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**中国三迪**

CHINA SANDI

**CHINA SANDI HOLDINGS LIMITED**

**中國三迪控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 910)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”, together with its subsidiaries collectively, the “Group”) announces the audited consolidated final results of the Company for the year ended 31 December 2023 (the “reporting period” or “Year”) together with the comparative figures for the year ended 31 December 2022.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in Renminbi)

		2023	2022
	Notes	RMB'000	RMB'000
Revenue			
Goods and services	4	3,186,542	3,333,142
Rental of investment properties	4	116,213	115,826
		<u>3,302,755</u>	<u>3,448,968</u>
Total revenue		3,302,755	3,448,968
Cost of sales and services		<u>(2,792,884)</u>	<u>(2,491,971)</u>
		509,871	956,997
Gross profit		509,871	956,997
Other income	6	3,745	7,414
Other losses, net	7	(40,378)	(38,670)
Change in fair value of investment properties		(394,681)	(7,111)
Change in fair value of derivative component of convertible bond		6,320	101,430
Gain/(Loss) on disposal of subsidiaries		2,274	(401,989)
Write-down of inventories of properties		(298,450)	—
Selling and marketing expenses		(86,501)	(202,180)
Administrative expense		(67,184)	(125,700)
Finance cost		<u>(130,595)</u>	<u>(117,778)</u>
		(495,579)	172,413
(Loss)/profit before income tax	9	(495,579)	172,413
Income tax credit/(expense)	10	<u>73,165</u>	<u>(158,137)</u>
		(422,414)	14,276
(Loss)/profit for the year		<u><u>(422,414)</u></u>	<u><u>14,276</u></u>

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>Other comprehensive (loss)/income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(24,766)</u>	<u>6,276</u>
Total comprehensive (loss)/income for the year		<b>(447,180)</b>	20,552
 (Loss)/profit for the year attributable to:			
– Owners of the Company		<b>(464,567)</b>	42,103
– Non-controlling interests		<u>42,153</u>	<u>(27,827)</u>
		<b>(422,414)</b>	14,276
 Total comprehensive (loss)/income attributable to:			
– Owners of the Company		<b>(489,333)</b>	48,379
– Non-controlling interests		<u>42,153</u>	<u>(27,827)</u>
		<u><b>(447,180)</b></u>	<u>20,552</u>
 (Losses)/earnings per share			
Basic (RMB cents)	<i>12</i>	<u><b>(9.13)</b></u>	<u>0.83</u>
Diluted (RMB cents)		<u><b>(9.13)</b></u>	<u>0.16</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

(Expressed in Renminbi)

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		48,452	57,694
Investment properties		10,233,800	10,734,280
Deferred tax assets		156,514	74,601
		<u>10,438,766</u>	<u>10,866,575</u>
<b>Current assets</b>			
Inventories of properties		11,049,745	12,971,557
Contract costs		64,228	76,682
Trade and other receivables and prepayments	13	959,406	886,185
Deposits for land use rights for properties under development for sale		53,270	105,689
Prepaid income tax		128,122	91,904
Amounts due from related companies		78,262	66,322
Amounts due from non-controlling shareholders of subsidiaries		236,461	257,550
Restricted bank deposits		250,704	487,926
Bank balances and cash		148,063	310,947
		<u>12,968,261</u>	<u>15,254,762</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	14	3,470,643	2,208,681
Debt component of convertible bond		451,435	—
Promissory note		546,062	—
Contract liabilities		6,253,719	8,977,138
Income tax payable		586,556	482,271
Amounts due to related companies		24,542	10,873
Amount due to the ultimate controlling shareholder		99,626	99,626
Bank and other borrowings due within one year	15	2,802,910	1,933,730
		<u>14,235,493</u>	<u>13,712,319</u>
<b>Net current (liabilities)/assets</b>		<u>(1,267,232)</u>	<u>1,542,443</u>
<b>Total assets less current liabilities</b>		<u>9,171,534</u>	<u>12,409,018</u>

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>Capital and reserves</b>			
Share capital		<b>42,890</b>	42,890
Reserves		<b>4,349,407</b>	4,838,740
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>4,392,297</b>	4,881,630
Non-controlling interests		<b>217,075</b>	192,711
		<hr/>	<hr/>
<b>Total equity</b>		<b>4,609,372</b>	5,074,341
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Amount due to a related company		–	223,750
Debt component of convertible bond		–	404,491
Derivative component of convertible bond		–	6,179
Promissory note		–	519,026
Deferred tax liabilities		<b>1,317,253</b>	1,394,941
Bank and other borrowings due after one year	<i>15</i>	<b>3,244,909</b>	4,786,290
		<hr/>	<hr/>
		<b>4,562,162</b>	7,334,677
		<hr/>	<hr/>
		<b>9,171,534</b>	12,409,018
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent is United Century International Limited (incorporated in the British Virgin Islands (“BVI”). The ultimate controlling party is Mr. Guo Jiadi (“Mr. Guo”). The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Office Unit E, 9/F, Golden Sun Centre, 59-67 Bonham Strand West, Sheung Wan, Hong Kong respectively.

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### Going concern basis

These consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in future and the success of the below plans and measures.

The Group incurred a net loss of approximately RMB422,414,000 for the year ended 31 December 2023. And as at that date, the Group had net current liabilities of approximately RMB1,267,232,000, including i) bank and other borrowings due within one year amounting to RMB2,802,910,000; ii) convertible bond and promissory note due to a substantial shareholder amounting to approximately RMB997,497,000, in aggregate, which are repayable on demand; iii) amounts due to related companies and the ultimate controlling shareholder amounting to approximately RMB24,542,000 and RMB99,626,000, respectively, which are repayable on demand; and iv) certain advance from third parties, which are included in other payables, amounting to approximately RMB1,505,893,000, in aggregate, which are repayable on demand. However, the Group had cash and cash equivalents amounting to only approximately RMB148,063,000.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group’s ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

- (i) regarding the convertible bond and promissory note, the Group has amended the relevant terms such that the maturity date shall be changed from 30 January 2024 to 30 January 2029 whereas a right shall be granted to the holder of the convertible bond and promissory note, who is a substantial shareholder of the Company and beneficially owned by Mr. Guo, to require the Company to redeem all of the outstanding convertible bond and promissory note on demand. Details of the amendments of terms and conditions of the convertible bond and promissory note are set out in the Company's announcements dated 30 January 2024, 21 February 2024 and 13 March 2024; the maturity date of the convertible bond and promissory note have been extended to 30 January 2029, however, a right of repayable on demand was given to the holder of the convertible bond and promissory note. In this regard, the substantial shareholder provided an undertaking, in writing, to the Company that the substantial shareholder would not exercise the right to demand repayment from the Company at least one year from the date of approval of the consolidated financial statements;
- (ii) regarding the amounts due to related companies and ultimate controlling shareholder, the related companies and ultimate controlling shareholder provided undertakings, in writing, to the Company that they would not exercise the right to demand repayment from the Company at least one year from the date of approval of the consolidated financial statements;
- (iii) for borrowings which will be maturing before 31 December 2024, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure that the necessary funds to meet the Group's working capital and financial requirements in the future will continue to be met. The directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The directors have evaluated the relevant facts and circumstances available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity. Historically, The Group successfully renewed bank borrowings upon maturities amounting to approximately RMB1,111,960,000 during the year;
- (iv) all the bank and other borrowings, amounting to approximately RMB6,047,819,000, have been secured by investment properties of approximately RMB7,916,570,000, inventories of properties of approximately RMB7,471,979,000 and trade receivables of approximately RMB3,589,000;
- (v) among the other payables, there are repayable on demand balances of approximately RMB390,000,000 advances from third parties, with which, subsequent to the year end date, the management successfully liaised to set the maturities to be at least one year from the date of approval of the consolidated financial statements;
- (vi) the Group would sell the investment properties in order to improve the Group's financial position, liquidity and cash flows, if necessary;

- (vii) the Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds so as to generate adequate net cash inflows;
- (viii) the Group applies cost control measures in cost of sales and administrative expenses; and
- (ix) the Group will also continue to seek for other alternative financing, such as equity financing to finance the settlement of its existing financial obligations and future operating expenditures.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from the date of approval of the consolidated financial statements. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the coming twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Should the Group failed to achieve abovementioned plans and measures, it might not be able to continue to operate as a going concern, 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 might 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.

### 3. APPLICATION OF AMENDMENTS TO HKFRSs

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

The material account policies and methods of computation used by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2023 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2022, except for the adoption of the amendments to HKFRSs as explained in below.

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group.

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

The application of the above new or amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior periods and/or the disclosures set out in these consolidated financial statements.

#### **Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial adoption. So far the directors of the Company have concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. REVENUE

##### Disaggregation of revenue

Segments	For the reporting period		Total RMB'000
	Property development RMB'000	Property investment RMB'000	
<b>Types of goods or services</b>			
Sales of properties			
– Sales of residential units	2,686,932	–	2,686,932
– Sales of commercial units	67,455	–	67,455
– Sales of office units	367,865	–	367,865
– Sales of car parking spaces	49,377	–	49,377
Property management and related fee income	–	14,913	14,913
Revenue from contracts with customers within scope of HKFRS 15	3,171,629	14,913	3,186,542
Rental income	–	116,213	116,213
	<u>3,171,629</u>	<u>131,126</u>	<u>3,302,755</u>
<b>Geographical market</b>			
Mainland China	<u>3,171,629</u>	<u>131,126</u>	<u>3,302,755</u>
<b>Timing of revenue recognition</b>			
At a point in time	3,171,629	–	3,171,629
Over time	–	14,913	14,913
	<u>3,171,629</u>	<u>14,913</u>	<u>3,186,542</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the reporting period		Total RMB'000
	Property development RMB'000	Property investment RMB'000	
<b>Revenue disclosed in segment information</b>			
External customer	3,171,629	131,126	3,302,755
Less: rental income	–	(116,213)	(116,213)
Revenue from contracts with customers	<u>3,171,629</u>	<u>14,913</u>	<u>3,186,542</u>

Segments	For the year ended 31 December 2022		
	Property Development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>			
Sales of properties			
– Sales of residential units	2,781,159	–	2,781,159
– Sales of commercial units	80,813	–	80,813
– Sales of office units	416,083	–	416,083
– Sales of car parking spaces	18,563	–	18,563
Property management and related fee income	–	36,524	36,524
Revenue from contracts with customers within scope of HKFRS 15	3,296,618	36,524	3,333,142
Rental income	–	115,826	115,826
	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Geographical market</b>			
Mainland China	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Timing of revenue recognition</b>			
At a point in time	3,296,618	–	3,296,618
Over time	–	36,524	36,524
	<u>3,296,618</u>	<u>36,524</u>	<u>3,333,142</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the year ended 31 December 2022		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	3,296,618	152,350	3,448,968
Less: rental income	–	(115,826)	(115,826)
Revenue from contracts with customers	<u>3,296,618</u>	<u>36,524</u>	<u>3,333,142</u>

For sales of properties, the Group normally receives 30%-100% of the contract value from customers when they sign the sale and purchase agreements, while construction work in respect of the properties being purchased under the sale and purchase agreements are still ongoing. For those customers who use mortgage loans provided by the banks, the remaining amounts of the total contract values will be paid to the Group from the banks once the customers meet the requirements of the banks. These advance payments of 30%-100% of the contract value from customers resulted in contract liabilities being recognised throughout the property construction period until sales of the properties are recognised as revenue. The Group receives full payment from the customers before physical delivery of the completed property.

The Group has provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by customers of the Group's properties. Pursuant to the terms of the guarantees, if a customer defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. The guarantee period commences from the dates of grant of the relevant mortgage loans and end after the customer obtained the individual property ownership certificate. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial at the dates of grant of the relevant mortgage loans and at the end of the reporting periods.

For property management and related services to the tenants of the Group's investment properties and occupants of properties managed by the Group, the Group agrees the fixed rate for services with the customers upfront. As the tenants or occupants simultaneously receive and consume the benefits provided by the Group's performance, the revenue is recognised over time on a straight line basis when the performance obligations are satisfied. Monthly payment of the transaction is invoiced to the customers in advance each month. The performance obligation in the contracts with customers are provision of property management services, security services and janitorial services.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 and the expected timing of recognising revenue are as follows:

	<b>Sales of properties</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
– Within one year	<b>3,550,746</b>	3,349,820
– More than one year but not more than two years	<b>1,744,944</b>	3,649,887
– More than two year but not more than five years	<b>958,029</b>	1,977,431
	<b><u>6,253,719</u></b>	<u>8,977,138</u>

Relating to property management and related services, all of the Group's unsatisfied performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## Operating leases

	<b>Rental income</b>	
	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Lease payments that are fixed	<b>116,028</b>	115,547
Variable lease payments that do not depend on an index or a rate	<b>185</b>	279
	<u><b>116,213</b></u>	<u>115,826</u>

## 5. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer of the Group (the chief operating decision maker ("CODM")) of the Group for the purposes of resource allocation and assessment of segment performance focuses on the type of goods and services delivered or provided. The Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties and provision of property management service

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

#### For the reporting period

<b>Segments</b>	<b>Property development <i>RMB'000</i></b>	<b>Property investment <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Segment revenue</b>			
External revenue	<u>3,171,629</u>	<u>131,126</u>	<u>3,302,755</u>
<b>Segment loss</b>	<u>(31,338)</u>	<u>(374,641)</u>	<u>(405,979)</u>
Unallocated other income			7
Unallocated other losses, net			(1,800)
Unallocated change in fair value of derivative component of convertible bond			6,320
Unallocated corporate expenses			(4,751)
Unallocated finance costs			<u>(89,376)</u>
Loss before income tax			<u><u>(495,579)</u></u>

**For the year ended 31 December 2022**

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>			
External revenue	<u>3,296,618</u>	<u>152,350</u>	<u>3,448,968</u>
<b>Segment profit</b>	<u><u>175,959</u></u>	<u><u>19,921</u></u>	195,880
Unallocated other income			63
Unallocated other losses, net			(38,393)
Unallocated change in fair value of derivative component of convertible bond			101,429
Unallocated corporate expenses			(6,511)
Unallocated finance costs			<u>(80,055)</u>
Profit before income tax			<u><u>172,413</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of part of other income, part of other gains and losses, change in fair value of financial assets at fair value through profit or loss, change in fair value of derivative component of convertible bond, unallocated corporate expenses and part of finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

***Segment assets***

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Property development	<b>12,966,428</b>	15,110,857
Property investment	<u><b>10,317,025</b></u>	<u>10,861,777</u>
Total segment assets	<b>23,283,453</b>	25,972,634
Unallocated assets:		
Bank balances and cash	<b>712</b>	1,904
Unallocated corporate assets	<u><b>122,862</b></u>	<u>146,799</u>
Consolidated total assets	<u><u><b>23,407,027</b></u></u>	<u><u>26,121,337</u></u>

## Segment liabilities

	2023 RMB'000	2022 RMB'000
Property development	15,475,704	17,573,013
Property investment	2,257,650	2,478,270
Total segment liabilities	17,733,354	20,051,283
Unallocated liabilities:		
Debt component of convertible bond	451,435	404,491
Derivative component of convertible bond	–	6,179
Promissory note	546,062	519,026
Amount due to a related company	2,656	–
Unallocated corporate liabilities	64,148	66,017
Consolidated total liabilities	<u>18,797,655</u>	<u>21,046,996</u>

For the purposes monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain bank balances and cash and unallocated corporate assets not attributable to respective segment.
- all liabilities are allocated to operating segments other than debt component of convertible bond, derivative component of convertible bond, promissory note, amount due to related company and unallocated corporate liabilities not attributable to respective segment.

## Other segment information

	For the reporting period				Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property investment segment RMB'000	Unallocated RMB'000	
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition of non-current assets	229	86,716	86,945	–	86,945
Bank interest income	2,157	45	2,202	4	2,206
Finance costs	(41,218)	(1)	(41,219)	(89,376)	(130,595)
Depreciation of property, plant and equipment	(9,253)	–	(9,253)	(16)	(9,269)
Gain on disposal of property, plant and equipment	41	–	41	–	41
Change in fair value of investment properties		(394,681)	(394,681)	–	(394,681)
Loss on disposal of investment properties	–	(38,161)	(38,161)	–	(38,161)
Write-down of inventories of properties	(298,450)	–	(298,450)	–	(298,450)
Exchange loss, net	–	–	–	(1,800)	(1,800)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,800)</u>	<u>(1,800)</u>

For the year ended 31 December 2022

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total reportable segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition of non-current assets	1,073	215,628	216,701	–	216,701
Bank interest income	3,024	30	3,054	2	3,056
Finance costs	(24,269)	(13,454)	(37,723)	(80,055)	(117,778)
Depreciation of property, plant and equipment	(5,885)	–	(5,885)	(23)	(5,908)
Gain on disposal of property, plant and equipment	304	–	304	–	304
Change in fair value of investment properties	–	(7,111)	(7,111)	–	(7,111)
Loss on disposal of subsidiaries	(401,989)	–	(401,989)	–	(401,989)
Exchange loss, net	–	–	–	(38,366)	(38,366)

### Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

#### *Revenue from external customers:*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Nanping	504,861	9,015
Xi'an	17,584	1,455,478
Baoji	498,893	1,054,215
Jilin	6,133	6,980
Shanghai	399,543	455,579
Yongtai	–	65,584
Weinan	169,938	179,631
Fuzhou	924,630	222,486
Hangzhou	738,903	–
Hanzhong	42,270	–
	<b>3,302,755</b>	<b>3,448,968</b>

**Non-current assets:**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Fuzhou	4,519,902	4,656,013
Shanghai	3,726,778	3,896,654
Baoji	1,508,185	1,569,365
Xiamen	–	184,900
Hangzhou	282,000	237,100
Yongtai	217,578	217,610
Xi'an	27,563	28,647
Nanping	111	205
Jilin	16	50
Hong Kong	65	79
Others	54	1,351
	<u>10,282,252</u>	<u>10,791,974</u>

*Note:* Non-current assets excluded deferred tax assets.

**Information about major customers**

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2023 and 2022.

**6. OTHER INCOME**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Bank interest income	2,206	3,057
Government grants	435	1,224
Others	1,104	3,133
	<u>3,745</u>	<u>7,414</u>

**7. OTHER LOSSES, NET**

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Gain/(Loss) on disposal of property, plant and equipment	41	(304)
Loss on disposal of an investment property	(38,161)	–
Loss on disposal of an inventory of property	(458)	–
Exchange loss, net	(1,800)	(38,366)
	<u>(40,378)</u>	<u>(38,670)</u>

## 8. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interests on bank and other borrowings	381,594	376,229
Effective interests on convertible bond	39,519	34,681
Effective interests on promissory note	49,938	45,373
Interests on amount due to a related company	21,910	58,294
Interests on contract liabilities	33,774	34,906
	<hr/>	<hr/>
Total borrowing costs	526,735	549,483
Less: amounts capitalised to inventories of properties	(383,888)	(374,955)
amounts capitalised to investment properties under construction	(12,252)	(56,750)
	<hr/>	<hr/>
	<b>130,595</b>	<b>117,778</b>
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.98% (2022: 8.02%) per annum to expenditure on qualifying assets.

## 9. (LOSS)/PROFIT BEFORE INCOME TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	1,780	1,750
Director's emoluments	2,248	3,526
Staff salaries and allowances (excluding directors' emoluments)		
– Bonus	1,964	5,493
– Salaries	47,154	77,262
Retirement benefit scheme contributions	4,748	10,493
	<hr/>	<hr/>
Total other staff costs	53,866	93,248
Less: amounts capitalised to inventories of properties	(8,350)	(17,159)
amounts capitalised to investment properties under construction	(1,166)	(1,592)
	<hr/>	<hr/>
	<b>44,350</b>	<b>74,497</b>
	<hr/> <hr/>	<hr/> <hr/>

	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Cost of inventories recognised as an expense	<b>2,790,895</b>	2,484,938
– Construction costs	<b>1,713,610</b>	1,520,782
– Land use right costs	<b>669,815</b>	546,686
– Capitalised interest	<b>383,888</b>	374,955
– Others	<b>23,582</b>	42,515
Depreciation of property, plant and equipment	<b>9,269</b>	5,908
Gross rental income from investment properties	<b>(116,213)</b>	(115,826)
Less: direct operating expenses from investment properties that generated rental income during the year	<b>1,989</b>	7,033
	<b>(114,224)</b>	(108,793)
Selling and marketing expenses, mainly comprise of:		
– Real estate agency fees	<b>25,596</b>	106,794
– Business taxes and surcharges	<b>26,647</b>	30,201
– Salary and welfares	<b>19,881</b>	26,615
– Promotion and advertisement expenses	<b>3,658</b>	12,669
– Electricity and utilities, property management fees	<b>6,327</b>	10,445
– Office supplies	<b>802</b>	2,180
Administrative expenses, mainly comprise of:		
– Salary and welfares	<b>35,640</b>	58,189
– Legal and professional fees	<b>6,383</b>	17,089
– Electricity and utilities, property management fees	<b>1,078</b>	6,752
– IT and human resources management expenses	<b>975</b>	3,164
– Office supplies	<b>2,868</b>	1,838
– Depreciation of property, plant and equipment	<b>7,078</b>	1,351
– Donation	<b>137</b>	180

## 10. INCOME TAX (CREDIT)/EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
Enterprise Income Tax (“EIT”) in the PRC	2,573	83,740
Land Appreciation Tax (“LAT”)	<u>80,185</u>	<u>62,801</u>
	82,758	146,541
Under-provision in prior years:		
EIT in the PRC	512	93
LAT in the PRC	<u>7,407</u>	<u>22,812</u>
	7,919	22,905
Deferred tax	<u>(163,842)</u>	<u>(11,309)</u>
	<u>(73,165)</u>	<u>158,137</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulation. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

## 11. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company (the “Shareholders”) during the reporting period, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 12. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted losses or earnings per share attributable to owners of the Company is based on the following data:

Losses or earnings figures are calculated as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(Loss)/profit for the year attributable to owners of the Company	(464,567)	42,103
Effect of dilutive potential ordinary shares-convertible bond	<u>—</u>	<u>(32,078)</u>
(Losses)/earnings for the purpose of diluted earnings per share	<u>(464,567)</u>	<u>10,025</u>

**Number of shares**

	<b>2023</b> <b>'000</b>	2022 <b>'000</b>
Weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share	<b>5,088,208</b>	5,088,208
Effect of dilutive potential ordinary shares:		
Convertible bond	—	1,213,592
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted (losses)/earnings per share	<b>5,088,208</b>	6,301,800
	<hr/> <hr/>	<hr/> <hr/>

**13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS**

	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
Trade receivables		
– contracts with customers	<b>71,317</b>	17,768
– rental income ( <i>note a</i> )	<b>24,114</b>	28,747
	<hr/>	<hr/>
	<b>95,431</b>	46,515
Other receivables ( <i>note b</i> )	<b>174,510</b>	157,195
Less: Allowance for credit losses	<b>(73)</b>	(73)
	<hr/>	<hr/>
	<b>174,437</b>	157,122
Prepayments ( <i>note c</i> )	<b>460,529</b>	359,947
Other refundable deposits	<b>30,098</b>	34,724
Other tax prepayments ( <i>note d</i> )	<b>198,911</b>	287,877
	<hr/>	<hr/>
	<b>959,406</b>	886,185
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) The Group had pledged trade receivables from rental income as at 31 December 2023 to secure bank and other borrowings of the Group.
- (b) The amount comprised mainly advances made by the Group to various parties, including suppliers and employees.
- (c) The amount mainly represents prepaid construction cost of RMB459,144,000 (2022: RMB346,888,000) for the Group's properties under development for sale.
- (d) The amount mainly represents prepaid value-add tax of RMB167,309,000 (2022: RMB252,364,000).

The Group allows an average credit period of 30 days (2022: 30 days) to its trade customers from date of issuance of the invoices. Trade receivables arise from rental income which is invoiced in advance monthly or quarterly in accordance with the terms of the related rental agreements.

The following is an aging analysis of the Group's trade receivables presented based on the date of the properties delivered and date of demand note for rental income were recognised:

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	<b>66,248</b>	22,418
31 – 91 days	<b>1,025</b>	3,683
Over 91 days	<b>28,158</b>	20,414
	<u><b>95,431</b></u>	<u>46,515</u>

#### 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (note a)	<b>855,082</b>	761,790
Other payables (note b)	<b>1,858,903</b>	707,796
Deposits received from tenants	<b>28,525</b>	27,817
Other tax payables	<b>142,423</b>	110,681
Accrued construction costs (note c)	<b>585,710</b>	600,597
	<u><b>3,470,643</b></u>	<u>2,208,681</u>

*Note:*

(a) The following is an aging analysis of trade payables presented based on the invoice date:

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Unbilled	<b>491,215</b>	229,473
0 – 30 days	<b>14,708</b>	15,098
31 – 90 days	<b>37,606</b>	52,360
91 – 365 days	<b>69,119</b>	96,034
Over 1 year	<b>242,434</b>	368,825
	<u><b>855,082</b></u>	<u>761,790</u>

Trade payables principally comprise amounts outstanding for payments to contractors and suppliers of property development projects and purchases of construction materials. The average credit period granted to the Group is from 6 months to 1 year. The management closely monitors the payments of the payable to ensure that all payables are paid within the credit time frame.

- (b) Included in the amounts are balances amounting to RMB494,159,000 (2022:RMB151,094,000) which were advanced from independent third parties for short-term borrowing purposes, and are non-trade related, interest bearing of 7.5% per annum and repayable on demand.
- (c) The accrued construction costs relate to construction of properties under development for sale and investment properties which will be transferred to trade or other payables on achieving payment milestones as stipulated in the agreements with the subcontractors.

## 15. BANK AND OTHER BORROWINGS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Secured bank borrowings	<b>5,178,952</b>	5,689,490
Secured other borrowings	<b>868,867</b>	1,030,530
	<b>6,047,819</b>	6,720,020

*Note:*

The other borrowings were raised from independent third parties, which are financial institutions, financial asset management companies and a property developer.

The carrying amounts of the above borrowings are repayable based on scheduled repayment dates set out in the loan agreements as follows:

	<b>Bank borrowings</b>		<b>Other borrowings</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
Within one year	<b>2,660,927</b>	1,580,198	<b>141,983</b>	353,532
More than one year, but not exceeding two years	<b>1,170,025</b>	2,315,092	<b>726,884</b>	60,732
More than two years, but not exceeding five years	<b>559,000</b>	807,200	–	616,266
More than five years	<b>789,000</b>	987,000	–	–
	<b>5,178,952</b>	5,689,490	<b>868,867</b>	1,030,530
Less: Amounts due within one year shown under current liabilities	<b>(2,660,927)</b>	(1,580,198)	<b>(141,983)</b>	(353,532)
Amounts shown under non-current liabilities	<b>2,518,025</b>	4,109,292	<b>726,884</b>	676,998

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

- Total revenue for the reporting period was approximately RMB3,302.8 million, representing an decrease of approximately 4.2% as compared with approximately RMB3,449.0 million for the year ended 31 December 2022.
- Gross profit for the reporting period was approximately RMB509.9 million, representing an decrease of approximately 46.7% as compared with approximately RMB957.0 million for the year ended 31 December 2022.
- Loss for the reporting period was approximately RMB422.4 million, as compared to profit for the year ended 31 December 2022 of approximately RMB14.3 million.
- Loss attributable to owners for the reporting period was approximately RMB464.6 million as compared to profit attributable to owners for the year ended 31 December 2022 of approximately RMB42.1 million.
- Basic losses per share was RMB9.13 cents (2022: earnings per share of RMB0.83 cents).
- Contracted sales amount of the Group for the reporting period amounted to approximately RMB842.1 million, representing a decrease of approximately 63.0% as compared with approximately RMB2,277.0 million for the year ended 31 December 2022.
- Contracted gross floor area (“GFA”) was approximately 92,601 square meters (“sq.m.”) for the reporting period, representing a decrease of approximately 55.8% as compared with approximately 209,343 sq.m. for the year ended 31 December 2022.

### DIVIDEND

The Board does not recommend the payment of any final dividend for the reporting period (2022: Nil).

### BUSINESS REVIEW

The Group is principally engaged in property development, and holding of property for investment and rental purpose.

## Property development

As at 31 December 2023, the Group had 14 property projects under development which are situated in different cities in the PRC. Key cities include Shanghai, Fuzhou, Xi'an, Baoji and Hangzhou. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, product types including apartments, offices, retail shops, villas, etc.

### *Contracted property sales*

During the reporting period, the Group achieved contracted sales of approximately RMB842.1 million with contracted GFA of approximately 92,601 sq.m., representing a decrease of 63.0% in contracted sales and 55.8% in contracted GFA in comparison with the year ended 31 December 2022. The decrease in contracted sales is mainly influenced by the depressed real estate sales environment in 2023.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the reporting period:

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted sales area <i>sq.m.</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount <i>%</i>	Group interest <i>%</i>
<b>Shanghai</b>						
Sandi Manhattan	Commercial	161,191	8,573.36	18,801.39	19.1	100
<b>Zhejiang Province</b>						
Sandi Yasong Meizhu	Residential	126,318	9,214.34	13,708.87	15.0	100
<b>Shaanxi Province</b>						
Sandi Bahe Yihao	Residential	97,703	5,717.61	17,088.05	11.6	70
Sandi Century New City	Residential/ Commercial	69,639	5,525.15	12,604.06	8.3	100
Sandi Jinyu Gaoxin	Residential	52,394	14,178.97	3,695.16	6.2	100
Sandi Weinan Yunding Fengdan	Residential/ Commercial	25,681	8,327.21	3,083.95	3.0	100
Sandi Xi'an Qujiang Fengdan	Commercial	25,722	6,197.14	4,150.69	3.1	100

Property projects	Type	Contracted sales amount <i>RMB'000</i>	Contracted sales area <i>sq.m.</i>	Average price of contracted sales <i>RMB/sq.m.</i>	Percentage of total contracted sales amount %	Group interest %
<b>Fujian Province</b>						
Sandi Yunqitai	Residential	130,337	13,944.59	9,346.78	15.5	51
Others	Residential/ Commercial	153,160	20,922.97	7,320.18	18.2	
Total		842,145	92,601.34	9,094.31	100.0	
Attributable to the Group		764,042	83,964.79			

*Notes:*

- (a) Contracted sales and the calculation of average selling price are based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.
- (b) Contracted sales and GFA attributable to the car parking spaces are excluded in the contracted GFA and average selling price calculation.

## Property under development

The table below summarises the major property development projects of the Group as at 31 December 2023:

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Shaanxi Province</b>							
Sandi Century New City	2024	169,923	1,103,231	71,090	62,659	–	100
Sandi Jinyu Gaoxin	2024	65,157	94,563	1,474	105,114	–	100
Sandi Yunding Fengdan	2024	52,870	42,848	–	87,832	–	100
Sandi Bahe Yihao	2024	77,018	–	–	235,433	–	70
Sandi Jinyunfu	2024	40,592	–	–	77,331	–	51
<b>Fujian Province</b>							
Sandi Jiangshan Waterfront	2024	310,176	10,525	–	215,010	–	100
Sandi Xishanyuan	2024	177,010	–	–	96,449	–	100
Sandi Yasong Fengdan Garden	2024	38,539	–	–	39,825	–	100
Sandi Yunqitai	2024	60,928	–	–	96,879	–	51
Sandi Jinyu Yunjing	2024	29,332	–	–	67,193	–	100
Sandi Jinyu Yunyue	2024	17,386	–	–	15,383	–	100
<b>Zhejiang Province</b>							
Sandi Fengdan Yaju	2023	27,491	54,756	1,167	–	–	100
Sandi Yasong Meizhu	2024	37,252	–	–	66,090	–	100
<b>Shanghai</b>							
Sandi Manhattan	2024	104,251	155,128	56,499	120,280	–	100
Total		1,207,925	1,461,051	129,063	1,285,478	–	
Attributable to the Group		1,135,075	1,461,051	129,063	1,129,485	–	

*Notes:*

- The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits or the Group has received the confirmation letter(s) on bidding of granting land use rights but is in progress to obtain the land use right certificate(s). The figures for “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.
- The figures of “Saleable GFA pre-sold” and “GFA available for sale” include saleable GFA of car parks spaces; while figures of “GFA under development” and “Planned GFA for future development” also include non-saleable GFA such as ancillary area.
- “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are derived from the Group’s internal records and estimates.

The following section provides further details of major ongoing projects of the Group.

*Shaanxi Province*

*Sandi Bahe Yihao*

Sandi Bahe Yihao (“Bahe Yihao”) project is located in Baqiao District, Xi’an, north of Xiangyun Road and east of Ba Liu Yi Road. The project is adjacent to the Ba River Ecological Wetland Park, occupies the rare river view resources of the Bahe River, and has an excellent ecological environment in Xi’an.

Bahe Yihao is comparable to New York’s ONE and London’s One Hyde Park, and is a top-level project built by China Sandi in accordance with the concept of “international vision and quality home building”. The project occupies an area of about 19 acres, with a total GFA of 243,363 sq.m., a floor area ratio of 2.21, and a green area ratio of 35%. The project makes full use of the landscape of the Bahe River to create a high-end improvement quality development in the Bahe River New Area. The project plans five high-rise buildings (24-25 floors), five small high-rise buildings (15-16 floors) and eight multi-storey buildings (5-9 floors) along the Ba River, covering a full range of dwelling choices such as pied-à-terre, houses, and large bungalows, making the project the only high-end quality architectural complex with a full range of dwelling choices along the Ba River. Pre-sale of the project commenced in 2022. During the period from the sales commencement date to 31 December 2023, contracted sales amounted to approximately RMB407.5 million.

## *Zhejiang Province*

### *Sandi Yasong Meizhu*

Sandi Yasong Meizhu (“Yasong Meizhu”) is located in Qiantang New District, Hangzhou City, Zhejiang Province. Qiantang New District is one of the rapidly developing areas in Hangzhou City, which is a “Pudong New Area” of Hangzhou planned by the government. Yasong Meizhu is approximately 12 away kilometers away from Hangzhou Xiaoshan Airport, with two metro lines under construction and a high-speed railway station in the planning stage nearby. In addition, there are national wetland park, commercial areas, school and hospital in the vicinity of Yasong Meizhu. Yasong Meizhu is a privileged quality project of the Group, and is planned to be developed into 11 high-rise apartment buildings. The contracted sales amount of approximately RMB600.9 million were recorded during the period from the pre-sales date up to 31 December 2023.

## *Shanghai*

### *Sandi Manhattan*

Shanghai Sandi Manhattan project (“Sandi Manhattan”) is a major project of the Group in Shanghai. It is situated in the prime location of Shanghai Songjiang District, Songjiang New Town International Ecology Business District with a site area of approximately 104,251 sq.m.. Sandi Manhattan is a mixed-use development complex, including offices, shopping malls and hotels. Hyatt Regency Shanghai Songjiang (“Hyatt Regency”) and Shanghai Sandi Xintiandi (“Sandi Xintiandi”), the projects of Sandi Manhattan, opened in July and December 2021, respectively. Hyatt Regency, an international 5-star hotel, belongs to one of the major investment properties of the Group in Sandi Manhattan. Hyatt Regency is located at the core area of Songjiang New Town International Ecology Business District and provides privileged services to guests. It provides multi-functional spaces of approximately 1,900 sq.m. and 256 guestrooms, including 18 suites, with floor-to-ceiling views of Wulong Lake, gardens or Ecology Business District skyline. Sandi Xintiandi is also located at the core area of Songjiang New Town International Ecology Business District. It is the first ecology semi-open commercial complex project, with approximately 170,000 sq.m. GFA. The contracted sales amount of approximately RMB2,074.1 million were recorded during the period from the pre-sales date up to 31 December 2023.

## ***Land bank replenishment***

The Group’s strategy is to maintain the sufficiency of land bank portfolio to support the Group’s own development pipeline for the next few years. As at 31 December 2023, the Group had a quality land bank amounting to a total GFA of approximately 300,000 sq.m., of which approximately 300,000 sq.m. were attributable to the owners of the Company.

The table below summarises the landbank by location as at 31 December 2023:

<b>Land bank by location</b>	<b>Total GFA</b> <i>(‘000 sq.m.)</i>	<b>Attributable GFA</b> <i>(‘000 sq.m.)</i>
Shanghai	179	179
Zhejiang Province	121	121
Total	<u>300</u>	<u>300</u>

### Property Investment

During the reporting period, the Group recognised rental income and property management and related fee income of approximately RMB131.1 million (2022: approximately RMB152.4 million), which was mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group’s investment properties also include hotels, kindergarten, commercial and office premises, all of which are all located in the PRC and generated a stable income stream to the Group.

Set out below are the major investment properties held by the Group as at 31 December 2023:

<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA</b> <i>sq.m.</i>	<b>Group’s interest</b> <i>%</i>
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### Completed investment properties

#### Fujian Province

Sandi Furniture Plaza, No. 173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City	Shopping Mall	113,252	100
Fuzhou Sandi Chuangfu Square Zone B, Fuxia Road, Cangshan District, Fuzhou City	Commercial/ Hotel	48,713	100
Various blocks, Sandi Kaixuan Fengdan, No. 202 Minjiang Avenue, Cangshan District, Fuzhou City	Commercial/ Hotel	13,477	100

#### Shaanxi Province

Red Star Macalline, Block 196, No. 8 Bao Guo Road, Jin Tai District, Baoji City	Shopping Mall	63,643	100
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<b>Location</b>	<b>Existing/ Intended use(s)</b>	<b>Approximate GFA <i>sq.m.</i></b>	<b>Group's interest %</b>
Sandi Plaza, Block 186, No. 8 Bao Guo Road, Jin Tai District, Baoji City	Shopping Mall	63,125	100
Ramada Hotel Block No. 184, No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	15,181	100
Pesht Boutique, Block No. 25, No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	12,248	100
Jinjiang Inn, Block No. 18, No. 8 Bao Guo Road, Jintai District, Baoji City	Hotel	7,094	100
<b>Shanghai</b>			
Lot N5, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/ Hotel	59,701	100
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial	26,071	100
<b>Investment properties under construction</b>			
<b>Fujian Province</b>			
Tang Kou, Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City	Hotel	89,668	100
<b>Shanghai</b>			
Lot N6, No. 11 Zhongshan Street Neighbourhood, Songjiang District	Commercial/ Hotel	122,749	100
<b>Zhejiang Province</b>			
Northwest of Weiliu Road and Jingwu Road, Qiantang New District, Hangzhou City	Residential	16,356	100
Northeast of Jingsi Road and Changfeng Road, Qiantang New District, Hangzhou City	Residential	8,204	100

## OUTLOOK

In 2024, China's economy will accelerate the pace of recovery, active fiscal policies will increase its effectiveness, and the state will further improve the confidence and expectation of the market entities. The country insists on the direction of "houses are for living in and not for speculative investment". It is also expected that policies in core second-tier cities will be fully loosened, while policies in first-tier cities will have great potential for optimisation with continuous adjustment, such as the lowering interest rate of loans, lowering the down payment ratio and optimisation of restricted purchase. Also the comprehensive optimisation of prevention measures will further drive the economic recovery in 2024. It is believed that the real estate market has reached the bottom. With the continued launch of stimulus policies, the industry will see the silver lining.

The Group will keep abreast of policy changes, grasp changes in the market cycle and adjust its marketing strategies to promote sales returns. We focus on accelerating sales, ensuring delivery and securing cash flow, and maintain a steady and sustainable growth with like-minded partners and hardworking employees.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 96.0% of the revenue for the reporting period. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property development	3,171,629	96.0	3,296,618	95.6
Property investment	131,126	4.0	152,350	4.4
	<u>3,302,755</u>	<u>100</u>	<u>3,448,968</u>	<u>100</u>

### Revenue from property sales

The Group's revenue from property sales decreased to approximately RMB3,171.6 million for the reporting period (2022: approximately RMB3,296.6 million).

The table below summarises the revenue from property sales for the reporting period:

Property projects	Type	Sales revenue RMB'000	GFA sq.m.	Average selling price RMB/sq.m.	Percentage of total amount %
<b>Zhejiang Province</b>					
Sandi Fengdan Yaju	Residential	738,903	53,589	13,788	23.3
<b>Fujian Province</b>					
Sandi Yasong Fengdan	Residential/Commercial	704,155	60,116	11,713	22.2
Sandi Yungu Fengdan	Residential/Commercial	503,405	52,694	9,553	15.9
Sandi Yazhu Fengdan	Residential	136,635	9,865	13,851	4.3
<b>Shaanxi Province</b>					
Sandi Jinyunfu	Residential	329,228	53,097	6,201	10.4
Sandi Century New City	Residential/Commercial	141,142	21,808	6,472	4.5
Sandi Yunding Fengdan	Residential	169,937	43,298	3,925	5.4
<b>Shanghai</b>					
Sandi Manhattan	Commercial	333,615	10,861	30,716	10.5
Others		114,609	8,569	13,375	3.6
<b>Total</b>		<b>3,171,629</b>	<b>313,897</b>	<b>10,104</b>	<b>100.0</b>

Notes:

- i. Sales revenue amount and the calculation of average price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- ii. GFA and sales revenue attributable to the car parking spaces are excluded in the GFA sold and the average selling price calculation.

### Revenue from property investment

Revenue from property investment including rental income and property management and related fee income amounted to approximately RMB131.1 million for the reporting period (2022: approximately RMB152.4 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls, commercial buildings and kindergartens.

## **Cost of properties sales**

The Group's cost of properties sales increased to approximately RMB2,709.9 million for the reporting period (2022: approximately RMB2,485.0 million). The increase was primarily attributable to the increase in the cost of construction materials during the reporting period as compared with 2022, which led to the increase in the cost of properties sales.

## **Write-down of inventories of properties**

For the year ended 31 December 2023, write-down of completed properties held for sale to net realisable value of approximately RMB37,252,000 (2022: nil) was recognised in the consolidated statement of comprehensive income.

For the year ended 31 December 2023, write-down of properties under development for sale to net realisable value of approximately RMB261,198,000 (2022: nil) was recognised in the consolidated statement of comprehensive income.

These write-down of properties due to the the impact of mainland real estate market, which resulted in the expected net realizable value being lower than the carrying value.

## **Change in fair value on investment properties and upon transfer to investment properties**

For the reporting period, the Group recognised a net fair value loss of approximately RMB394.7 million on its investment properties (2022: approximately RMB7.1 million). The increase in net fair value loss on the Group's investment properties was a result of the macro-control measures on industry and the continued decline in the market environment of the real estate industry in the PRC.

## **Change in fair value of derivative components of convertible bonds**

During the reporting period, the Group recognised a fair value gain of approximately RMB6.3 million (2022: approximately RMB101.4 million) on the derivative components of the convertible bonds with principal amount of HK\$500 million, issued to Primary Partner International Limited ("Primary Partner"), which is wholly-owned by Mr. Guo Jiadi ("Mr. Guo"), on 30 January 2019 as the consideration for acquisition of All Excel Industries Limited. The derivative component of the convertible bonds represented the conversion option to convert into shares of the Company and early redemption option before its maturity date on 30 January 2024, which were classified as derivative financial instrument and measured at fair value with changes in fair value recognised in profit or loss.

## **Other losses, net**

The Group recognised net other losses of approximately RMB40.4 million for the reporting period (2022: approximately RMB38.7 million), which was mainly attributed to net exchange losses during the Year as mentioned above.

## **Selling and marketing expenses**

The Group's selling and marketing expenses decreased by approximately RMB115.7 million from approximately RMB202.2 million for the year ended 31 December 2022 to approximately RMB86.5 million for the reporting period. Such change was due to less agent fees were incurred as a result of decrease in contract sales.

## **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB58.5 million from approximately RMB125.7 million for the year ended 31 December 2022 to approximately RMB67.2 million for the reporting period. Such change was due to a decrease in salary expenses as a result of reduced number of employees.

## **Finance costs**

Finance costs consist of interest expenses on banks and other borrowings, convertible bonds, promissory note, contract liabilities, amounts due to a related company and lease liabilities. The finance costs amounted to approximately RMB130.6 million (2022: approximately RMB117.8 million) for the reporting period. The increase in finance cost was attributable to the increase of interest rate of loans.

## **Income tax credit**

Income tax credit mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB73.2 million for the reporting period (2022: income tax expense of approximately RMB158.1 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2023, the Group had bank and other borrowings of approximately RMB6,047.8 million denominated in RMB (31 December 2022: approximately RMB6,720.0 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amounts due to a related company in total amount to approximately RMB997.5 million denominated in HK\$ and RMB (31 December 2022: approximately RMB1,153.4 million denominated in HK\$ and RMB). As at 31 December 2023 and 2022, all bank and other borrowings were secured with fixed interest rate. The bank and other borrowings with maturities falling due within one year, in the second year, in the third to the fifth year, over five years amounted to approximately RMB2,802.9 million, RMB1,896.9 million, RMB559.0 million and RMB789.0 million, respectively (31 December 2022: approximately RMB1,933.7 million, RMB2,375.8 million, RMB1,423.5 million and RMB987 million, respectively). Further details of the bank and other borrowings, are set out in note 15 to the consolidated financial statements in this announcement.

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB148.1 million (31 December 2022: approximately RMB310.9 million) which were mainly denominated in HK\$ and RMB.

As at 31 December 2023, the gearing ratio for the Group was approximately 141.3% (31 December 2022: approximately 149.0%), calculated based on the net debts (comprising bank and other borrowings and other debts comprising convertible bonds, promissory note and amounts due to a related company less cash and cash equivalent) of approximately RMB6,831.2 million (31 December 2022: approximately RMB7,562.5 million ) over the total equity of approximately RMB4,833.2 million (31 December 2022: approximately RMB5,074.3 million). The debt ratio was approximately 79.5% (31 December 2022: approximately 80.6%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 31 December 2023, the Group's net current liabilities amounted to approximately RMB1,267.2 million (31 December 2022: net current assets approximately RMB1,542.4 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 91.10% (31 December 2022: approximately 111.2%).

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available. 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.

## **CAPITAL STRUCTURE**

The capital structure of the Group and fund raising activities during the reporting period are summarised as follows:

### **(i) Bank and other borrowings**

As at 31 December 2023, the Group had bank and other borrowings of approximately RMB6,047.8 million (31 December 2022: approximately RMB6,720.0 million), of which approximately RMB2,802.9 million are repayable within one year and approximately RMB3,244.9 million are repayable beyond one year. The Group's bank and other borrowings bear interest rates ranging from approximately 2.8% to 10.0% per annum. All the bank and other borrowings were denominated in RMB.

### **(ii) Promissory note**

As at 31 December 2023 and 2022, the Company had a 5-year promissory note (the "Promissory Note") with principal amount of HK\$600 million issued to Mr. Guo, the chairman of the Board and an executive Director, with interest to be 3% per annum for the first and second years after the date of issuance, 4.5% per annum for the third and fourth years after the date of issuance and 6% per annum for the fifth year after the date of issuance, with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2024. Promissory Note is denominated in HK\$. There was no early redemption of the Promissory Note requested by the Company or Mr. Guo during the reporting period.

### **(iii) Convertible bonds**

As at 31 December 2023 and 2022, the Company had a 5-year convertible bonds (the “CBs”) with principal amount of HK\$500 million issued to Primary Partner, which is wholly-owned by Mr. Guo, the chairman of the Board and an executive Director, with interest to be 1% per annum payable annually in arrears and carrying a conversion price of HK\$0.412 per conversion share, with conversion rights to convert into a maximum of 1,213,592,233 shares. The principal will be repaid when the CBs fall due on 30 January 2024 if no conversion happened on or before 30 January 2024. The CBs are denominated in HK\$. There was no early redemption of the CB requested by the Company or Mr. Guo during the reporting period.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 December 2023.

The Group disposed of Hanzhong Xu Sandi Real Estate Development Co., Ltd on 31 October 2023 to an independent third party at an aggregate consideration of RMB5,950,000. Save for the disposal as mentioned, the Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the reporting period.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

On 30 January 2024, the Company and Primary Partner entered into a deed of amendment (the “CB Amendment Deed”) pursuant to which the Company and Primary Partner have conditionally agreed to amend the terms and conditions of the CBs to the effect that: (i) the principal amount of the CBs changed from HK\$500,000,000 to HK\$300,000,000; (ii) the maturity date changed from 30 January 2024 to 30 January 2029; (iii) the interest rate changed from 1% per annum to 2% per annum; (iv) a right was granted to Primary Partner to require the Company to redeem all of the outstanding CBs; and (v) the conversion price of the CBs changed from HK\$0.412 to HK\$0.090 per Conversion Share. The CB Amendment Deed and the transactions thereunder were approved by independent Shareholders on 13 March 2024 and the CB Amendment Deed took effect retrospectively from 30 January 2024. Save for the aforesaid amendments, all other terms and conditions of the CBs remain unchanged. The fair value of the new CBs was HK\$300,000,000 on 30 January 2024.

On 30 January 2024, the Company and Primary Partner entered into a deed of amendment (the “PN Amendment Deed”) pursuant to which the Company and Primary Partner have agreed to amend the terms of the Promissory Note to the effect that: (i) the principal amount of the Promissory Note changed from HK\$600,000,000 to HK\$800,000,000; (ii) the maturity date changed from 30 January 2024 to 30 January 2029; (iii) the interest rate remain at 6% per annum for the sixth to tenth year after 30 January 2019; and (iv) a right was granted to Primary Partner to require the Company to redeem all or part of the Promissory Note. The PN Amendment Deed took effect from the date of the PN Amendment Deed. Save for the aforesaid amendments, all other terms of the Promissory Note shall remain unchanged.

## **CHARGE ON THE GROUP'S ASSETS**

As at 31 December 2023, the Group had pledged certain investment properties, properties under development, land use rights and certain inventories of properties of an aggregate carrying value of approximately RMB16,240.0 million (31 December 2022: approximately RMB17,756.8 million) together with certain rental proceeds over investment properties, and shares of certain subsidiaries of the Group to secure the bank and other facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage facilities granted to purchasers of the Group's properties. As at 31 December 2023, the Group provided guarantees for mortgage loans in an amount of approximately RMB3,532.9 million (31 December 2022: approximately RMB4,692.2 million) to banks in respect of such agreements. Certain subsidiaries of the Group has provided corporate guarantees of approximately RMB561.0 million (31 December 2022: approximately RMB872.8 million) to certain financial institutions in respect of loan facilities granted to certain companies that were indirectly wholly owned or controlled by Mr. Guo. In addition, certain subsidiaries of the Group had also provided corporate guarantees amounting to approximately RMB222.7 million (31 December 2022: approximately RMB233.6 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the reporting period.

## **COMMITMENTS**

As at 31 December 2023, the Group had capital commitments in respect of investment properties, properties under development and property, plant and equipment amounted to approximately RMB985.2 million (31 December 2022: approximately RMB987.1 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK\$, respectively. As at 31 December 2023, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 31 December 2023, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

## **EMPLOYEES**

As at 31 December 2023, the Group employed a total of 273 employees (31 December 2022: 417 employees) of which 271 employees (31 December 2022: 415 employees) were hired in the PRC and 2 employees (31 December 2022: 2 employees) in Hong Kong. Total remuneration paid to the employees for the reporting period amounted to approximately RMB53.9 million (2022: approximately RMB93.2 million). In addition to competitive remuneration packages offered to the employees, the Group also provides other benefits including contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

## **PROPERTY VALUATION**

Property valuation on the Group's investment properties located in the PRC as at 31 December 2023 had been carried out by an independent qualified professional valuer, Graval Consulting Limited. The property valuation was used in preparing the annual results. The valuation was based on income capitalization approach by making reference to comparable market information as available in the relevant markets. For investment properties under development, the valuation has also taken into account the construction costs expended and to be expended to complete the development. The Group's investment properties were valued at approximately RMB10,233.8 million as at 31 December 2023 (31 December 2022: approximately RMB10,734.3 million). A net fair value loss of approximately RMB394.7 million (2022: net fair value loss of approximately RMB7.1 million) was recognised to the consolidated statement of profit or loss for the reporting period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry to all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code during the reporting period.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the Shareholders.

The Board is committed to comply with the code provisions (the “Code Provisions”) as set out in the Corporate Governance Code (the “CG Code”) under Appendix C1 to the Listing Rules to the extent that the Directors consider it to be practical and applicable to the Company. During the reporting period and up to the date of this announcement, the Company has complied with the CG Code except for the following deviation:

### **Code Provision C.2.1**

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group’s business.

Mr. Guo currently serves as the chairman of the Board (the “Chairman”).

Up to date of this announcement, no individual was appointed as the chief executive officer of the Company (the “CEO”). The day-to-day management of the Group’s business is monitored by the executive Directors and senior management of the Group. Given the size of the Group, the current business operations and administration have been stable, the Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time and separate the roles of the Chairman and the CEO when necessary.

The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee which comprised Mr. Chan Yee Ping, Michael, Ms. Wong Wai Man and Mr. Lam Wai Fung, Dominic, being all the independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication. The Audit Committee has reviewed with management, the Group’s consolidated results for the year ended 31 December 2023, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

### **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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 Going Concern**

We draw attention to note 3.1 of the consolidated financial statements, which set out that the Group incurred a net loss of approximately RMB422,414,000 for the year ended 31 December 2023 and as at that date, the Group had net current liabilities of approximately RMB1,267,232,000 and current liabilities totalling RMB14,235,493,000. However, the Group had cash and cash equivalents amounting to only approximately RMB148,063,000. These conditions other matters set out in note 3.1 to the consolidated financial statements indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **SCOPE OF WORK OF MOORE CPA LIMITED (FORMERLY KNOWN AS MOORE STEPHENS CPA LIMITED)**

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor (the "Auditor"), Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the 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 opinion or no assurance conclusion has been expressed by the Auditor on this preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinasandi.com.cn](http://www.chinasandi.com.cn)). The annual report of the Company for the year ended 31 December 2023 will be despatched to the Shareholders and will be published on the aforesaid websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I also want to express my gratitude to our management team and all staff of the Group for their hard work during the year. Last but not least, I am most grateful to our Shareholders for their continuous support and confidence.

By order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
*Chairman*

Hong Kong, 31 March 2024

*As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Mr. Chan Yee Ping, Michael, Ms. Wong Wai Man and Mr. Lam Wai Fung, Dominic, being the independent non-executive Directors.*