group's total contracted sales.

In 2024, affected by the expected further decline in the economy and residents' income, coupled with the Chinese New Year holiday, the “short-lived resurgence” market transaction volume was lower than expected, resulting in a weaker market performance in the first quarter. Due to the release of macro favorable policies and the strategy of “trading price for volume” by real estate enterprises, especially since the promulgation and implementation of the new policy on May 17, the real estate sales recovered for a short time in the second quarter. However, the stimulus policies were weak subsequently and the market continued to be volatile and showed a downward trend. With the introduction of a series of robust stimulus measures by the state at the end of the third quarter, the market downturn eased and stabilized during the third and fourth quarters, culminating in a year-end rebound. Confronting with the continued sluggish market conditions, Yuzhou Group made every effort to respond proactively. With its constantly improving skills, it was able to keenly capture the trends in the real estate market and adjust its marketing strategies in a timely manner in combination with the favorable policies introduced by the government, providing certain support for its sales performance. In the meanwhile, in line with its “moderate and excellent” operation philosophy, Yuzhou Group actively explored changes in customer consumption scenarios and consumption habits, upgraded the “Yuzhou New Momentums Initiative” to “Yuzhou Star Power”. It continued to upgrade and transform in terms of promotion linkage, platform transformation and image standardization. By constantly exploring the use of WeChat, Weibo, TikTok Short Video and Xiaohongshu and other platforms to promote projects, it actively expanded its digital marketing channel for customer acquisition, deeply considered and proactively explored ways for sales closing, in a view to continuously facilitate the achievement of sales targets of the Group.

The contracted sales and GFA sold in each region in 2024 are set out in the following table:

Name of regions	Amount of Contracted Sales <i>(RMB'000)</i>	GFA of Contracted Sales <i>(sq.m.)</i>	Average Contracted Selling Price <i>(RMB/sq.m.)</i>
West Strait Economic Zone	239,814	26,037	9,211
Yangtze River Delta Region	3,774,965	226,843	16,641
Central China Region	661,735	56,259	11,762
Greater Bay Area	2,153,434	124,481	17,299
Southwest Region	399,662	35,370	11,299
Bohai Rim Region	723,495	76,797	9,421
Total	<u>7,953,105</u>	<u>545,787</u>	<u>14,572</u>

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

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

Property Investment

The Group's property investment segment covers a variety of commercial properties and strives to shape three product lines, namely "Yu Yue" brand for shopping centers, "Yuzhou Plaza" brand for office buildings and shopping streets, so as to meet the needs of various consumption groups in cities. The Yuzhou property investment projects, whose business is mainly operated in economically developed areas such as the West Strait Economic Zone, Yangtze River Delta Region and the Greater Bay Area, currently cover areas of Shanghai, Shenzhen, Hangzhou, Xiamen, Suzhou, Nanjing, Hefei, Wuhan and Quanzhou. There were a total of 39 projects, consisting of 32 projects under operation and 7 projects in the preparation period. These projects covered a commercial area of over 1.53 million sq.m., where shopping center, office building and community business accounted for 60%, 20% and 20%, respectively.

As 2024 commenced, the consumer market experienced a notable resurgence, and the commercial real estate market also returned to an active level. In 2024, guided by the annual theme of “Brand New Young Power”, Yuzhou Commercial Group (“**Yuzhou Commercial**”) deeply interpreted the business operation and management concepts of focusing on market and consumer demands from the perspectives of fresh projects, innovative marketing and new branding, with an aim to create an exquisite business that was closer to life. At the beginning of the Year of the Dragon, Yuzhou Commercial orchestrated its first Lunar New Year Cultural Festival with the theme “Unleashing the Oriental Spirit with the Presence of the Dragon (戲出東方有龍則靈).” By introducing the notion of “Hong Kong-style Lunar New Year Celebration (港式年味)”, it crafted a street for Lunar New Year festive goods, namely “the Spring Festival Couplets Street (喜帖街)”, created a festive art fair stopover – “the Joyful House of Festivities (喜事屋)”, and hosted the Lunar New Year Cultural Bazaar and other activities to convey diversified and innovative commercial values. During the Lunar New Year, passenger flow surged by 109% year-on-year, achieving the first instance of double growth in passenger numbers in the post-epidemic era. At the same time, on various festivals such as Arbor Day, Book Day, Earth Day, International Youth Day, etc., Yuzhou Commercial jointly organized a number of activities for the “Uyo City Life Festival (Uyo城市生活節)”. These activities ranged from the organizing of charity exhibition and charity sale of the Joint Foundation (聯動基金會) to the hosting of cultural festivals and public welfare activities of the Culture and Tourism Bureau and the district governments. Through utilizing business as a channel for expressing cultural values, it explored the concepts of “sustainable business” and “low-carbon business” from a modern perspective. In the second half of this year, Yuzhou Commercial officially launched its self-created IP “Intangible Cultural Heritage Season (非遺文化季)” during the National Day Golden Week, introducing the traditional Bo Bing (博餅) culture, opera culture and cuisine culture in Minnan to consumers nationwide, thereby establishing its brand image featuring with perception of Minnan businessmen. Yuzhou Commercial integrated the first-store economy, bazaar economy and pet economy into its year-round activity planning. By connecting with outdoor spaces through markets, urban sports programs, night markets and other forms, it extended indoor consumption scenarios to the outdoors and brought a more flexible business model matrix. In 2024, Yuzhou Commercial held more than 2,000 outdoor activities with a cumulative passenger flow of over 30 million. Having organized 100 drills in fire safety, first aid and counter terrorism, it enhanced facility safety standard, ultimately delivering a secure shopping environment for over 18 million customers. Meanwhile, Yuzhou Commercial actively introduced new brands in various sectors such as tea, catering, retail and experience store. Quanzhou Yuyue Hui added several renowned tea brands, forming a popular milk tea street with more than 10 milk tea brands in the mall. Shanghai Pudong Yuyue Hui focused on the retail sector and introduced the first stores of multiple brands in Huinan Town. Xiamen Yuyue Hui continued to strengthen its trendy experience stores and successfully introduced a number of Internet celebrity brands. The introduction of regional first stores of several well-known and Internet celebrity brands further enriched the brand portfolio and provided consumers with more comprehensive and diverse consumption choices.

In 2024, Yuzhou Commercial launched the new U-SQUARE operation and service system, featuring five core modules, Yu Care Services (禹誠服務), Yu Premium Privileges (禹尊禮遇), Yu Innovation Spaces (禹創空間), Yu Colorfulness (禹臻多彩) and Yu Elite Resources (禹優資源), to deliver premium customer experiences. Yu Care Services (禹誠服務) provides comprehensive property support through meticulous and efficient professional operations and services, ensuring safe and hygienic office environments. Yu Premium Privileges (禹尊禮遇) offers 24/7 butler services with dedicated concierge support. Yu Innovation Spaces (禹創空間) creates multi-functional business complexes equipped with furnished offices, branded hotels, and fitness centers, to fully address corporate meeting and exchange needs. Yu Colorfulness (禹臻多彩) enhances cultural and social interactions through regular community activities, salons and high-end lectures. Yu Elite Resources (禹優資源) leverages the Group's strengths to offer a dedicated shopping platform and integrated lifestyle amenities. Through the U-SQUARE system, Yuzhou Commercial delivers secure, efficient, and warm business experience, facilitating enterprises to achieve their ideal workspace in urban hubs.

Hotel Operation

In 2024, the Group's hotels adopted a diversified and innovative model of operation and management by continuously optimizing the existing operation and management system as well as upgrading the brand with a focus on the improvement of service quality, consumer experience and customer reputation, so as to create more space for the revenue growth of the Group on an ongoing basis. During the year, this segment contributed approximately RMB1.10 million to the Group's revenue. In addition, Camelon Hot Spring Hotel in Tong'an District of Xiamen, Camelon Business Hotel in Hui'an of Quanzhou, and hotels in Feidong of Hefei, Taizi Lake of Wuhan and Jinhui Area of Fengxian District, Shanghai, etc. were still under construction. Sticking to the service concept of "family-like service for you", the Group will bring high-quality service experience to its customers.

Quality, Safety and Product Line Design

Over the years, Yuzhou Group has always adhered to the concept of low-carbon environmental protection and green development, attached great importance to sustainable development, and taken the initiative to respond to the national goal of "carbon peaking and carbon neutrality" by building green boutique projects with "craftsmanship" and continuously increasing its practice of green building, striving to construct ecological communities where people and nature can coexist in harmony. "Environmental protection and energy saving, building green communities" has always been one of the development philosophies of Yuzhou Group's projects. As at 31 December 2024, 145 property projects of the Group (with a total area of over 21 million sq.m.) have achieved green building standards, of which approximately 5.55 million sq.m. have even reached two-star or above green building standards, either nationally or internationally.

In 2024, while passing on the establishments of the three residential product series, namely “Royale”, “Langham” and “Honor”, Yuzhou Group also made certain improvements by further standardizing the product system and clarifying top-level design concept of products, so as to fully demonstrate the products’ values and orientation and satisfy the changing market demand at this stage. Yuzhou Group always adhered to the improvement of its products, strived to provide customers with refined quality houses that return to the essence of life. The “Temperature Space” series of products were built around “1 core, 3 spaces, 5 product principles, 6 product values” and were constantly innovating and iterating. The product design combined the natural environment and local living habits, starting from the product details. As time goes by, the highlights of life scenes are continuously presented. Owners can watch the morning glow rise from the city horizon and the sunset hide into the bay. While experiencing the leisure and happiness of urban camping downstairs of their own houses, owners can also easily enjoy the leisurely gathering, sipping tea and relaxing chit-chat with friends. The Group is committed to enriching the life dimensions of the owners.

In 2024, Yuzhou Group continued to refine its “Ucube-Temperature Space” product system, iteratively upgrading the building standards of the product line while maintaining the essence of the original product system. Upholding the core concept of “people-oriented” and the principles of “design with warmth” and “forms follow functions” in its products, Yuzhou remained dedicated to creating comfortable and high-quality living spaces. In the garden landscape design, the designers of Yuzhou Group took every detail into account, reflecting ecological benefits of each project and integrating with artistic installations along with high-flexibility design to create aesthetic spaces in harmony with nature. Residents, living in the bustling urban environment, may unwind and experience a more relaxed pace of life, thus appreciating the intimate bond between humans and nature. Yuzhou Group applied advanced architectural designs and environmental protection technologies in numerous green building projects. For instance, designs bearing the concept of natural ventilation enable draughts to flow smoothly through the living room and other rooms, effectively dissipating heat and preventing the build-up of excessive warmth. Moreover, insulation materials are utilized to build the thermal insulation system of the outer protective structure, resulting in a distinctly different feeling of temperature between the indoor and outdoor areas. Our products not only achieve energy conservation, but also provide owners with a high-quality and green living environment.

Land Reserves

Adhering to its strategic deployment of leading with locality development and following the principle of “In-depth Cultivation”, the Group develops the six metropolitan areas in the Yangtze River Delta Region, West Strait Economic Zone, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region. As at 31 December 2024, the Group had land reserves amounting to approximately 10.67 million sq.m. of aggregate saleable GFA, with 161 projects located in 38 cities in the six metropolitan areas. The average land cost was approximately RMB5,965 per sq.m. The Group believes that its land reserves currently held and managed are sufficient for its development over the next two to three years.

SALEABLE GFA OF LAND RESERVES (SQ.M.)

(As at 31 December 2024)

Region	Number of projects	GFA (sq.m.)	As of Total
West Strait Economic Zone			
Xiamen	26	827,296	7.8%
Fuzhou	7	152,424	1.4%
Quanzhou	3	662,932	6.2%
Longyan	1	21,013	0.2%
Zhangzhou	4	661,293	6.2%
Sub-total	41	2,324,958	21.8%
Yangtze River Delta Region			
Shanghai	15	567,285	5.3%
Nanjing	15	271,196	2.5%
Hangzhou	2	173,910	1.6%
Shaoxing	1	127,952	1.2%
Ningbo	2	18,040	0.2%
Suzhou	14	487,235	4.6%
Changzhou	1	34,025	0.3%
Wuxi	3	61,163	0.6%
Hefei	14	730,903	6.9%
Bengbu	1	480,151	4.5%
Jinhua	1	3,316	0.0%
Yangzhou	2	294,017	2.8%
Zhoushan	1	37,136	0.3%
Xuzhou	1	886	0.0%
Sub-total	73	3,287,215	30.8%
Bohai Rim Region			
Beijing	1	27,144	0.2%
Tianjin	10	1,160,695	10.9%
Qingdao	4	70,744	0.7%
Shijiazhuang	1	5,168	0.0%
Tangshan	2	522,218	4.9%
Shenyang	1	94,054	0.9%
Sub-total	19	1,880,023	17.6%

Region	Number of projects	GFA (sq.m.)	As of Total
Central China Region			
Wuhan	4	584,344	5.5%
Xinxiang	1	132,113	1.2%
Kaifeng	1	122,356	1.2%
Zhengzhou	3	485,246	4.5%
Sub-total	9	<u>1,324,059</u>	<u>12.4%</u>
Greater Bay Area			
Hong Kong	1	2,214	0.0%
Shenzhen	1	51,281	0.5%
Huizhou	2	339,045	3.2%
Foshan	4	117,539	1.1%
Zhongshan	1	18,878	0.2%
Jiangmen	1	127,387	1.2%
Sub-total	10	<u>656,344</u>	<u>6.2%</u>
Southwest Region			
Chongqing	4	353,051	3.3%
Chengdu	2	1,335	0.0%
Sub-total	6	<u>354,386</u>	<u>3.3%</u>
Total	158	<u>9,826,985</u>	<u>92.1%</u>
Urban Redevelopment			
Greater Bay Area			
Shenzhen	1	89,295	0.8%
Zhuhai	1	627,022	5.9%
Huizhou	1	125,414	1.2%
Total	3	<u>841,731</u>	<u>7.9%</u>
Grand total	161	<u>10,668,716</u>	<u>100.0%</u>

REVENUE

The revenue of the Group was mainly derived from four business categories, including property sales revenue, rental income from investment properties, property management fee income and hotel operation income. In 2024, the total revenue of the Group was RMB9,716.26 million, down by 54.76% on a year-on-year basis. This was mainly due to a decrease in recognized property sales revenue, driven by a decrease in GFA delivered during the year. Specifically, property sales revenue was approximately RMB9,226.40 million, down by 56.06% compared to previous year, accounting for 94.96% of the total revenue; property management fee income was approximately RMB267.30 million, increased by 15.46% on a year-on-year basis; rental income from investment properties was approximately RMB221.46 million, decreased by 7.47% on a year-on-year basis; and hotel operation income was approximately RMB1.10 million.

COST OF SALES

The cost of sales mainly encompassed land cost, construction cost, capitalized interest of the Group and fair value adjustments on properties upon reclassification to subsidiaries from joint ventures and associates in prior years. In 2024, the cost of sales of the Group was RMB9,540.33 million, down by 54.80% from RMB21,109.25 million in 2023. The decrease in the cost of sales was mainly due to the decrease in GFA of properties delivered by the Group during the year.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group was RMB175.94 million in 2024, and the gross profit margin was 1.81%. The decrease in gross profit was mainly due to the decrease in GFA of properties delivered by the Group in 2024.

FAIR VALUE LOSS ON INVESTMENT PROPERTIES

In 2024, the Group recorded a fair value loss on investment properties of RMB1,048.03 million (2023: RMB3,033.88 million). The fair value loss on investment properties was mainly due to fair value loss of the investment properties situated in Xiamen, Shenzhen and Shanghai.

OTHER INCOME AND GAINS

Other income and gains decreased by approximately 81.74% from approximately RMB351.05 million in 2023 to RMB64.09 million in 2024. The decrease in other income and gains was mainly due to the decrease in gain on disposal of subsidiaries and bank interest income in 2024.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses of the Group decreased by 45.23% from approximately RMB385.38 million in 2023 to approximately RMB211.09 million in 2024. With an effective cost control measure, the Group reduced the marketing and promoting expenses in 2024.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group decreased by 1.54% from approximately RMB861.31 million in 2023 to approximately RMB848.07 million in 2024, which was mainly due to the decrease in staff costs and decrease in amortisation of transaction fees of senior notes of the Group.

OTHER EXPENSES

Other expenses decreased from approximately RMB571.09 million in 2023 to approximately RMB364.91 million in 2024, which was mainly due to the decrease in impairment on goodwill in 2024.

FINANCE COSTS

Finance costs of the Group increased from approximately RMB3,862.32 million in 2023 to approximately RMB3,964.40 million in 2024, which was mainly due to the decrease in the portion of interest capitalized during the year.

SHARE OF PROFITS AND LOSSES OF JOINT VENTURES

The Group's share of profits of joint ventures was approximately RMB477.93 million in 2024, as compared to share of profits of joint ventures of RMB294.06 million in 2023. In 2024, the total revenue of joint ventures amounted to RMB7,991.90 million, and the gross profit margin of joint ventures was 22.30%.

SHARE OF PROFITS AND LOSSES OF ASSOCIATES

The Group's share of losses of associates was approximately RMB396.97 million in 2024, as compared to share of losses of RMB105.28 million in 2023. In 2024, the total revenue of associates amounted to RMB2,645.59 million, and the gross profit margin of associates was -4.76%.

INCOME TAX

Income tax expense of the Group was approximately RMB114.57 million in 2024, as compared to income tax expense of RMB78.08 million in 2023. The increase in income tax expense was mainly due to the decrease in deferred tax credit during the year.

LOSS FOR THE YEAR

In 2024, the loss for the year of the Group amounted to RMB14,774.86 million, as compared to the loss of RMB14,309.41 million in 2023. The loss mainly resulted from an increase in provision for impairment losses and finance costs, fair value loss on investment properties and decrease in revenue during the year.

LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

For the year ended 31 December 2024, the loss attributable to non-controlling interests amounted to approximately RMB2,808.02 million, as compared to the loss attributable to non-controlling interests of approximately RMB3,788.84 million in 2023. The loss was mainly attributable to impairment of inventories and losses on certain non-wholly owned projects and fair value loss on non-wholly owned investment properties.

BASIC LOSS PER SHARE

For the year ended 31 December 2024, basic loss per share was RMB1.87.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

In 2024, the Group did not issue any new senior notes and recorded a weighted average interest rate of borrowings of 8.07%.

Cash Position

As at 31 December 2024, the Group had cash and cash equivalents and restricted cash of approximately RMB2,977.21 million, decreased by 42.11% from approximately RMB5,142.61 million as at 31 December 2023.

Borrowings

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

As at 31 December 2024, the Group had total interest-bearing bank and other borrowings, corporate bonds and senior notes balance of RMB52,620.22 million, of which certain loans were secured by certain investment properties, properties held for sale and properties under development of the Group, representing a decrease of 3.53% as compared to RMB54,544.36 million as at 31 December 2023. Such decrease was due to repayment of bank and other borrowings for the year. The weighted average interest rate of borrowings was 8.07%, decreased by 0.09 percentage point from 8.16% for the year ended 31 December 2023. As at 31 December 2024, asset-liability ratio after excluding advance receipts (total liability after excluding contract liabilities divided by total asset after excluding contract liabilities) was 115.10%, which was up by 20.33 percentage points as compared to that as at 31 December 2023.

NET GEARING RATIO

As of 31 December 2024, the Group's net gearing ratio (calculated as the interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents and restricted cash and then divided by total equity) was -423.01%.

As at 31 December 2024, the Group provided guarantees to banks amounting to RMB11,450.96 million (31 December 2023: RMB18,807.96 million) in respect of mortgage facilities granted to certain purchasers of the Group's properties. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to joint ventures and associates were RMB52.92 million (31 December 2023: RMB195.62 million) and RMB888.94 million (31 December 2023: RMB871.20 million), respectively. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to certain contractors for construction cost were RMB6.76 million (31 December 2023: RMB8.46 million). The Group provided guarantees to banks and other lenders in respects of facilities granted to independent third parties with principal amounting to RMB4,798.42 million (31 December 2023: RMB4,721.65 million). The principal of RMB2,816.18 million (31 December 2023: RMB2,773.23 million) was included in the Group's interest-bearing bank and other borrowings, and the provision of expected credit loss on the financial guarantee was RMB2,112.92 million (31 December 2023: RMB1,833.51 million).

CURRENCY RISK

As of 31 December 2024, the Group had total bank and other borrowings, corporate bonds and senior notes of approximately RMB52,620.22 million, of which approximately 16.96% was denominated in RMB and 83.04% was denominated in Hong Kong dollars and United States dollars.

As at 31 December 2024, the proportions of bank and other borrowings, corporate bonds, senior notes and cash balance of the Group in terms of the currencies were as follows:

	Bank and other borrowings, corporate bonds, and senior notes balance (RMB '000)	Cash balance* (RMB '000)
HK\$	624,110	14,337
RMB	8,925,532	2,909,322
US\$	43,070,580	53,550
Total	<u>52,620,222</u>	<u>2,977,209</u>

* Including restricted cash

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

INFORMATION TECHNOLOGY SYSTEM

With the rapid development of information technology, informatization has become the foundation and premise of modern management. The Group actively promoted and enhanced its level of informatization, built a management + IT management and control system, improved the independent planning and design capability of IT, and adhered to empowering enterprises with technology to comprehensively enhance operational efficiency and quality. During the year, to strengthen the corporate IT infrastructure, Yuzhou Group conducted hardware expansion for Mingyuan's server and iterative upgrades on the network control devices in its computer room. After the optimization and upgrades, the system significantly improved in data processing, business operation and network performance, so as to ensure the stable operation of the system under heavy workloads or unexpected situations, facilitating the robust development of the Company's business. Additionally, our email system was enhanced, and the security features of the network control devices in the computer room were iteratively upgraded, building a strong security barrier to protect the Company's information.

HUMAN RESOURCES

Yuzhou Group always adheres to the sage spirit of "King Yu tamed the flood, making desert an oasis (大禹治水，荒漠成洲)", embedding the core values of responsibility, practicability, synergy and win-win results throughout every aspect of corporate culture. In 2024, the Human Resources Department carried out various corporate culture initiatives under the theme of the "30th Forge Ahead".

In 2024, guided by the theme of the "30th Forge Ahead", Yuzhou Group continued to focus on improving organizational efficiency and stimulating team vitality. Meanwhile, the Group incorporated the cultural assessment into each stage of talent selection and appointment. It recruited individuals of high integrity and strong work ethic, nurtured those who display courage and practicality, and recognized those who achieved outstanding results and pursued excellence, aiming to constantly inspire its employees to persevere, forge ahead, and strive for excellence. This collaborative endeavor propelled the Group's advancement across industry cycles. Yuzhou Group has always attached great importance to the physical and mental health, as well as career development, of its employees. Through a series of "moderate and excellent" care and warmth activities, Yuzhou Group expressed its tenderness to employees and built team cohesiveness. It provided its employees with welfare and gifts for traditional festivals such as Lunar New Year, Lantern Festival, Dragon Boat Festival and Mid-Autumn Festival, while preparing warm gifts and organizing various activities for female employees on Women's Day. At the ultimate stage of closing a project, the Group provided caring supplies to colleagues working for construction projects and on marketing sites, motivating frontline colleagues to overcome difficulties and achieve excellent results.

Following the core values of “responsibility, practicability, synergy and win-win results”, the Group will actively reserve talents in line with long-term strategic footprint and build a team of talents who are courageous, pragmatic, efficient, honest and self-disciplined amidst intense market competition, so as to provide powerful talent support for the long-term development of the Group.

As of 31 December 2024, the Group had 1,012 staff in total (2023: 1,211).

EMPLOYMENT AND REMUNERATION POLICIES

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed by the Group based on the performance of the employees.

EVENTS AFTER THE REPORTING PERIOD

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

PAYMENT OF DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company did not enter into any material acquisitions and disposals during the year.

FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

As at 31 December 2024, the Group had provided financial assistance, by way of advances and guarantees for facilities granted to its affiliated companies (which includes associated companies and joint ventures of the Group), the details of which are set out below:

Name of affiliated companies (the “Affiliated Companies”)	The Group’s attributable interest in the Affiliated Companies	Advances to	Guarantees	Total
		the Affiliated Companies as at 31 December 2024 RMB’000	for facilities granted to the affiliated companies RMB’000	
Xiamen Zhongrong Real Estate Development Co., Ltd.*	33%	907,038	–	907,038
Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.*	13%	897,618	–	897,618
Chengdu Yuhong Real Estate Development Co., Ltd.*	51%	688,390	–	688,390
Taicang Kangyida Real Estate Development Co., Ltd.*	49%	338,396	349,316	687,712
Suzhou Yuhongyuanying Property Co., Ltd.*	20%	664,935	–	664,935
Tianjin Yuzhou Xinghan Real Estate Development Co., Ltd.*	26%	514,676	–	514,676
Tianjin Harmonious Home Construction Development Co., Ltd.*	30%	24,103	466,500	490,603
Tianjin Yuzhou Runcheng Property Co., Ltd.*	49%	474,949	–	474,949
Suzhou Haoyi Real Estate Development Co., Ltd.*	20%	437,295	–	437,295
Xingyang Yaheng Real Estate Co., Ltd.*	34%	419,495	–	419,495
Tianjin Xuanyi Real Estate Development Co., Ltd.*	60%	410,465	–	410,465
Suzhou Xin Yuxi Construction Development Co., Ltd.*	49%	310,202	73,123	383,325
Wuxi Xinghongyi Real Estate Co., Ltd.*	50%	368,068	–	368,068
Hangzhou Changhe Real-Estate Co., Ltd.*	23%	318,167	–	318,167
Nanjing Ximao Property Co., Ltd.*	20%	312,257	–	312,257
Nanjing Kunhao Wujin Trading Company Limited*	80%	275,632	–	275,632
Qingdao Shenggang Investment Co., Ltd.*	17%	247,158	–	247,158
Chongqing Tongrong Industrial Co., Ltd.*	49%	87,365	52,920	140,285
Tianjin Boshang Wanyi Real Estate Development Co., Ltd.*	30%	76,317	–	76,317
Tianjin Lianyu Property Co., Ltd.*	48%	27,396	–	27,396
Hefei Haoyi Real Estate Development Co., Ltd.*	50%	22,153	–	22,153
Suzhou Huxi Real Estate Development Co., Ltd.*	20%	18,659	–	18,659
Wuxi Fengxiang Real Estate Development Co., Ltd.*	40%	16,683	–	16,683
Hefei Ruiyun Realty Co., Ltd.*	51%	16,357	–	16,357
Taicang Yuzhou Yilong Real Estate Development Co., Ltd.*	23%	5,198	–	5,198
Yangzhou Jizhi Real Estate Development Co., Ltd.*	36%	5,036	–	5,036
Total		<u>7,884,008</u>	<u>941,859</u>	<u>8,825,867</u>

* For identification purpose only

Notes:

1. Advances are unsecured, interest-free and have no fixed repayment terms and will be repaid as and when appropriate.
2. All of committed facilities will be made from the internal resources and/or banking facilities of the Group.
3. Save as disclosed above, no other obligations arise under rules 13.13 to 13.16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The total amount of financial assistance provided to the Affiliated Companies, in aggregate, amount to approximately 10.6% as at 31 December 2024 under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those Affiliated Companies with financial assistance from the Group and the Group’s attributable interests in those Affiliated Companies as at 31 December 2024 are presented as follows:

	Combined statement of financial position RMB’000	Group’s attributable interests RMB’000
Non-current assets	752,503	332,611
Current assets	27,613,631	9,494,946
Current liabilities	(18,741,501)	(6,731,936)
Total assets less current liabilities	9,624,633	3,095,621
Non-current liabilities	(2,406,770)	(854,331)
Net assets	7,217,863	2,241,290

The combined statement of financial position of the Affiliated Companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group’s significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

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

NO MATERIAL CHANGE

Since the publication of the latest interim report for the six-month period ended 30 June 2024 (the “**Interim Report**”), there have been no material changes to the Company’s business.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on 28 May 2025 and the notice of annual general meeting will be published and despatched to the shareholders in due course. In order to determine the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 23 May 2025 to 28 May 2025, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 22 May 2025.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at the end of the reporting period, no treasury shares were held by the Company.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "**Securities Code**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix C3 to the Listing Rules. The Directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE

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

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

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

SHARE OPTION SCHEME

The Company did not grant any share options for the year ended 31 December 2024.

SHARE AWARD SCHEME

With reference to the Interim Report of the Company, the Company would like to supplement the following information in relation to the Share Award Scheme as defined on page 42 of the Interim Report:

Term of the Share Award Scheme

Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption on 29 September 2020. As at the date of this announcement, the remaining term of the Share Award Scheme is approximately 5 years and 5 months.

Participants of the Share Award Scheme

Subject to the rules of the Share Award Scheme, the Board of the Company may, from time to time, at its absolute discretion select any employee (other than any excluded employee) for participation in the Share Award Scheme as a selected employee, and grant such number of awarded shares to any selected employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Total Number and Percentage of Shares Available for Issue under the Share Award Scheme

As at 1 January 2024, 30 June 2024 and the date of this announcement, the total number of Shares available for award under the Share Award Scheme was 10,324,504, representing approximately 0.16% of the issued shares of the Company. None of the shares purchased has been awarded under the Share Award Scheme. As no shares purchased has been awarded, there is no weighted average closing price of the shares immediately before the date on which the awards were vested.

Maximum Entitlement

The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Vesting of Awarded Shares

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective awarded shares held by the trustee on behalf of the selected employee pursuant to the provision of the rules of the Share Award Scheme shall vest in such selected employee in accordance with the relevant vesting schedule (if any), and the trustee shall, at the instruction of the selected employee, either cause the vesting shares to be transferred to such selected employee on the vesting date, or cause the vesting shares to be sold with the proceeds of sale (after the deduction of related sale expenses) to be transferred to the selected employee.

In respect of a selected employee who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the awarded shares of the relevant selected employee shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his/her retirement with the relevant member of the Group.

Voting Rights

The trustee of the Share Award Scheme shall not exercise the voting rights in respect of any shares held by it under the trust (including but not limited to the awarded shares, the vesting shares, any bonus shares and scrip shares derived therefrom).

The total number of shares that may be issued in respect of options and awards granted under all the share option schemes and share award scheme of the Company and the percentage of the issued shares that it represents as at the date of this announcement are 114,392,504 and 1.75% (1 January 2024: 120,092,504 and 1.84%), respectively.

REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive directors, namely Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.

The Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2024. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditor, Prism Hong Kong Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (<http://yuzhou-group.com/>) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2024 annual report of the Company will be despatched to the shareholders of the Company in the manner as they elect to receive corporate communication and available on the above websites in due course.

DEVELOPMENT STRATEGIES AND PROSPECTS

The meeting of the Political Bureau of the Central Committee convened in September 2024 stated that the real estate market shall “stop falling and recovery (止跌回穩)”, and the aim to maintain the stability of the real estate market was further emphasized at the meeting of the Political Bureau of the Central Committee convened in December, clearly indicating the country's ongoing support for the real estate industry. It is expected that in the future, the policies related to real estate will continue to follow the general guidance direction of the country's policies, maintaining a positive, favorable and easing policy keynote. More positive and supportive policies may be introduced by the central or local governments, such as the further decline of mortgage rates, the relaxation or release of constraints on home purchase of first-tier cities, the continuous reduction or optimization of various transaction-related taxes and fees, cross-city utilization of housing provident funds. The implementation of the “white-list” policy on real estate enterprises will be further advanced to alleviate their financial pressure, and the scale and intensity of real estate inventory acquisition will be further enhanced to accelerate the destocking of the real estate market. The progress of urban village renovation is also expected to accelerate, continuously promoting the monetization resettlement for squatter residents, which will release the housing demand and facilitate the real estate industry to bottom out and rebound.

In 2024, the real estate industry remained relatively sluggish, posing significant challenges on the survival and development of real estate enterprises. Against the difficulties in the industry, Yuzhou Group overcame multiple challenges and strove hard along with its spirits of bravery, fearlessness and perseverance during the overall downturn cycle of the industry, continuously promoting the Company amidst adversity. In the future, the Company will continue to maintain stringent “cash control” measures, and strictly enforce the policy of “cost reduction and efficiency improvement”, to maximize the value of every financial allocation. It will continue to adhere to the performance-oriented policy, taking the performance improvement as its current primary task, innovate and develop the business mode, promote sales with various marketing strategies, liquidize remnant assets and accelerate the repatriation of cash, to break through in adversity. Meanwhile, the Company will strictly manage the construction progress and quality control, conduct real-time and dynamic monitoring on key construction nodes under the requirement of “guaranteeing housing delivery” to ensure the on-time completion and delivery with assured quality and quantity under the premise of high quality, fulfilling its corporate responsibilities. After its 30th anniversary, Yuzhou Group has reached a new phase. We will maintain our original entrepreneurial vision, continuously enhance our core competitiveness, and constantly engage in innovative explorations and attempts, to identify and seize the opportunities amidst the evolving market environment. We strive to make achievements and lay a solid foundation for the sustainable development of the Company, forging ahead into the next three decades.

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

Hong Kong, 31 March 2025

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