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*This announcement and the Offering Circular do not constitute or form a part of any offer or solicitation to purchase or subscribe for the securities and the guarantee of the securities in the United States. The securities and the guarantee of the securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or other jurisdiction. The securities and the guarantee of the securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and may not be offered or sold within the United States absent registration or an exemption from registration under the Securities Act. No public offering of the securities or the guarantee of the securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.*

***This announcement and the Offering Circular referred to herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities or the guarantee of the securities referred to herein is being or will be made in the United States. This announcement and the Offering Circular have been published for information purposes only as required by the Listing Rules (as defined below) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities or the guarantee of the securities. Neither this announcement nor anything referred to herein (including the Offering Circular) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of the securities or the guarantee of the securities made pursuant to a prospectus issued by or on behalf of the Issuer and the Guarantor (each as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities or the guarantee of the securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors**: The Issuer and the Guarantor confirm that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange (as defined below) on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR

JOY DELIGHT INTERNATIONAL LIMITED
愉欣國際有限公司

(incorporated in the British Virgin Islands with limited liability)
(the "Issuer")

CNY2,850,000,000 3.30 per cent. Guaranteed Green Notes due 2028
(Stock code: 85083)
(the "Notes")

Unconditionally and Irrevocably Guaranteed by

越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED

YUEXIU PROPERTY COMPANY LIMITED
越秀地產股份有限公司

(incorporated in Hong Kong with limited liability)
(Stock code: 00123)
(the "Guarantor")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Please refer to the offering circular dated 24 October 2025 (the "**Offering Circular**") in relation to the Notes as appended hereto. As disclosed in the Offering Circular, the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended.

Hong Kong, 4 November 2025

As at the date of this announcement, the board of directors of the Issuer comprises XIE Bin, WEI Kai and LUO Ruidong.

As at the date of this announcement, the board of directors of the Guarantor comprises:

Executive Directors:	*LIN Zhaoyuan (Chairman), ZHU Huisong, JIANG Guoxiong, HE Yuping, CHEN Jing and LIU Yan*
Non-executive Directors:	*ZHANG Yibing and SU Junjie*
Independent Non-executive Directors:	*YU Lup Fat Joseph, LEE Ka Lun, LAU Hon Chuen Ambrose and CHEUNG Kin Sang*

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer or the Guarantor (each as defined in the Offering Circular) or from CLSA Limited, DBS Bank Ltd., Yue Xiu Securities Company Limited, Chong Hing Bank Limited, China Securities (International) Corporate Finance Company Limited, BOB International Asset Management Company Limited, China International Capital Corporation Hong Kong Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CMB International Capital Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, ICBC International Securities Limited, J.P. Morgan Securities (Asia Pacific) Limited and Luso International Banking Limited (together, the "**Joint Lead Managers**") as a result of such access. In order to review the Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and the Joint Lead Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee (as defined in the Offering Circular) or the Agents (as defined in the Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Joint Lead Managers will provide a hard copy version to you upon request.

Restrictions: The Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES AND THE GUARANTEE DESCRIBED IN THE OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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JOY DELIGHT INTERNATIONAL LIMITED
愉欣國際有限公司

(incorporated in the British Virgin Islands with limited liability)

(as Issuer)

CNY2,850,000,000 3.30 PER CENT. GUARANTEED GREEN NOTES DUE 2028

Unconditionally and Irrevocably Guaranteed by

YUEXIU PROPERTY COMPANY LIMITED
越秀地產股份有限公司

(incorporated in Hong Kong with limited liability)

(HKSE Stock Code: 00123)

(as Guarantor)

Issue Price: 100.00 per cent.

The CNY2,850,000,000 3.30 per cent. guaranteed green notes due 2028 (the "**Notes**") will be issued by JOY DELIGHT INTERNATIONAL LIMITED 愉欣國際有限公司 (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Yuexiu Property Company Limited 越秀地產股份有限公司 (the "**Guarantor**" or the "**Company**"). The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The PRC Government is not an obligor and Noteholders shall have no recourse to the PRC Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer or the Guarantor. See "*Risk Factors — Risks Relating to the Notes and the Guarantee — No PRC governmental entity has legal obligations under the Notes or the Trust Deed if the Issuer and the Guarantor fail to meet their obligations thereunder. Ownership or control by PRC governmental entity does not provide assurance on the financial conditions of the Issuer or the Guarantor*".

The Notes will be constituted by and have the benefit of a trust deed (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") dated 3 November 2025 (the "**Issue Date**") between the Issuer, the Guarantor and CNCBI Trustee Limited (the "**Trustee**").

The Notes will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Notes (the "**Terms and Conditions**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future.

The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.30 per cent. per annum payable semi-annually in arrear on 3 May and 3 November in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in the Terms and Conditions), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, and as further described in "*Terms and Conditions of the Notes —Taxation*".

The Guarantor has completed the pre-issuance registration (the "**Pre-Issuance Registration**") of the issuance of the Notes with the National Development and Reform Commission of the PRC (the "**NDRC**") in accordance with the Administrative Measures for the Review and Registration of Medium- and Long- Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發 展和改革委員會令第56號)) (the "**Order 56**") issued by the NDRC and effective from 10 February 2023. The Guarantor's controlling shareholder, Guangzhou Yue Xiu Holdings Limited ("**Yuexiu Group**"), has registered the Notes with the NDRC and has received the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (發改辦外債2025[302]號] dated 11 July 2025 (the "**NDRC Certificate**") from the NDRC with respect to the Pre-Issuance Registration, which as at the date of this Offering Circular, remains valid and in full force and effect. The Guarantor will be required to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes within the relevant prescribed timeframes after the Issue Date in accordance with the Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time, including but not limited to, the filing with the NDRC the offering information and the issue details of the Notes within ten PRC Business Days (as defined in the Terms and Conditions) after the Issue Date, and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

Unless previously redeemed, or purchased and cancelled, each Note shall be finally redeemed at its principal amount on the Interest Payment Date falling on or nearest to 3 November 2028. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC as described under "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control Put Event (as defined in the Terms and Conditions), the holder of any Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined in the Terms and Conditions) the Issuer has given notice of redemption under Condition 6(b) of the Terms and Conditions) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined in the Terms and Conditions) at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption following Change of Control*".

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial condition and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes will be issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. The Notes and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S of the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers and sales of the Notes and the Guarantee and distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only and such permission is expected to become effective on 4 November 2025. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Guarantor or the Group (as defined below), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notes will initially be represented by a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, definitive certificates for Notes will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CITIC Securities **DBS Bank Ltd.** **Yue Xiu Securities** **Chong Hing Bank** **China Securities International**

Joint Lead Managers and Joint Bookrunners

BOB International **China International Capital Corporation** **China Zheshang Bank Co., Ltd. (Hong Kong Branch)** **CMB International** **CMBC Capital**

CNCB Capital **Guotai Junan International** **Haitong International** **Hua Xia Bank Co., Limited Hong Kong Branch**

ICBC International **J.P. Morgan** **Luso Bank Ltd.**

Joint Green Structuring Advisors

CITIC Securities **DBS Bank Ltd.**

Offering Circular dated 24 October 2025

NOTICE TO INVESTORS

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Guarantor confirms, having made all reasonable inquiries, that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (collectively, the "**Group**") and to the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee (including, without limitation, all information required by the applicable laws and regulations of the British Virgin Islands and Hong Kong and by the Hong Kong Stock Exchange and the information which, according to the particular nature of the Issuer, the Guarantor and the Group and of the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Notes and the Guarantee); (ii) the statements relating to the Issuer, the Guarantor and to the Group contained in this Offering Circular are in every material respect true, accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee, the omission of which would, in the context of the issue and offering of the Notes or the giving of the Guarantee, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

Each of the Issuer and the Guarantor has prepared this Offering Circular solely for use in connection with the proposed offering of the Notes and giving of the Guarantee described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of CLSA Limited, DBS Bank Ltd., Yue Xiu Securities Company Limited, Chong Hing Bank Limited, China Securities (International) Corporate Finance Company Limited, BOB International Asset Management Company Limited, China International Capital Corporation Hong Kong Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CMB International Capital Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, ICBC International Securities Limited, J.P. Morgan Securities (Asia Pacific) Limited and Luso International Banking Limited (together, the "**Joint Lead Managers**"), the Issuer, or the Guarantor to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Notes and the Guarantee and distribution of this Offering Circular, see "*Subscription and Sale*".

By purchasing the Notes, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Notes. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Notes or the Guarantee other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them to subscribe for or purchase the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Notes and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Notes offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group, and the merits and risks involved in investing in the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and none of them assumes any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any director, officer, employee, affiliate, representative, agent or adviser of any such person or any person who controls any of them or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Notes or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee, the Agents and each of their respective directors, officers, employees, affiliates, representatives, agents and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any director, officer, employee, affiliate, representative, agent or adviser of any such person or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE "STABILISATION MANAGER(S)"), OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE NOTES AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them is making any representations regarding the legality of an investment in the Notes under any law or regulation.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer and the Guarantor may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. These entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer and the Guarantor and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong, the British Virgin Islands or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

Singapore Securities and Futures Act Product Classification: *Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the "**SFA**")*, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Joint Lead Managers, are "capital market intermediaries" (the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the Notes, including the merits and risks involved. Where information has been sourced from a third party, the Issuer and the Guarantor confirm that this information has been accurately reproduced and that, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

The consolidated financial information of the Group as at and for the years ended 31 December 2023 and 2024 included in this Offering Circular has been extracted from the Group's audited consolidated financial statements as at and for the year ended 31 December 2024, including the notes thereto, included elsewhere in this Offering Circular. The consolidated financial statements of the Group as at and for the years ended 31 December 2023 and 2024 were prepared and presented in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) and audited by Ernst & Young, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited interim condensed consolidated financial information of the Group as at 30 June 2025 and for the six months ended 30 June 2024 and 2025 included in this Offering Circular has been extracted from the Group's unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2025, including the notes thereto, included elsewhere in this Offering Circular. The unaudited interim condensed consolidated financial statements of the Group as at 30 June 2025 and for the six months ended 30 June 2024 and 2025 were prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The unaudited interim condensed consolidated financial information as at 30 June 2025 and for the six months ended 30 June 2024 and 2025 have not been audited and should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit, and should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2025. Potential investors should exercise caution when using such information to evaluate the Group's financial condition and results of operations. In addition, the historical financial information of the Group should not be taken as an indication of future financial performance.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

Unless indicated otherwise, in this Offering Circular all references to (i) the "Issuer" are to JOY DELIGHT INTERNATIONAL LIMITED愉欣國際有限公司, (ii) the "Guarantor" or the "Company" are to Yuexiu Property Company Limited越秀地產股份有限公司and where the context requires, include its subsidiaries and (iii) the "Group" are to the Issuer, the Guarantor and its subsidiaries taken as a whole, unless otherwise specified or the context otherwise requires.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "US$", "USD" and "U.S. dollars" are to the lawful currency of the United States of America; all references to "HK$", "HKD" and "Hong Kong dollars" are to the lawful currency of Hong Kong; all references to "Renminbi", "CNY", "CNH" and "RMB" are to the lawful currency of the PRC; all references to "United States", "US" or "U.S." are to the United States of America; all references to "China", "Mainland China" and the "PRC" mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; all references to "PRC Government" mean the central, provincial, municipal and local government entities of the PRC; all references to "Hong Kong" are to the Hong Kong Special Administrative Region of the PRC; all references to "Macau" are to the Macao Special Administrative Region of the PRC; all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland; all references to "Singapore" are to the Republic of Singapore; and all references to the "BVI" are to the British Virgin Islands.

In this Offering Circular, all references to "we", "our" and "us" are to the Guarantor, and where the context indicates, include its subsidiaries.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Business*" and elsewhere in this Offering Circular constitute "forward looking statements". The words including "aim", "anticipate", "believe", "estimate", "expect", "forecast", "predict", "plan", "schedule", "should", "will", "would", "could" and their negatives or similar words or expressions identify forward looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial condition, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of any of them are expressly qualified in their entirety by such cautionary statements.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled "Risk Factors", before making an investment decision.

Overview

We are one of the leading property developers in the PRC, principally engaged in the development, sale, management and long-term investment of residential and commercial properties. Our four major business segments are residential buildings, commercial buildings, mass transportation and public premises. Over the years, the Company has developed over 200 high quality residential properties and over 40 high quality commercial properties, including Guangzhou IFC. Our operations are primarily conducted in the PRC. We have been expanding our land bank in the Greater Bay Area, Eastern China Region, Central and Western China Region and Northern China Region, which includes Guangdong, Zhejiang, Shenzhen, Jiangsu, Hubei, Anhui, Henan, Hunan, Liaoning, Shandong, Sichuan, Shanxi and Hainan Provinces, as well as Hong Kong, as at the date of this Offering Circular. We have accumulated more than 40 years of experience in the industry, and developed strong capability in our integrated property business. In particular, our commercial projects are located in the central business district and other prime business centres in major cities of the PRC (such as Guangzhou IFC, which, as at the date of this Offering Circular, is one of the city's most renowned and prestigious landmark) and our representative residential projects reflect our strong market position.

Yuexiu Group, our parent company and a controlling shareholder of the Company, is a 100.0 per cent. state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government ("**GZ SASAC**") and Department of Finance of Guangdong Province. Yuexiu Group was ranked among the top 8 players in the PRC in terms of sales value in the first half of 2025 according to CRIC (克而瑞研究中心), and as at the date of this Offering Circular, it has formed a "4+X" modern industrial system centered on finance, property, transportation infrastructure and modern agriculture. It has six listed platforms including the Company, Guangzhou Yuexiu Capital Holding Group Co., Ltd, Yuexiu REIT, Yuexiu Services Group Limited ("**Yuexiu Services**"), Yuexiu Transport Infrastructure Limited ("**Yuexiu Transport**") and Huaxia Yuexiu Expressway REIT. By the end of 2024, the total assets of Yuexiu Group had exceeded RMB1,000.0 billion. We continue to receive strong support from Yuexiu Group, which provides financial support for our business operations, and we are invited to participate in favourable investment opportunities offered by, and receive other assistance on property industry trends and regulatory changes from, the Guangzhou Municipal People's Government.

We benefit from our unique interactive business model of "Property — REIT". We are the first PRC property developer with a Real Estate Investment Trust ("**REIT**") platform listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or the "**HKSE**"). This feature enables us to allocate capital efficiently from completed commercial properties by injecting property assets into Yuexiu REIT at the appropriate time, subject to relevant approvals. The cash proceeds from such injections, as well as the periodic distribution payments we receive from Yuexiu REIT, enable us to generate stable cash flows and enhance recurring revenues, which strengthen our operations and enable us to expand our property portfolio. We held approximately 40.61 per cent. of the issued units of Yuexiu REIT as at 30 June 2025. As at 30 June 2025, Yuexiu REIT's property portfolio comprised of 10 commercial properties in four high economic growth cities in Mainland China (i.e. Guangzhou, Shanghai, Wuhan, Hangzhou) and Hong Kong, covering four business segments, namely office buildings, retail shopping malls, wholesale market and hotel and serviced apartments, with an aggregate area of ownership of approximately 1,184,156.5 sq.m. and had an independent appraisal value of approximately RMB41,889 million. For the first half of 2025, Yuexiu REIT recorded a total operating revenue of approximately RMB966.1 million, representing a decrease of 6.6 per cent. as compared to RMB1,034.1 million for the same period last year, with overall operation remaining stable.

The Company was incorporated in Hong Kong on 16 June 1992. Our shares have been listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00123) since December 1992 and we have been a constituent stock of the Morgan Stanley Capital International ("**MSCI**") China index.

Our Competitive Strengths

We believe we are well-positioned to take advantage of the continued development of the property market in the PRC and Hong Kong by leveraging the following competitive strengths:

- robust parental support and strong state-owned enterprise background;
- deep penetration in the Greater Bay Area, gradually achieving cross-regional development;
- unique and diversified land acquisition channels to ensure high-quality landbank;
- deepen the "Coordinated Residential and Commercial Development" strategy and unique "Property — REIT" interactive business model;
- prudent financial management to ensure solid financial performance and capital structure;
- continuous improvement in environmental, social and governance ("**ESG**") management; and
- experienced management team and inspiring corporate culture.

Our Business Strategies

Our objective is to strengthen our position as one of the leading property developers in the PRC with balanced property development, investment and management capabilities while adhering to the theme of "good products, service, brand and team". We intend to implement the following business strategies:

- strategically expanding our high-quality land bank through reinforcing the "6+1" unique and diversified land bank growth platform and implementing precise investment strategies;
- deepening the "Residential + Commercial" model and improving commercial property operation capabilities to enhance interaction between the Company and Yuexiu REIT;
- promoting quality development of new business segments to achieve further diversification of our operations;
- deepening the reform of operation and management mechanism and exploring new approaches to shorten our development cycle; and
- continuing to maintain prudent financial and risk management to ensure financial safety and liquidity position.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following table presents our summary financial information. Our consolidated financial statements as at and for the years ended 31 December 2023 and 2024 were prepared and presented in accordance with the HKFRSs and audited by our independent auditor, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by HKICPA. The selected consolidated financial information as at and for the years ended 31 December 2023 and 2024 has been derived from our audited consolidated financial statements as at and for the year ended 31 December 2024, including the notes thereto, included elsewhere in this Offering Circular.

Our unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2025 were prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and reviewed by our independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The selected unaudited interim condensed consolidated financial information as at 30 June 2025 and for the six months ended 30 June 2024 and 2025 has been derived from our unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2025, including the notes thereto, included elsewhere in this Offering Circular. The unaudited interim condensed consolidated financial information as at 30 June 2025 and for the six months ended 30 June 2024 and 2025 have not been audited and should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit, and should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2025. Potential investors should exercise caution when using such information to evaluate the Group's financial condition and results of operations. In addition, the historical financial information of the Group should not be taken as an indication of future financial performance.

Consolidated Income Statement Data

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Revenue	80,222,011	86,400,562	35,340,264	47,573,703
Cost of sales	(67,964,384)	(77,346,644)	(30,492,905)	(42,510,795)
Gross profit	12,257,627	9,053,918	4,847,359	5,062,908
Income from sales of investment properties	14,929	—	—	—
Carrying amounts of investment properties sold	(4,310)	—	—	—
Gain on sales of investment properties	10,619	—	—	—
Other gains/(losses), net	(1,348,000)	(1,395,268)	91,216	135,710
Selling and marketing expenses	(2,450,753)	(2,718,573)	(1,091,707)	(1,479,049)
Administrative expenses	(1,799,157)	(1,488,908)	(578,900)	(618,862)
Operating profit	**6,670,336**	**3,451,169**	**3,267,968**	**3,100,707**
Finance income	970,575	646,215	336,622	269,997
Finance costs	(672,375)	(879,651)	(241,832)	(480,552)
Share of profits/(losses) of				
— Joint ventures	50,528	(43,318)	69,576	(83,566)
— Associates	701,579	1,021,214	391,407	1,347,611
Profit before taxation	7,720,643	4,195,629	3,823,741	4,154,197
Taxation	(3,145,594)	(2,730,508)	(1,261,510)	(1,178,581)
Profit for the year/period	**4,575,049**	**1,465,121**	**2,562,231**	**2,975,616**
Attributable to: Equity holders of the Company	3,185,085	1,040,055	1,831,427	1,369,652
Non-controlling interests	1,389,964	425,066	730,804	1,605,964
	4,575,049	1,465,121	2,562,231	2,975,616
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)				
— Basic and diluted	**0.8542**	**0.2584**	**0.4550**	**0.3403**

Consolidated Balance Sheet Data

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*
ASSETS			
Non-current assets			
Property, plant and equipment	2,802,071	3,159,869	3,028,248
Right-of-use assets	822,896	1,829,855	1,984,522
Investment properties	16,785,640	17,029,312	17,182,214
Intangible assets	514,128	339,265	343,370
Properties under development	8,739,490	7,855,936	7,881,746
Interests in joint ventures	6,007,696	5,183,730	6,217,184
Interests in associates	22,868,636	26,251,482	32,178,185
Financial assets at fair value through other comprehensive income	999,130	967,085	968,237
Derivative financial instruments	—	121,037	—
Other receivables, prepayments and deposits	—	165,478	196,044
Time deposits and other restricted deposits	—	2,293,280	2,272,625
Deferred tax assets	3,474,680	4,464,790	4,690,016
	63,014,367	**69,661,119**	**76,942,391**
Current assets			
Properties under development	202,613,968	179,813,083	149,275,823
Properties held for sale	36,334,751	45,139,394	51,691,121
Contract costs	1,121,745	1,445,157	1,141,168
Prepayments for land use rights	5,825,176	5,207,807	140,791
Trade and note receivables	846,308	1,307,480	1,841,268
Other receivables, prepayments and deposits	37,859,433	52,904,540	51,497,215
Derivative financial instruments	229,536	—	30,732
Prepaid taxation	7,235,584	7,218,435	8,742,390
Time deposits	—	467,260	117,859
Cash and bank balances	46,097,860	47,288,709	42,253,342
	338,164,361	**340,791,865**	**306,731,709**
LIABILITIES			
Current liabilities			
Trade and note payables	1,330,814	1,559,766	2,269,377
Contract liabilities	87,653,832	83,841,916	69,799,333
Other payables and accruals	90,389,650	106,075,477	86,728,854
Borrowings	22,975,869	23,268,833	25,389,533
Lease liabilities	219,490	225,687	206,654
Derivative financial instruments	—	—	14,543
Taxation payable	7,516,884	5,542,978	4,498,550
	210,086,539	**220,514,657**	**188,906,844**
Net current assets	**128,077,822**	**120,277,208**	**117,824,865**
Total assets less current liabilities	**191,092,189**	**189,938,327**	**194,767,256**

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(unaudited)*
Non-Current liabilities			
Borrowings	81,395,029	80,619,909	78,472,151
Lease liabilities	619,531	562,024	572,728
Deferred tax liabilities	5,870,307	4,006,453	3,994,154
Deferred income	102,200	54,584	54,651
Derivative financial instruments	55,785	9,038	39,720
Other payables and accruals	840,557	607,151	397,515
	88,883,409	**85,859,159**	**83,530,919**
Net assets	**102,208,780**	**104,079,168**	**111,236,337**
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	25,545,008	25,545,008	25,545,008
Shares held under share award scheme	(121,530)	(54,337)	(54,337)
Other reserves	2,757,989	2,619,419	2,720,522
Retained earnings	27,447,438	27,150,976	28,462,409
	55,628,905	55,261,066	56,673,602
Non-controlling interests	46,579,875	48,818,102	54,562,735
Total equity	**102,208,780**	**104,079,168**	**111,236,337**

Other Financial data

	As at and for the year ended 31 December		As at and for the six months ended 30 June	
	2023	2024	2024	2025
EBITDA(1) (RMB'000)	8,585,810	4,911,183	3,688,455	3,394,212
EBITDA/Gross interest(2)	1.88	1.01	1.66	1.73
Total Debt/EBITDA(3)	12.16	21.15	29.89	30.60
Net Debt/EBITDA(4)	6.79	11.52	17.43	18.15
Total Debt/Equity(5)	1.02	1.00	1.04	0.93
Net Debt/Equity(5)	0.57	0.54	0.61	0.55
Total Debt/Capitalisation(6)	0.92	0.93	0.91	0.88
Net Debt/Capitalisation(6)	0.51	0.51	0.53	0.52

(1) EBITDA is calculated as profit for the year/period plus income tax expense, depreciation and amortisation, finance costs, dividends received from joint ventures and associates, less: (i) share of profits/losses of joint ventures; (ii) share of profits/losses of associates; (iii) foreign exchange gains/losses; (iv) fair value gains/losses on revaluation of investment properties; and (v) finance income. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit or any other measure of performance or as an indicator of the Company's operating performance, liquidity, profitability or cash flows. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, the Company believes that investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. The Company has included EBITDA in this Offering Circular because it believes it is a useful supplement to cash flow data as a measure of the Company's performance and its ability to generate cash flow from operations to service debt and pay taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies because not all companies use the same definition.

(2) Gross interest includes finance costs and capitalised interest.

(3) Total Debt/EBITDA for the years ended 31 December 2023 and 2024 are calculated by dividing Total Debt as at 31 December 2023 and 2024, respectively, by EBITDA for the years ended 31 December 2023 and 2024, respectively. Total Debt/EBITDA for the six months ended 30 June 2024 and 2025 are calculated by dividing Total Debt as at 30 June 2024 and 2025 by EBITDA for the six months ended 30 June 2024 and 2025, respectively. Total Debt equals current and non-current borrowings.

(4) Net Debt/EBITDA for the years ended 31 December 2023 and 2024 are calculated by dividing Net Debt as at 31 December 2023 and 2024, respectively, by EBITDA for the years ended 31 December 2023 and 2024, respectively. Net Debt/EBITDA for the six months ended 30 June 2024 and 2025 are calculated by dividing Net Debt as at 30 June 2024 and 2025, respectively, by EBITDA for the six months ended 30 June 2024 and 2025, respectively. Net Debt equals Total Debt less cash and bank balances.

(5) Equity means total equity.

(6) Capitalisation equals Net Debt add total equity less non-controlling interests.

The following table reconciles the Company's profit for the year under HKFRSs to its definition of EBITDA for the years indicated.

	Year ended 31 December		**Six months ended 30 June**	
	2023	**2024**	**2024**	**2025**
Profit for the year/period	4,575,049	1,465,121	2,562,231	2,975,616
Add:				
Income tax expenses	3,145,594	2,730,508	1,261,510	1,178,581
Depreciation & amortisation	386,114	538,851	253,662	247,416
Finance costs	672,375	879,651	241,832	480,552
Dividends received from joint ventures and associates	281,770	222,947	128,280	52,548
Less:				
Share of profits/(losses) of joint ventures	50,528	(43,318)	69,576	(83,566)
Share of profits of associates	701,579	1,021,214	391,407	1,347,611
Foreign exchange gains/(losses)	54,507	29,216	60,481	(92,590)
Fair value (losses)/gains on investment properties	(1,302,097)	(727,432)	(99,026)	99,049
Finance income	970,575	646,215	336,622	269,997
EBITDA	**8,585,810**	**4,911,183**	**3,688,455**	**3,394,212**

THE OFFERING

The following summary contains some basic information about the Notes. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "*Terms and Conditions of the Notes*" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Notes, see "*Terms and Conditions of the Notes*" in this Offering Circular.

Issuer	JOY DELIGHT INTERNATIONAL LIMITED 愉欣國際有限公司.
Guarantor	Yuexiu Property Company Limited 越秀地產股份有限公司.
The Notes	CNY2,850,000,000 3.30 per cent. guaranteed green notes due 2028.
The Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. The Guarantor's obligations in that respect will be contained in the Trust Deed.
Status of the Notes and the Guarantee	The Notes will constitute direct, unsubordinated, unconditional, and (subject to Condition 4(a) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee will, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future.
Issue Price	100.00 per cent. of the principal amount of the Notes.
Form and Denomination	The Notes will be issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Issue Date	3 November 2025.
Maturity Date	The Interest Payment Date falling on, or nearest to, 3 November 2028.

Interest	The Notes will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.30 per cent. per annum payable semi-annually in arrear on 3 May and 3 November in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 5 of the Terms and Conditions), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions.
Events of Default	The Notes will contain certain events of default as further described in Condition 10 of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is required to be made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 24 October 2025 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will increase the amounts paid by it to the extent required, so that the net amount received by Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

	If (i) the Issuer or, as the case may be, the Guarantor is required to make any such withholding or deduction by or within the British Virgin Islands and/or Hong Kong, or (ii) the Issuer or, as the case may be, the Guarantor is required to make any such additional withholding or deduction in excess of the Applicable Rate by or within the PRC, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the British Virgin Islands, Hong Kong or the PRC other than the mere holding of the Notes or (b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.
Final Redemption	Unless previously redeemed, or purchased and cancelled as provided in Condition 6 of the Terms and Conditions, each Note will be finally redeemed at its principal amount on the Interest Payment Date falling on, or nearest to, 3 November 2028.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 of the Terms and Conditions and in writing to the Trustee and the CMU Lodging and Paying Agent (which notice shall be irrevocable), at their principal amount (together with unpaid interest accrued to (but excluding) the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands, Hong Kong or the PRC, as further described in "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption for Taxation Reasons*".

Redemption following Change of Control Put Event	If, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined in the Terms and Conditions) occurs, then the holder will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined in the Terms and Conditions) the Issuer has given notice of redemption under Condition 6(b) of the Terms and Conditions) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined in the Terms and Conditions) at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date. See "*Terms and Conditions of the Notes — Redemption and Purchase — Redemption following Change of Control*".
Further Issues	The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the deadline for submission of the NDRC Post-issue Filing (as defined in the Terms and Conditions)) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in the Terms and Conditions to the Notes include (unless the context requires otherwise) any further notes issued pursuant to Condition 15 of the Terms and Conditions and consolidated and forming a single series with the outstanding Notes. See "*Terms and Conditions of the Notes — Further Issues*".
Trustee	CNCBI Trustee Limited
CMU Lodging and Paying Agent, Registrar and Transfer Agent	China CITIC Bank International Limited
Governing Law and Jurisdiction	Hong Kong law with the exclusive jurisdiction of Hong Kong courts.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Notes on the Hong Kong Stock Exchange will become effective on 4 November 2025.
Selling Restrictions	The Notes and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

Clearing System	The Notes will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Notes have been accepted for clearance through the CMU with CMU Instrument Number KWHKFN25040, Common Code 319873686 and ISIN HK0001201950.
Notices and Payment	So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Notes may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by the Terms and Conditions.
Use of Proceeds	The net proceeds from the offering of the Notes are intended to be used in accordance with the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (發改辦外債2025[302]號) dated 11 July 2025 for refinancing certain offshore medium to long term debts maturing within one year of the Group. An amount equal to the net proceeds from the offering of the Notes will be allocated exclusively to finance and/or refinance the eligible green project(s) in line with the Sustainable Finance Framework of the Company.

RISK FACTORS

Any investment in the Notes involves a high degree of risk. You should consider carefully the following information about the risks described below, together with the other information contained in this Offering Circular before making an investment decision. If any of the following risks actually occur, our business, financial condition, results of operations, profitability, future prospects or cash flow could be materially and adversely affected. Additional risks or uncertainties not presently known to us, or which we currently deem to be immaterial, may also materially and adversely affect our business, financial condition, results of operations, profitability, future prospects or cash flow. We cannot assure you that any of the events discussed in the risk factors below will not occur and if such events do occur, you may lose all or part of your original investment in the Notes.

Risks Relating to the Group and its Business

We are heavily dependent on the performance of the PRC property sector, particularly in Guangdong Province and other regions where we operate and intend to operate.

A substantial portion of our business operation is located in Guangdong Province and we have also made efforts to expand our business in other major cities in the Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**"), as well as other regions in the PRC. We derive a substantial portion of our revenue and operating profits from our property development and property investment in the PRC and are consequently dependent on the general performance of the PRC property markets, in particular, Guangdong Province.

Therefore, our business will be significantly affected by the state of the property market in the PRC. The real estate market may be affected by local, regional, national and global factors beyond our control, such as speculative activities, financial crisis, government policies, natural disasters, epidemics and pandemics and hostilities. In recent years, China's real estate industry underwent profound adjustments. Under the influence of geopolitical tensions and trade disputes, recovery of the global economy remained slow in the first half of 2025. Supported by policy measures and increased domestic demand, the Chinese economy demonstrated steady growth. In the first half of 2025, China's economy showed an overall steady and progressive trend with the support of targeted macroeconomic policies, recording a period-on-period GDP growth of 5.3%, which is among the highest in the world. The real estate market showed signs of structural recovery and marginal improvement. As the impact of earlier policies gradually diminishes, market activity has increased with signs of improvement in the sales side, especially in tier-1 cities and core tier-2 cities. According to the National Bureau of Statistics, the area and value of national commodity housing sales for the first half of 2025 reported a period-to-period decline of 3.5 per cent. and 5.5 per cent., respectively, a significantly narrower decline than the corresponding period in 2024. Investment in real estate development recorded a period-to-period decline of 11.2 per cent.. While this is still a significant decline, period-to-period decrease in the gross floor area ("**GFA**") of residential projects newly commencing construction started to show signs of improvement. The market is currently at a critical stage of stabilisation and recovery, and a substantial restoration in its confidence and expectations will take time. Competition for prime lands remained intense, with a period-to-period increase in transaction values. In tier-3 and tier-4 cities, the land market experienced sluggish demand, with a period-to-period decline in transaction values.

Any adverse developments in the supply and demand or in property prices in the PRC would have a material adverse effect on our business, financial condition and results of operations. In addition, the future demand for different types of properties is uncertain. We cannot assure you that the real estate market in provinces and cities where we have undertaken, or will undertake, property projects will always grow or that market downturns will not occur. If we do not respond to changes in market conditions or customer preferences in a timely manner, our results of operations may be adversely affected. We cannot assure you that our property development and property investment will continue at past levels or that we will be able to benefit from the future growth, if any, of the property markets in Guangdong Province or other parts of the PRC.

The PRC property sector is subject to numerous regulatory restrictions that may restrict our ability to raise capital.

Various regulations and measures implemented by the PRC Government restrict our ability to raise capital through external financing and other methods, including, without limitation, the following:

- the People's Bank of China (the "**PBOC**") has adjusted the RMB deposit-reserve ratio several times since 2010 and has published the targeted reserve requirement ratio cut policy for inclusive financing in September 2017;

- the PBOC has adjusted the benchmark one-year bank lending rate since 2008;

- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;

- commercial banks and trust financing companies in the PRC are prohibited from extending loans to property developers to finance land grant premium;

- a minimum percentage of 20 per cent. of the estimated total investment in a property project which involves government-subsidized housing and general commercial housing projects is required to be funded by the property developer's own capital;

- commercial banks and trust financing companies in the PRC are prohibited from extending loans to a development project that fails to obtain the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;

- commercial banks and trust financing companies in the PRC are restricted from granting loans for the development of luxury residential properties;

- commercial banks in the PRC are prohibited from extending any existing loans, granting any new loans or revolving credit facilities in any form to property developers with non-compliance records regarding, among other things, holding and speculating idle lands, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

- property developers are in principle prohibited from using the borrowings obtained from a local bank to fund property developments outside the region where that bank is located; and

- commercial banks in the PRC are prohibited from accepting commodity properties of property developers that have been vacant for more than three years as collateral for loans.

In addition, the PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from them. The PBOC adjusted the bank reserve requirement ratio many times since 1999 and the latest adjustment was in May 2025. The reserve requirement ratio for commercial banks currently ranges from 5.0 per cent. to 7.5 per cent. We cannot assure you that the PRC Government will not introduce other measures which may limit our access to capital resource. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use existing or future bank loans or other forms of financing, including corporate bonds, trust financing, asset-backed securities programs and financings from other financial institutions to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

The PRC Government has also implemented restrictions on the ability of PRC property developers to obtain offshore financing, which could affect our ability to deploy the funds raised offshore in our business in the PRC. On 23 May 2007, the Ministry of Commerce ("**MOFCOM**") and the State Administration of Foreign Exchange ("**SAFE**") jointly promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》), which was amended on 28 October 2015 and provides that foreign invested real estate enterprises approved to be incorporated by the competent local authority shall promptly complete required filings with the MOFCOM. These regulations effectively restrict our ability to fund our PRC subsidiaries by way of shareholder loans. Pursuant to the Guidelines for Administration over Foreign Debt Registration (《外債登記管理操作指引》) promulgated by SAFE on 28 April 2013 and effective from 13 May 2013 and amended on 4 May 2015, real estate enterprises with foreign investment approved by local MOFCOM branches and filed with the MOFCOM after (and including) 1 June 2007 are not allowed to register foreign debt contracts with SAFE or its local branches in specified circumstances. According to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises (《國家發展改革委辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知》(發改辦外資[2019]778號)) promulgated by the NDRC that came into effect on 9 July 2019, foreign debt issued by real estate enterprises could only be used for repaying medium and long-term offshore debt that will be due in the upcoming year.

On 23 August 2020, the Ministry of Housing and Urban-Rural Development of the PRC ("**MOHURD**") and the PBOC held a meeting with certain key real estate enterprises to discuss a long-term mechanism for regulation of the real estate market. After the meeting, MOHURD and the PBOC introduced several capital and financing management rules, commonly known as the "three red lines", to regulate the real estate market. These "three red lines" rules require real estate enterprises to maintain (i) a debt-to-asset ratio of less than 70 per cent. (excluding deposits received); (ii) a net debt ratio of less than 100 per cent.; and (iii) a cash to short-term debt ratio of greater than one. Such rules have come into effect on 1 January 2021 and may also restrict the Group's ability to raise capital.

We may be adversely affected by a severe or prolonged deterioration in the Chinese or global economy and financial markets.

Any severe or prolonged slowdown in the Chinese or global economy may have a negative impact on our business. Concerns over inflation, deflation, geopolitical issues, tariff rates, export controls, the availability and cost of credit, volatile oil price, the rise in anti-globalisation sentiment and the ambiguity of the policies of the United States administration have contributed to increased volatility for the global economy and the markets. The United Kingdom's exit from the European Union in January 2020 has created further challenges to regional stability. On 24 February 2022, Russia launched a large-scale military action against Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private sectors have levied severe sanctions on Russia. The on-going events in Israel and Gaza that commenced in October 2023 could increase the risk of destabilisation of the broader Gulf region and the situation remains highly volatile and uncertain. The Israel-Iran conflict has resulted in volatility in oil and other markets. The geopolitical and macro-economic consequences of such conflict and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy.

These events have or could generally put a downward pressure on the demand for real estate and on the real estate prices globally and could adversely affect our business, financial condition and results of operations.

In addition, the private investment growth has been weak and the growth in real estate investment and sales slowed down in certain regions as a result of the increasingly tightened macro-control on the PRC property market and financial deleverage.

Furthermore, in the first half of 2025, the momentum of the global economic recovery remained weak amid ongoing tariff war and geopolitical tensions. However, benefiting from effective policy support and the gradual restoration of endogenous momentum, China's economy showed strong resilience, with a period-to-period GDP growth of approximately 5.3 per cent. in the first half of 2025, maintaining its leading position among major global economies. Nevertheless, there is still uncertainty in the global macro-economic environment, especially in terms of the real estate market, export growth, domestic consumption, and supply chain disruptions.

Any deterioration in economic conditions could have a material adverse effect on our business in a number of ways. In particular, current and potential tenants and purchasers of properties may be unable to sustain their business operations or make agreed upon rental or purchase payments, all of which could lead to a reduction of, or fluctuation in, demand for our properties, reduce our profit margins and delay our receipt of rental and purchase payments. In addition, a deterioration in economic conditions could depress demand for properties and reduce our average sales prices of our properties. Furthermore, any fluctuation in liquidity or deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for us and our customers, including financings necessary to complete our properties under development. In the PRC, a number of measures were implemented by the PRC Government in the recent years to bolster the liquidity in the PRC market and expedite the growth of certain industries, such as the real estate industry, to counter the economic downturn. These measures may include reducing interest rates and the statutory deposit reserve ratios applicable to PRC commercial banks and monitoring overall growth in bank lending. Any of the above factors may materially and adversely affect the Group's business, financial condition, results of operations, prospects and cash flows.

Further, the prolonged trade dispute between the United States and the PRC may continue to weaken the global economy, raise prices for businesses and consumers, delay corporate investments and slow down economic growth around the globe. Whilst the United States and China have been in discussions to achieve a new trade deal, the sources of tension remain in the US-China trade relationship. If present Chinese and global economic uncertainties persist, we may have difficulty in selling our properties. Any potential changes in monetary policies in the PRC may increase the overall purchasing costs and reduce the credit availabilities for consumers, which may adversely affect our business and results of operations. Should any of these situations occur, our business and financial condition will be negatively impacted. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

We may not always be able to replenish our land reserves in desirable locations that are suitable for our development, and in a timely manner and on commercially reasonable terms.

We have derived and will continue to derive substantially all of our revenues from sales or lease of properties that we have developed. As a result, the sustainable growth and success of our business depend significantly on our ability to continue to acquire additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control. Currently, the PRC Government controls and regulates substantially all of the land in the PRC. Therefore, the PRC Government's land policies will have a direct impact on our ability to acquire land use rights for future development and the costs of any acquisition by us. In recent years, to support the steady development of the domestic property market, the central, provincial and local governments in the PRC have implemented various measures to regulate the acquisition of land use rights by property developers for property development. The PRC Government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in the PRC among property developers in tier-1 and core tier -2 cities. For example, subsequent re-zoning by the PRC Government may adversely affect a developer's ability to obtain land use rights. If we fail to acquire sufficient land sites suitable for future development in a timely manner and at reasonable prices, our prospects and competitive position may be adversely affected and our growth potential and performance may be materially and adversely affected. Failure to replenish our land bank in a timely manner and on commercially reasonable terms or at all, may materially and adversely affect our business, financial condition and results of operations.

The limited supply of land in the PRC has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies relating to land supply and borrowing costs could affect our ability to maintain historical operating margin levels, and if we are unable to maintain a desirable operating margin level, our profits from property development activities could be materially and adversely affected.

Further expansion into other cities in the PRC may affect our operational and financial resources.

As part of our growth strategy in the PRC, we have expanded and will continue to expand our development projects outside our core base, Guangzhou, into certain provincial-capital cities in the PRC that have been identified as having high growth potential, good infrastructure development and a balance of property demand and land supply. As we intend to expand our property project portfolio strategically and prudently in the future, our business, financial condition and results of operations may be particularly subject to market uncertainties, volatility and significant adverse changes in the real estate market in the PRC, especially in Guangdong Province where a substantial share of our business is located. The real estate markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, deflation, government policies, interest rates and availability of capital. For example, there have been increasing concerns over the sustainability of the real estate market growth in the PRC due to the slowdown in the PRC's economic growth. Factors such as decrease in available funds and investor confidence may negatively impact demand for the properties we developed. As a result, the property market may experience an over-supply of properties and idle housing inventory. Any over-supply of properties or any potential decline in the demand for or prices of properties in the cities in which we operate or intend to operate could have a material adverse impact on our business, financial condition and results of operations.

Further, our plans for expansion into other cities in the PRC, and the need to integrate operations arising from our expansion particularly into other fast growing cities in the PRC may place a strain on our managerial, operational and financial resources and contribute to an increase in our financing requirements, particularly for such locations where we do not have an existing presence or supply network. Failure to manage our expansion plan may materially and adversely affect our business, financial condition and results of operations.

Our business requires substantial capital resources and we may incur additional indebtedness in the future.

Property development is capital-intensive and we expect to continue to incur a high level of capital expenditures in the foreseeable future. We principally fund our property developments from a combination of cash generated from our business, borrowings from banks, proceeds from sales and pre-sales of our properties and proceeds from issuance of equity and debt securities. As at 30 June 2025, the outstanding balance of our total indebtedness amounted to RMB103.9 billion. Our ability to secure sufficient financing for land acquisition and property development depends on a number of factors that are beyond our control, including but not limited to changes in the monetary policies of the PRC Government with respect to interest rates and lending practices, market conditions in debt and equity capital markets, investors' appetite for our securities, lenders' perception of our creditworthiness, the PRC economy and the PRC regulations that affect the availability and financing costs for real estate companies.

The PRC Government has implemented a number of measures to manage money supply growth and credit availability. For example, according to the General Lending Provisions (《貸款通則》), a regulation promulgated by the PBOC in 1996, only financial institutions with the approval from the PBOC to provide loan services may legally engage in the business of extending loans and loans between companies that are not financial institutions with the approval from the PBOC to provide loan services are prohibited, which may not comply with the General Lending Provisions notwithstanding whether interests are charged or not. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. This kind of restriction might limit our potential opportunities to seek external financing.

We cannot assure you that we will be able to renew our current credit facilities or obtain sufficient funding at reasonable terms to finance intended purchases of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity or debt capital, our cash flows may not be sufficient to repay all maturing debt. If prevailing interest rates or other factors at the time of any refinancing result in higher interest rates, increased interest expense would adversely affect our ability to service our debt and our financial condition and results of operations. In addition, the financing agreements we entered into with the lenders impose certain obligations, such as notification of certain corporate changes or any event that may affect the ability to repay the loan. Any material non-compliance with these provisions may result in default under the financing agreements and/or requirement of us to repay the loan before maturity, which may in turn affect our ability to obtain financing in the future or trigger a cross default under other indebtedness (including the Notes). Failure to obtain adequate funding at a commercially reasonable cost and in a timely manner may limit our ability to commence new projects or to continue the development of existing projects and could increase our financing costs, which could result in a material adverse effect on our business, financial condition and results of operations.

We face certain risks and uncertainties with our interaction with, and injection of properties into, Yuexiu Real Estate Investment Trust ("Yuexiu REIT").

We have been focusing on the balanced development of both residential and commercial operations, as well as utilising our unique interactive business model of "Property — REIT". As at 30 June 2025, we held 40.61 per cent. of the issued units in Yuexiu REIT. As a significant and the largest unitholder of Yuexiu REIT, our ongoing business strategy includes plans to inject other properties into Yuexiu REIT, subject to our business operations, financial condition and market conditions, as well as regulatory, shareholder and unitholder approvals, including the requirement that such transactions are on normal commercial terms at arm's length and are fair and reasonable and in the interests of shareholders and unitholders as a whole. As a part of our business strategy, we injected Guangzhou International Finance Centre ("**Guangzhou IFC**") into Yuexiu REIT on 8 October 2012, Wuhan Yuexiu Fortune Centre, Starry Victoria Shopping Centre and certain carpark spaces ("**Wuhan Properties**") into Yuexiu REIT in 2017, Hangzhou Victory Business Center Units and certain carpark paces ("**Hangzhou Victory**") into Yuexiu REIT in 2018 and Yuexiu Financial Tower into Yuexiu REIT in 2021. While we intend to continue this strategy with respect to Yuexiu REIT, we may not be able to continue such asset injections for various factors, some of which are out of our control. We may be unable to effectively utilise and re-allocate completed commercial properties, as regulatory, shareholder and unitholder approvals are necessary for the injection of properties into Yuexiu REIT. Delays in, or failures to, allocate such completed properties into Yuexiu REIT may result in decreased funds available for our operations, which could hinder or halt the progress of our other commercial properties under development. In addition, due to factors beyond our control, we may also be unable to continue benefitting from dividend payments and recurring cash flows that we expect from our interaction with, and unitholding in, Yuexiu REIT. The occurrence of any of the foregoing may have a material adverse effect our business, prospects, cash flows, financial condition and results of operations.

The growth of our business through acquisitions and introduction of strategic investors may not succeed and we may have difficulty in managing our operations.

We have acquired and will continue to acquire interests in projects and project companies as part of our development plan. We have been actively expanding our business operations through acquisitions and introduction of strategic investor(s). The operational, regulatory, financial, legal as well as cultural challenges presented as a result of these projects and transactions could be significantly different from that of our existing business. There is a risk that we may not assimilate operations, technologies, production procedures and management of employees of these projects or project companies or successfully realize the benefits of the business opportunities brought by the introduction of strategic investor(s). There may also be difficulties for us to ensure compliance with the local environmental and labour laws and regulations.

The complexities of political, economic and other conditions in the jurisdiction(s) where the projects relate may increase our risk profile. In the event that we are unable to successfully acquire or manage the acquired projects or project companies or realize the benefits of the business opportunities brought by the introduction of strategic investor(s), it may have a material adverse effect our business, prospects, cash flows, financial conditions and results of operations.

Changes in interest rates have affected and may continue to affect our financing costs and, ultimately, our results of operations.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks, asset management, and trust financing providers. Accordingly, changes in interest rates have affected and may continue to affect our financing costs, which in turn may affect our profitability and operating results. As at the date of this Offering Circular, our borrowings include loans from commercial banks in the PRC and Hong Kong and debt securities denominated in Renminbi, Hong Kong dollars and U.S. dollars, and our interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and U.S. dollars. Many of our customers also need to finance their purchase of our properties through mortgage loans. In addition, the PBOC has adjusted the benchmark one-year lending rate numerous times in the past in response to the changing PRC and global financial and economic conditions. For example, the PBOC slashed the one-year loan prime rate by 10 basis points in July 2024, 25 basis points in September 2024 and 10 basis points in May 2025. We cannot assure you that the PBOC will further decrease the benchmark lending rate or that the interest rates at which financing will be available to us or our customers will decrease in the future. In addition, we cannot predict if and when interest rates in the PRC may increase. Furthermore, some of our borrowings carry interest based on inter-bank benchmarks, such as HIBOR. Any increase in the interest rates will increase our finance costs and also increase the costs of our customers to purchase our properties with mortgages and therefore adversely affect our business, financial condition and results of operations.

Our results of operations may fluctuate from period to period.

For the year ended 31 December 2024 and the six months ended 30 June 2025, our revenue was RMB86,400.5 million (representing an increase from RMB80,222.0 million for 2023) and RMB47,573.7 million (representing a period-to-period increase of 34.6 per cent. from RMB35,340.3 million for the six months ended 30 June 2024), respectively. Our results of operations tend to fluctuate from period to period, partly due to our revenue recognition policy as well as changes in the fair value of our investment properties. We recognise revenue from a sale of property only upon completion and delivery to purchasers, and because the delivery of our properties varies according to our construction timetable, our revenue and results of operations may fluctuate from period to period. In light of the above, and since revenue from sales of properties has accounted for a majority of our total revenue, our results of operations and cash flow positions in past periods may not be comparable to future periods. The number of properties that we can develop or complete during any particular period may be limited due to the substantial capital required for land acquisition and construction, as well as the lengthy development periods required before positive cash flows may be generated.

Furthermore, the completion and delivery of any project development may be adversely affected by a combination of factors, including adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities, as well as other factors beyond our control. Any of these factors may affect the timing of completion and delivery of our projects, as well as our cash flow position and recognition of revenue from our projects, thus adversely affecting our financial condition and results of operations. See "*Risk Factors — Risks Relating to the Group and its Business — We may not be able to complete our projects according to schedule, on budget, or at all, which may adversely affect our business and financial condition*."

Our results of operations also fluctuate due to changes in the fair value of our investment properties. Property valuation typically requires the use of certain bases and assumptions with respect to a variety of factors, including supply and demand of comparable properties, the rate of economic growth in the location of the property, interest rates, inflation, deflation and political and economic developments in the PRC. In 2023, we recorded net losses on revaluation of investment properties held for the year of approximately RMB1,502.1 million, mainly including: losses on revaluation of the self-owned properties of the Guangzhou Luogang project and Chentougang project for the year of approximately RMB537.6 million and RMB828.7 million, respectively, as they are designated for affordable rental housing use; and net losses on revaluation of Wuhan International Financial City for the year of approximately RMB144.3 million due to the impact of the market environment. In 2024, we recorded net losses on revaluation of investment properties of approximately RMB727.4 million, mainly including: losses on revaluation of the self-owned properties in Luogang and Chentougang, Guangzhou for the year of approximately RMB235.8 million due to increased construction cost; net losses on revaluation of Wuhan International Financial City for the year of approximately RMB1.0 billion due to the impact of the market environment; and gains on revaluation of an industrial park in Nansha for the year of approximately RMB329.1 million and gains on revaluation of an office building in Nansha for the year of approximately RMB218.3 million. However, for the six months ended 30 June 2025, we reversed the trend and recorded net gains on revaluation of investment properties of approximately RMB99.0 million, which was mainly attributable to the gains on revaluation of an industrial park in Nansha, Guangzhou for the period of approximately RMB118.9 million due to the transfer of additional leased area to investment properties.

The fair value gains or losses on revaluation of investment properties reflect unrealised capital gains or losses on our investment properties at the relevant balance sheet dates. These fair value gains or losses were not profit generated or losses incurred from day-to-day rental income from our investment properties and were largely dependent on prevailing property market conditions. Furthermore, fair value gains do not generate cash inflow which can be contributed to payments of interest, principal or other amounts under the Notes unless such investment properties can be disposed of and the capital gains are realised. The change in fair value of our investment properties has been, and will continue to be, significantly affected by the prevailing property market prices and is subject to market fluctuations. We cannot assure you that we will record fair value gains or that the fair value of our investment properties will not decrease further in the future. In addition, we cannot assure you that we will be able to realise all or any of the fair value gains. In the event there is a material negative change in the value of our investment properties in the future, our financial condition and results of operations will be materially and adversely affected.

In accordance with our accounting policies, for the year ended 31 December 2024 and the six months ended 30 June 2025, we recorded provision for impairment of properties under development and properties held for sale of RMB2,272.3 million (representing an increase from RMB1,573.9 million in 2023) and RMB532.1 million (representing a period-to-period decrease from RMB1,073.4 million for the six months ended 30 June 2024), respectively, representing 2.6 per cent. and 1.1 per cent., respectively, of our total revenue for the respective year or period, as applicable. This is primarily because we record provision for impairment of properties under development and properties held for sale from time to time based on the actual operation status of our property development projects in accordance with our timely inspection mechanism. We may incur such provision in the future.

We may not be able to complete our projects according to schedule, on budget, or at all, which may adversely affect our business and financial condition.

The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decrease in business and consumer sentiment in general;
- changes in relevant regulations, government policies and government planning;
- delays or failure to obtain necessary licenses, permits and approvals from relevant government authorities;
- changes in laws, rule, regulations and government policies;
- disputes with our business partners;
- availability and cost of financing;
- relocation of existing residents and/or demolition of existing constructions;
- shortage of materials, equipment, contractors and skilled labour;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- labour disputes and strikes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- occurrence of epidemics, natural catastrophes and adverse weather conditions.

When we are affected by one or more of the above factors, we may have already expended significant capital resources with little or no prospect of recovering or mitigating our losses. Substantial capital expenditures are generally incurred for land acquisition and property construction. We typically formulate our pre-sales plan based on our construction plan and market conditions. If the construction schedule of a project has been significantly delayed due to various factors, including the factors listed above, we may not be able to complete the construction as scheduled, which may cause delays in property delivery. Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, leading to loss of or delay in recognising our revenues and lowering our returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale contracts and claim damages. We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

We are exposed to contractual and legal risks related to pre-sales.

Pre-sales of properties is an important source of funding of our property projects. Under current PRC laws and regulations, property developers are, subject to certain conditions, allowed to pre-sell properties prior to their completion and may use such pre-sales proceeds only to finance the construction of the relevant development project.

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we pre-sell units in a property development and we fail to complete that development, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, we may be liable to the relevant purchasers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. A purchaser may also terminate his or her contract with us and/or bring claims for compensation for certain other contract disputes, including, for example, if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3 per cent. from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the purchaser fails to receive the individual property ownership certificate within a statutory period due to our fault. We cannot assure you that we will not breach such undertakings in the future. If we experience material delays in delivering our properties in the future or are required to pay significant amounts of compensations to our purchasers due to contractual disputes or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

Although we are able to claim compensation from the contractors pursuant to the terms of our contract with them if such breach is due to our third-party contractors, we also cannot assure you that we will always successfully recoup full compensation from our contractors. Furthermore, we cannot assure you that the PRC Government will not ban or impose material limitations on pre-sales of uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property development. Any of such factors could have an adverse effect on our business, financial condition and results of operations.

In addition, under the current PRC laws, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and the use and deposit of pre-sales proceeds are also restricted. If we fail to deposit certain of the pre-sales proceeds into the designated custodial accounts in accordance with the relevant PRC laws and any relevant local requirements, we may be subject to certain disciplinary measures, including suspending the allocation of supervisory funds, suspending the qualification of commercial housing online contracting for the project and recording it in the credit files of real estate development enterprises. According to the Notice of the Ministry of Housing and Urban-Rural Development on Further Strengthening the Supervision of the Real Estate Market to Improve the Pre-sale System of Commodity Housing (住房和城鄉建設部關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), the pre-sale proceeds of commercial housing shall be fully included in the supervision account, and the supervisory authority shall be responsible for the supervision and control to ensure that the pre-sale funds may be appropriated according to the construction of commercial housing projects; the pre-sale funds may be appropriated according to the construction progress, but sufficient funds must be retained to ensure the completion and delivery of the construction projects. Local regulations governing the domestic subsidiaries further regulate the supervision of pre-sale proceeds. There can be no assurance that the PRC Government and local authorities will not ban or impose further restrictions on pre-sales. If we fail to comply with the relevant regulations and requirements, we may face fines which could have a material adverse effect on our business, financial condition and results of operations.

Deterioration in our brand image or any infringement or inappropriate use of our intellectual properties may be detrimental to our reputation and profitability.

We have been using the trademarks, “ ” and “越秀”, registered with the PRC Trademark Office by our controlling shareholder, Yuexiu Group, and the trademark “ ”, registered with the Trademarks Registry in Hong Kong by Yuexiu Group. We also own the domain name of www.yuexiuproperty.com. We believe that our trademarks and intellectual properties form an integral basis of our brand recognition and are important to our business. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to be acting in an unethical or socially irresponsible manner. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial condition and results of operations.

In addition, any unauthorised use or infringement of our trademarks and intellectual properties may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. However, we cannot assure you that our trademarks and intellectual properties will not be the subject of any infringements or unauthorised uses by third parties.

Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers’ trust. Any litigation or dispute in relation to our trademarks and intellectual properties could result in substantial costs and diversion of resources and may materially and adversely affect our business and results of operations.

Any disputes with our joint venture or project development partners may materially and adversely affect our business.

We carry out and plan to carry out some of our business through joint ventures or in collaboration with third parties. Such joint venture arrangements or collaboration involve a number of risks, including:

- disputes with our partners in connection with the performance of their obligations under the relevant project, joint venture or cooperative property development agreements;
- disputes as to the scope of each party’s responsibilities under these arrangements;
- financial difficulties encountered by our partners affecting their ability to perform their obligations under the relevant project, joint venture or cooperative property development agreements with us; or
- conflicts between the policies or objectives adopted by our partners and those adopted by us.

The occurrence of any of the foregoing and other related factors could materially and adversely affect our business, financial condition and results of operations.

We may be unable to renew tenancies or re-lease space at rental rates equal to or above the current rental rates or at all for our investment properties when tenancies expire.

A portion of our revenue is derived from rental income from our offices, commercial properties and parking places held as investment properties. As at 31 December 2023 and 2024 and 30 June 2025, we had investment properties with a GFA of approximately 1.0 million sq.m. under lease, 1.1 million sq.m. under lease and 1.1 million sq.m. under lease, respectively. Rental income from investment properties for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, contributed 0.6 per cent., 0.8 per cent. and 0.6 per cent. of our total revenue, respectively. Our financial performance may also be materially and adversely affected in the event of a decline in rental or occupancy levels or rental rates, or difficulties in securing lease renewals or obtaining new tenants, or if existing tenants reduce the amount of space that they occupy for any reason. Currently, a majority of the tenancy agreements will expire within five years. We cannot assure you that tenants will renew their leases upon expiration or that we will be able to find replacement tenants at rental rates equal to or higher than those of the expiring tenancies. Moreover, we may be unable to obtain replacement tenants in time so as to minimise vacancy periods in between tenancies or to obtain rental rates equal to or above the current rental rates. Furthermore, if vacant space cannot be leased out for a significant period of time, the market value of our investment properties may be adversely affected. Any such situation may materially and adversely affect our business, financial condition and results of operations.

We rely on independent contractors or sub-contractors for the provision of certain services.

We engage independent third-party contractors or sub-contractors to provide various services including construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. We cannot assure you that the services rendered by any independent third-party contractor or sub-contractor will always be satisfactory or match our expected quality and safety standards and our timing requirements. We are also exposed to the risk that our contractors may require additional capital to complete an engagement in excess of the price originally tendered and we may have to bear additional costs as a result. If the performance of any independent contractor is not satisfactory or is delayed, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Moreover, the completion of our property developments may be delayed, and we may incur additional costs to replace a contractor due to a contractor’s financial or other difficulties. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

We may suffer losses arising from uninsured risks since our insurance coverage may not be adequate to cover all risks related to our operations.

In line with industry practice, we maintain a limited number of insurance policies for our property development projects. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements. We do not maintain insurance covering construction-related property damage or personal injuries of third parties which may occur or are not covered by or exceed any insurance that our contractors carry.

Further, we do not maintain insurance for any liability arising from allegedly tortious acts committed on work sites. We cannot assure you that we would not be sued or held liable for damages due to such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder.

If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property development that has been damaged or destroyed through such incidents. In addition, any payment we make to cover any losses, damages or liabilities may have a material adverse effect on our business, financial condition and results of operations.

We may be involved in disputes, legal and other proceedings arising out of our operations from time to time, including any disputes with our contractors, suppliers, employees, tenants, purchasers or other third parties, and may face significant liabilities as a result.

From time to time, we may be involved in disputes that arise during the ordinary course of business with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects is perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in liabilities and cause delays to our property developments. See "*Business — Legal Proceedings*" in this Offering Circular for further details. We cannot assure you that we will not be involved in any material legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

We have provided guarantees to mortgage facilities and may be liable to the mortgagee banks if our purchasers default on their mortgage facilities.

In line with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favour of the mortgage bank, or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is earlier.

The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments by the purchasers. If a customer defaults in payment of its mortgage, the mortgagee bank may require that we immediately repay the entire outstanding balance of the mortgage and any additional payments or penalties pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would then have full recourse to the property. Also in line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations conducted by the mortgagee banks.

As at 30 June 2025, total contingent liabilities relating to these guarantees amounted to approximately RMB42.1 billion. Our business, financial condition and results of operations could be materially and adversely affected if there is a default in these mortgage facilities of significant amount, a material depreciation in the value of the mortgaged properties or if we are unable to re-sell such properties at a price at least equal to the mortgage amount, or at all, due to unfavourable market conditions or for other reasons.

Property owners may terminate our engagement as the provider of property management services.

We provide property management services with respect to properties we developed, including most of our investment properties and substantially all of the properties sold to our customers. We believe that property management is an integral part of our business and an important component to the successful marketing and promotion of our property developments. However, if owners of the properties that we manage choose to terminate our property management services, our reputation and marketing strategies could be negatively affected. In addition, in the event the owners so choose to engage different property managers, and such managers fail to keep up the properties we developed, our reputation as a prime office property developer may be damaged.

Potential liability for non-compliance with environmental laws and regulations could result in substantial costs and delays in construction schedule.

We are subject to a variety of laws and regulations concerning the protection of health and environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. As the PRC Government increases its focus on the environment, our projects may be more strictly reviewed and inspected, and approval processes for future projects or any alteration to existing projects may be prolonged. In addition, we may incur ongoing costs of compliance with environmental laws and regulations in the context of our property management business. Efforts taken to comply with environmental laws and regulations may result in delays in development, cause us to incur substantial compliance costs and prohibit or severely restrict project development activities.

As required by PRC laws and regulations, real estate development projects we develop which involve environmentally sensitive areas and may have an impact on the environment are required to undergo environmental assessments before we commence constructing such real estate development project. If we fail to meet such requirements, local authorities may issue orders to restrict construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between one to five per cent. of the total investment amount of the project, and may also issue orders to restore the original conditions before the construction; and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. After the completion of construction, for those projects which undergo environmental assessments as discussed above, we are required to make an acceptance check of the environment protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the relevant environmental laws and regulations or the competent administrative department of environmental protection under the State Council of the People's Republic of China (the "**State Council**"). It is possible that there are potential material environmental liabilities of which we are unaware. In addition, we cannot assure you that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in our operations that may be attributed to us.

We rely on our key management personnel.

Our continued success and future growth depends on our ability to identify, hire, train and retain suitably skilled and qualified employees, including key senior management personnel with the requisite industry expertise. We rely on their vision, relevant expertise and experience in respect to business operations, strategies, and project development and design. In particular, our chairman Mr. LIN Zhaoyuan, with a bachelor's degree in economics and a master's degree in business administration from Sun Yat-Sen University and the qualification of mechanical engineer, also has relatively extensive work experience in corporate management, sound and efficient management, cost control and corporate restructuring and development, and is forward-looking and innovative in corporate operations and management. Our general manager, Mr. ZHU Huisong, obtained a higher education certificate in financial accounting from Guangdong University of Petrochemical Technology (廣東石油化工高等專科學校) and a bachelor's degree in administrative management through correspondence learning from Guangdong Polytechnic Normal College (廣東技術師範學院) (currently known as Guangdong Polytechnic Normal University (廣東技術師範大學)). Mr. Zhu completed a postgraduate course in professional business management from the postgraduate school of Ocean University of China (中國海洋大學). Mr. Zhu obtained an executive master's degree in business administration from the University of Texas at Arlington. Mr. Zhu has also been a qualified intermediate economist specialising in commercial economy, and he has also qualified as a senior economist specialising in construction and real estate economics, with over 10 years of senior management experience in business operations of the Group. Our executive Director and co-general manager, Mr. JIANG Guoxiong, who obtained an undergraduate degree in accounting from Jinan University (暨南大學) in the PRC in June 2008 and the qualification of intermediate accountant in the

PRC in May 2000, also has extensive senior management experience, having served as executive director, general manager, and chairman in various organisations, following a long career in finance and operations. The loss of Mr. LIN Zhaoyuan, Mr. ZHU Huisong, Mr. JIANG Guoxiong or any of our other key senior management personnel or key employees, could have a material adverse effect on our business and prospects if we are unable to find suitable replacements for them in a timely manner. In addition, competition for such personnel is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. Furthermore, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose key professionals or staff members and our business, prospects, financial condition and results of operations could be materially and adversely affected.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties.

We are exposed to fraud, negligence or other misconduct, intended or unintended, committed by our employees, subcontractors, customers or other third parties that could subject us to financial losses and penalties imposed by governmental authorities as well as seriously harm our reputation. We cannot assure you that our risk management and internal control systems will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties in a timely and effective manner. Although we have limited control over the behaviour of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. In the event that we cannot recover related costs from the employees, third-party subcontractors or third parties involved in the misconducts, our business, financial condition and results of operations could be materially and adversely affected. Such misconducts could also attract negative publicity on our Group, damaging our reputation and brand value.

Our controlling shareholder has significant influence over us, whose interests may differ from those of our other shareholders.

As at 30 June 2025, our controlling shareholder, Yuexiu Group, indirectly owned 45.34 per cent. of our outstanding shares and has significant influence over us. As our controlling shareholder, Yuexiu Group may be able to exercise indirect control over our business and affairs, including, but not limited to, decisions with respect to:

- mergers or other business combinations;
- the acquisition or disposition of assets;
- the issuance of additional shares or other debt or equity securities; and
- the management of the Company.

Accordingly, the interest of our controlling shareholder may differ from the interest of our other shareholders, and our controlling shareholder has no obligation to consider the interests of our other shareholders. We therefore cannot guarantee that our controlling shareholder will not cause us to revise our business strategies, enter into transactions, take or fail to take any other actions or make decisions that conflict with the best interests of our other shareholders. In the event that the interests of our controlling shareholder conflict with those of our other shareholders, our other shareholders may be disadvantaged.

Our results of operations may be affected by the rising cost of labour, construction materials or building equipment.

During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, we experienced an increase in development and construction costs mainly due to (i) the increasing scale of our operations and (ii) rising labour costs and raw material prices. Under the terms of most of our construction contracts, the construction contractors are responsible for the wages of construction workers and procuring construction materials for our property development and bear the risk of fluctuations in wages and construction material prices during the term of the relevant contract. The contractors are also liable if they do not purchase work injury insurance for their workers as required. However, we are exposed to the price volatility of labour and construction materials to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span over several years, or if we choose to hire the construction workers directly or purchase the construction materials directly from suppliers. We are also exposed to the price volatility of building equipment and materials used in properties developed by us because we usually procure such equipment and materials ourselves. Furthermore, to the extent we pre-sell our properties prior to their completion, we will be unable to pass the increased costs on to purchasers of our properties if the construction costs increase subsequent to the time of such pre-sale. Higher costs of project development may result if we are unable to pass on any increase in the cost of labour, construction materials and building equipment to either our construction contractors or to the purchasers of our properties, our business and results of operations may be adversely affected.

Risks Relating to Our Industry

The cyclical nature of the property markets in the PRC and Hong Kong may adversely affect our results of operations.

Our results of operations are and will continue to be affected by the cyclical nature of the property markets in the PRC and Hong Kong. Property values and rents are affected by, among other factors, supply and demand of comparable properties, interest rates, inflation, deflation, the rate of economic growth, tax laws and political and economic developments in the PRC and Hong Kong. We cannot assure you that property values and rents will not decline. The rapid expansion of the property market in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. After the global financial crisis of 2008 and starting from the second half of 2009, prices of the residential properties in many cities in the PRC rose rapidly. In the past, the PRC Government at both the central and local levels have implemented various policies and regulatory measures to curb perceived unsustainable growth in the real estate market. In 2016, the concept of "houses are for inhabitation, not for speculation" was put forward at the Central Economic Work Conference of the PRC. Since then, the PRC Government has aimed to stabilise the PRC real estate market under the principle of "houses are for inhabitation, not for speculation", and has issued a series of real estate regulatory policies. In 2017, in order to control the overheated property market in major cities, the PRC Government tightened control policies on property market regulation by strictly restricting purchase, credit and prices in order to suppress the excessive growth in the price.

In 2021, the Ministry of Natural Resources of the PRC issued a document on the classification and regulation of residential land, which specifies that residential land in 22 key cities shall achieve "two concentrations", namely to:

- release transfer announcements in a centralised manner and such that the number of announcements for residential land shall not be more than three in 2021; and

- organise transfer activities in a centralised manner.

In 2022, in the Report on the Work of the Government of the PRC Government delivered at the Fifth Session of the 13th National People's Congress (the "**NPC**") of the PRC, the PRC Government proposed to adhere to the principle of "houses are for inhabitation, not for speculation", keep land costs, housing prices and market expectations stable, and adopt city-specific measures to facilitate positive circulation and sound development in the real estate sector. Under the principle of "houses are for inhabitation, not for speculation" and stabilising the real estate market, the tailoring of real estate governmental policy to the respective conditions of each city was frequently implemented in various cities across the PRC.

However, in response to the market downturn and the demand for pandemic prevention and control, and for the purpose of maintaining stable economic growth, local governments have introduced a large number of policies on both supply and demand to support the stable development of the real estate market. Therefore, the regulatory policy environment for the property market has gradually relaxed. The "16 Supportive Financial Measures for the Real Estate Market" was introduced in the fourth quarter of 2022, and supportive policies for credit, bonds and equity financing were launched to ensure the real estate market's stable development, which is conducive to further stabilising the expectations of home buyers and maintaining consumers' confidence in the real estate market.

The PRC Central Government Work Report in 2025 emphasised "continuous efforts to promote the stabilisation and recovery of the real estate market", proposed "stabilising the property market" for the first time and incorporated it into the overall requirements and policy orientations for economic and social development, highlighting the positioning of real estate as an economic "stabiliser" and indicating that the stability of the real estate market is directly related to the macro-economy. In 2025, it was reported that the Chinese government will continue to implement proactive measures to stabilise macro-economic growth, with a view to vigorously boosting consumption, raising investment returns, and expanding domestic demand on all fronts. Policies continued to be guided by the principle of "region-specific regulatory policies", granting local governments with greater autonomy to adjust measures in response to local market conditions. On the demand side, measures have been introduced to stimulate housing demand and enhance residents' purchasing power, such as lowering the threshold for home purchases, optimising the housing provident fund policy, and promoting the exchange of old homes for new ones. On the supply side, efforts remain focused on the redevelopment of urban villages and older urban areas, the acquisition of existing commercial housing stock, and increasing the supply of high-quality housing. Emphasis was also put on promoting the construction of "good houses" and supporting the development of green and smart homes. In finance and taxation, the implementation of the "white list" mechanism for real estate financing supports the reasonable financing needs of high-quality housing enterprises and promotes a healthier cycle within the industry. Fiscal and financial policies are also being coordinated to address risk prevention and mitigation. As a whole, the relevant policies contribute to stabilising market confidence and supporting the gradual stabilisation and recovery of the real estate sector.

Further, increased competition brought by additional supply in the PRC and Hong Kong could adversely affect rents and occupancy rates as well as sales prices for new properties. The property market in Hong Kong is also affected by the policies of the Hong Kong government from time to time. Historically, such policies included but not limited to, taxes and duties, such as (i) the modified *ad valorem* stamp duty, which applied to both residential and commercial property, save for residential property acquired by a permanent resident of Hong Kong who did not own any other residential property at the time of the acquisition; (ii) the special stamp duty, which was imposed on disposal of residential properties in Hong Kong made within two years after the acquisition; and (iii) a buyer's stamp duty on residential properties purchased by any person (including a company incorporated) except for a permanent resident of Hong Kong who did not own any other residential property at the time of the acquisition. In February 2024, all demand-side management measures in Hong Kong for residential properties were abolished. In 2024, policy changes were introduced in Hong Kong in the housing market, including the removal of cooling measures, relaxation of loan-to-value limits, and interest rate reductions. While these measures led to a notable increase in home sales, housing prices continued to decline amid persistent uncertainties and ample supply. We cannot assure you that the demand for new properties, where we have or will have operations, will continue to grow in the future or that there will not be over-development or market downturns in the PRC or Hong Kong property markets. Any such adverse development and the ensuing decline in property sales or leases or decrease in property prices or rental rates in the PRC and Hong Kong may adversely affect our business, financial condition and results of operations.

The illiquid nature of, and the lack of alternative uses for, investment properties could limit our ability to respond to adverse changes in the performance of our properties.

Investment properties in general are relatively illiquid compared to other types of investments, such as securities. As such, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond our control, including but not limited to general economic conditions, the availability of mortgage financing and interest rates, and we cannot accurately determine the market price of our investment properties nor are we able to predict whether we will be able to sell any of our investment properties at the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand or other factors. Similarly, for certain investment properties to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could materially and adversely affect our business, financial condition and results of operations.

We may not be able to generate adequate returns on our properties held for long-term investment purposes.

Property development is subject to varying degrees of risk. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting.

We face increasing competition in the PRC property market.

In recent years, a large number of property developers have undertaken property development and project investment in the PRC, especially in major cities where our projects are or are going to be located. Intense competition among property developers in the PRC for land, financing, construction materials and skilled management and human resources may cause increase in the costs for land acquisition and construction, oversupply of properties available for sale, decrease in property prices, slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and increase in administrative costs for hiring or retaining qualified contractors and personnel. Tier-1 cities and core tier-2 cities, due to their high market potential and strong investment attractiveness, recorded better sales performance with active land transactions and intense competition for premium land parcels. As for tier-3 and tier-4 cities, the land markets remained sluggish, with higher rates of abortive auction. We also face intense competition as more property developers adopt a more prudent approach to land acquisition and focused on core areas within high-tier cities. Although we aim to differentiate ourselves and our offerings from our competitors through various strategic initiatives, increasing competition could result in increased costs, reduced market share and falling property prices, any of which may materially and adversely affect our business, financial condition and results of operations.

We face a number of development, construction and approval risks associated with property development business.

There are a number of construction, financing, operating and other risks associated with construction and property developments. Projects developed by us typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including relocation of existing residents and/or demolishment of existing structures, unforeseen engineering, design, environmental or geographic problems, shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, reliance on and disputes with contractors and subcontractors, construction accidents, discovery of artifacts in the construction site, changes in governmental policies and other unforeseen circumstances. Any of these circumstances could give rise to delays in the completion of construction or to cost overruns.

The property industry in the PRC is heavily regulated by the PRC Government. Property developers in the PRC must comply with various requirements mandated by national and local laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development in the PRC, a property developer must maintain a property development enterprise qualification certificate, and at various stages of the property development, such property developer must also obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities including a land use rights certificate, a construction land planning permit, a construction works planning permit, a construction works commencement permit and a pre-sale permit or confirmation of completion and acceptance. We cannot assure you that we will always be able to comply with such approvals, or will not encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to regulatory approvals. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. Delays in the process of obtaining, or a failure to obtain, the requisite licenses, permits or approvals from government agencies or authorities may increase the cost or delay or prevent the commencement of a project, which could adversely affect our financial condition. As at the date of this Offering Circular, certain members of the Group are in the process of updating their property development enterprise qualification certificates, or have not updated certain construction permits. If the property development enterprise qualification certificates of certain members of the Group fail to be updated in a timely manner after their expiration, such members of the Group will not be able to continue engaging in property development business. According to the relevant provisions on the administration of property development enterprise qualification certificate, if an enterprise engages in property development business without the relevant qualification certificate, it will be ordered to rectify this within a prescribed time limit and fined by the competent authorities of property development. If it fails to make corrections within the prescribed time limit, the competent authorities of property development will request the market regulatory authorities to revoke its business license.

In addition, certain real estate developed by some members of the Group exceeded the approved limits and such members of the Group have also not updated their relevant property development enterprise qualification certificates. According to the relevant provisions on the administration of property development enterprise qualification certificate, if an enterprise engages in property development activities which exceed those permitted under its qualification certificate, it will be ordered to rectify this within a prescribed time limit and fined by the competent authorities of property development. Where it fails to rectify within the specified time limit, the original qualification examination and approval authority will request the market regulatory authority to revoke its business license and cancel its qualification certificate in accordance with the laws of the PRC.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may affect our financial condition and results of operations and may also cause damage to our reputation. In addition, if a pre-sold property development is not completed on time, the purchaser may be entitled to damages for late delivery. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liabilities for any such delays. Any delay in completion of our property developments could have a material adverse effect on our business, financial condition and results of operations.

The terms on which bank mortgages are made available to our customers, if at all, may affect our sales.

Most of the purchasers of our properties rely on mortgage financing from banks. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC Government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers.

Each of the China Banking and Insurance Regulatory Commission (the "**CBIRC**", which has been replaced by the National Administration of Financial Regulation (國家金融監督管理總局) (the "**NAFR**") formed on the basis of the CBIRC in 2023) and the PBOC has issued regulations on, among other things, the minimum interest rate, down payment and minimum interest for mortgage facilities. For example, according to the Notice on Optimising the Standards for Identifying the Number of Housing Units in Connection with Individual Housing Loans (住房城鄉建設部中國人民銀行金融監管總局關於優化個人住房貸款中住房套數認定標準的通知) issued by MOHURD, PBOC and NAFR and effective from 18 August 2023 (which has also been included in the policy toolkit under the "one city, one policy" arrangement), banking financial institutions shall implement relevant housing credit policies for first-time home buyers where a member of the relevant household (including the borrower, the borrower's spouse and minor children) is applying for a loan to finance the purchase of residential housing and where the relevant family member does not own a housing unit under his/her name in the locality (but regardless of whether or not he/she has already purchased a housing unit with a loan). Further, according to the Notice on Adjusting and Optimising Differentiated Housing Credit Policies (中國人民銀行國家金融監督管理總局關於調整優化差別化住房信貸政策的通知) issued by PBOC and NAFR and effective from 31 August 2023, the minimum down payment ratio for individuals' commercial housing mortgages for first-time and second-time home purchases will be adjusted to be not lower than 20 per cent. and 30 per cent., respectively, nationwide. In addition, the interest rate floors for commercial personal mortgage loans issued to first-time home buyers shall still be governed by existing policies, while the interest rate floors for such loans to second-time home buyers shall be adjusted to levels no lower than the loan prime rates (LPRs) for loans with the corresponding maturities plus 20 basis points. On 17 May 2024, the PBOC, NAFR and other relevant government departments further introduced a series of measures to support the real estate market, including but not limited to, removing the interest rate floors for mortgage facilities, reducing the down payment ratio and the provident fund loan interest rate, as well as setting up re-lending programme for affordable housing. According to the Notice of the People's Bank of China on Adjusting the Commercial Individual Housing Loan Interest Rate Policy (中國人民銀行關於調整商業性個人住房貸款利率政策的通知) issued by PBOC, the interest rate floors for commercial personal mortgage loans issued to first-time and second-time home buyers will be removed, nationwide. According to the Notice of the People's Bank of China and the National Financial Supervision Administration on Adjusting the Minimum Down Payment Ratio Policy for Individual Housing Loans (中國人民銀行國家金融監督管理總局關於調整個人房屋貸款最低首付款比例政策的通知) issued by PBOC and NAFR, the minimum down payment ratio for individuals' commercial housing mortgages for first-time and second-time home purchases will be adjusted to be not lower than 15 per cent. and 25 per cent., respectively, nationwide. According to the Notice of the People's Bank of China and the National Financial Regulatory Administration on Optimizing the Policy for the Minimum Down Payment Ratio of Individual Housing Loans (中國人民銀行 國家金融監督管理總局關於優化個人住房貸款最低首付款比例政策的通知), for residential households applying for loans to purchase housing, commercial individual housing loans will no longer distinguish between first-home loans and second-home loans, and the minimum down payment ratio will be uniformly set at no less than 15 per cent., and on the basis of the nationally unified minimum down payment ratio, provincial-level branches of the People's Bank of China and local offices of the National Financial Regulatory Administration shall, in accordance with the principle of implementing policies tailored to local conditions and in line with the regulatory requirements of the governments of cities within their jurisdictions, independently decide whether to introduce a differentiated minimum down payment ratio policy for each city in their jurisdictions and determine the lower limit of the minimum down payment ratio for each city in their jurisdictions. In line with the above changes, local governments can change related housing credit policies in a city-specific manner. Nevertheless, we may not necessarily benefit from such policies and measures and cannot assure that there is no negative impact of such policies and measures on our business, development and sales of our properties due to the uncertainties involved in their implementation.

In the event that mortgage facilities for property purchases become more difficult to obtain or that the costs of such financing increase, many of our prospective customers who rely on such financing may not be able to purchase our properties, which in turn will materially and adversely affect our business, financial condition and results of operations.

If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could adversely affect our business, financial condition and results of operations. We are not aware of any impending changes in laws, regulations, policies or practices which will prohibit such practice in the PRC. However, we cannot assure you that such changes in laws, regulations, policies or practices will not occur in the future.

We may be required to forfeit land to the PRC Government in the event of failing to comply with the terms of the land grant contracts, approvals, or the requirements of the relevant certificates.

Under the PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contracts, approvals, or the requirements of the relevant certificates including those relating to payment of land premium and other fees, the designated use of land and schedule for commencing and completing the developments, the relevant government authorities may issue a warning to or impose a penalty on the developer or require the developer to pay the liquidated damages or forfeit the land use rights. Any such violation of the terms of the land grant contracts, approvals, or the requirements of the relevant certificates may also restrict our ability to participate, or prevent us from participating in future land bidding.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by stipulated deadlines, we may be subject to late payment penalties at the rate of 0.1 per cent. of the unpaid land premium per day, or the repossession of the land by the government. Additionally, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contracts, approvals, or the requirements of the relevant certificates, the relevant PRC land bureau may serve a warning notice to the property developers and impose an idle land fee on the land of up to 20 per cent. of the land grant premium. If we fail to commence development for more than two years from the commencement date stipulated in the land grant contracts, approvals, or the requirements of the relevant certificates, our land use rights are subject to forfeiture to the PRC Government unless the delay in development is caused by government actions or force majeure. Moreover, even if we commence the land development in accordance with the land grant contracts, approvals, or the requirements of the relevant certificates the relevant land will nonetheless be treated as idle land if our developed land is less than one-third of the total land area, or if our total capital expenditure on the land development is less than one-fourth of the total amount expected to be invested in the project in the project proposal, or if the development of the land is suspended for over a year without government approval. For further details, see "*Regulation*".

There are specific enforcement rules on idle land and other aspects of land grant contracts, approvals, or the requirements of the relevant certificates in many cities in the PRC, and the local authorities enforce such rules in accordance with instructions from the central government of the PRC. Where a right-holder to use a plot of state-owned land for construction conducts malicious hoarding or speculation of the land, current measures in place require the competent land authorities not to accept any application for new land use rights or process any title transfer transaction, mortgage transaction, lease transaction or land registration applications in respect of any idle land before such holder completes the requisite rectification procedures. We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred from the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land grant contracts, approvals, or the requirements of the relevant certificates will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land grant contracts as a result of delays in project development or other factors, we may lose the opportunity to develop our project, as well as our past investment in the land, which could materially and adversely affect our business, financial condition and results of operations.

During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, we were not subject to any penalty for late payment of land premiums and were not required to forfeit any land nor have we received any warning from the relevant governmental authorities or paid any penalties as a result of failing to commence development within two years of the relevant land grant contracts, approvals, or the requirements of the relevant certificates. While we have complied with the development plans and payment obligations, there have been circumstances where the development of a portion of land for which we were granted land use rights was delayed beyond the date stipulated in the relevant land grant contracts, approvals, or the requirements of the relevant certificates. As confirmed by relevant government authorities, such delays were caused by force majeure, acts of government or preliminary work that was required to be undertaken prior to the commencement of development. According to relevant PRC laws and regulations, any delay in the commencement of development that can be attributed to any of the above factors will not result in the forfeiture of idle land and land grant deposits, or the imposition of any other penalty. However, we cannot assure you that circumstances leading to forfeiture of land or delays in the completion of a property development may not arise in the future.

In addition, as at the date of this Offering Circular, some of our material PRC subsidiaries have failed to develop lands in line with the terms of the land grant contracts, approvals, or the requirements of the relevant certificates due to various reasons including the government's rezoning plan of the lands and litigations with third parties related to such land development. However, none of such PRC subsidiaries has been notified or informed by relevant government authorities that such parcels of lands have been identified as idle lands. We cannot assure you that such parcels of lands will not be identified as idle lands by relevant government authorities in the future. If we are required to forfeit land due to idle land identified by competent government authorities, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the forfeited land or recover development costs and other costs incurred up to the date of forfeiture.

PRC and Hong Kong government policies, regulations and measures intended to restrict the property market may materially and adversely affect our business, results of operations and financial condition.

Along with the economic growth in the PRC, investments in the property sectors have increased significantly in the past few years. In response to concerns over the scale of the increase in property investments, the PRC Government has introduced more stringent policies to restrict domestic property development in the past. However, in 2023, in response to the weak recovery momentum of the real estate market and the demand for stabilising economic growth, local governments also began to introduce a series of policies to support the steady and healthy development of the real estate market. Nevertheless, we cannot assure you that the governmental authorities will not require us to modify our development plans or that these new measures will not adversely impact our business due to the uncertainties involved in implementing these new measures. Although the various measures are intended to promote more stable property development in the long term, we cannot assure you that these measures will not adversely affect the development and sales of our properties. Many of the property industry policies carried out by the PRC Government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. The PRC Government could adopt additional and more stringent industry policies, regulations and measures in the future, which could further slow down property development in China.

The Hong Kong government has, in the past, also adopted more stringent policies to restrict the property market. For example, the Hong Kong government has in the past implemented a series of policies and regulations such as the modified *ad valorem* stamp duty, the special stamp duty and the buyer's stamp duty to cool down speculative purchasing demands for residential properties in Hong Kong. Although all demand-side management measures in Hong Kong for residential properties have been abolished in 2024, there can be no assurance that more stringent policies to restrict the property market may be adopted in the future. Our financial condition and results of operations may be materially affected by these factors.

If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

We are required to deliver individual property ownership certificates in a timely manner and the failure to do so may result in claims against us.

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within one to two years after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, property developers are required to submit requisite governmental approvals in connection with their property developments, including a land use rights certificate, a certificate evidencing that construction has met the requirements of relevant planning permits, a certificate evidencing that construction has completed and a property survey report, to the local bureau of land resources and housing administration after the receipt of the completion and acceptance certificate for the relevant properties and to apply for the general property ownership certificate in respect of these properties. Property developers are then required to submit, within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof for payment of deed tax, and the general property ownership certificate, to the bureau for review prior to the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. Property developers, including us, may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control. We cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

We may be subject to resettlement compensation payable with certain property developments in the future which may materially and adversely affect our business, financial condition and results of operations.

Land parcels acquired by property developers for future development may have existing buildings or other structures or be occupied by third parties. In accordance with the Building on State-owned Land Expropriation and Compensation Regulation (國有土地上房屋徵收與補償條例) promulgated by the State Council on 21 January 2011, and applicable local regulations, the relevant government authority at city or county level in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development to provide compensation for their relocation and resettlement. The compensation payable is calculated in accordance with pre-set formula determined by the relevant provincial or municipal authorities and is ultimately borne by the property developers. There is no assurance that these authorities will not change the compensation formula. If such compensation formula is changed and the levels of compensation increased, land acquisition costs for property developers may be subject to substantial increases. In addition, if property developers or the local government fail to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we purchase land parcels in the future and become subject to such regulations, and if we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

The state of economy in Hong Kong may adversely affect our performance and financial condition.

The Group has established operations in Hong Kong. In 2019, with the official launch of the outline plan for Guangdong-Hong Kong-Macao Greater Bay Area, a number of policy optimisations was implemented and the property market in Hong Kong continued to develop steadily. However, if Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, protests or social activities, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

According to the Office of the Government Economist, the Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Real GDP grew by 3.1 per cent. year-on-year in the second quarter, picking up slightly from the growth of 3.0 per cent. in the preceding quarter. Looking ahead, the Hong Kong economy is expected to maintain growth for the rest of 2025. Steady economic growth in Asia in particular the Mainland China, together with the sustained increases in local employment earnings, the robust stock market, and the stabilisation of residential property market will bode well for various sectors of the Hong Kong economy. The Hong Kong Government's various measures to boost consumption, attract investment and diversify markets will also provide further support to the Hong Kong economy. Yet, the tariff rates announced by the United States in early August 2025 stay elevated, and its tariff policy on some commodities remains quite uncertain. The impact of these developments on international trade flows and also the United States' inflation and economic activities may surface gradually later this year. Furthermore, the uncertainty surrounding the pace of interest rate cut in the United States will also affect local investment sentiment. Hong Kong's economic growth momentum going forward will, to a certain extent, depend on how these factors evolve. Uncertainties in Hong Kong's economic outlook may ultimately adversely impact our business in Hong Kong.

Acts of God, acts of war, occurrence of epidemics, and other disasters could affect our operations.

We are vulnerable to general economic and social conditions and natural catastrophic events that are beyond our control. In particular, an outbreak of any severe infectious disease such as COVID-19, Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), the H5N1 avian flu or the human swine flu (H1N1) or similar communicable diseases, if uncontrolled, could have a material adverse effect on the overall business operations in economies in which the Group carries out its business.

In May 2023, the World Health Organization declared the end of the global emergency status for COVID-19. However, if outbreak of severe infectious disease develops, there may be the risk of a global financial crisis, an economic recession, a backlash against globalization, a decline in demand and a reduction of liquidity, which will have a material adverse impact on the real estate sector, and, consequently, on our business, financial condition and results of operations. The perception that an outbreak of contagious disease may occur again may also have an adverse effect on general economic conditions in Asia. Acts of war and terrorist attacks may cause damage or disruption to our properties, and affect the overall economy and real estate markets in the PRC. The potential for war or terrorist attacks may also cause uncertainty and cause our business to be adversely affected in ways that currently cannot be predicted.

Finally, the negative impact of epidemics and pandemics (if any) may increase counterparty risks, and increased difficulties in collecting fees, which may negatively impact the Group's cash flows, delay certain projects, and reduce its ability to access capital or increase financing costs.

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect us.

The majority of our business is in the PRC. Accordingly, our business, financial conditions and results of operations are affected significantly by China's economic, political and social conditions. Like all national governments, the PRC Government plays an important role in the PRC's economic, political and social advancement through various means such as the allocation of resources, monetary policy, control over foreign currency denominated payment obligations and provision of preferential treatment to particular industries and companies. The government policies toward specific industries may also have a significant impact over the industry's development and future prospect.

We cannot predict whether changes in the PRC's economic, policies and the relevant laws, regulations and rules of the PRC will affect our current or future business, financial condition and results of operations.

The enforcement of regulations on land appreciation tax ("LAT") by the PRC tax authorities may affect our profitability and cash flow position.

Our properties developed for sale are subject to LAT. According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) issued by the State Council, effective from 1 January 1994 and amended on 8 January 2011, the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) issued by the Ministry of Finance and effective from 27 January 1995, all entities and individuals receiving net profits from the sale or transfer of state-owned land use rights, buildings and their attached facilities are required to pay LAT, which is levied at progressive rates from 30 per cent. to 60 per cent.. On 28 December 2006, the State Administration of Taxation of the PRC (the "**SAT**") issued the Notice in Relation to the Settlement of LAT levied on Real Estate Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知, the "**LAT Notice**"), which became effective on 1 February 2007 and was amended on 15 June 2018. The LAT Notice sets forth, among other things, methods of calculating LAT and a time frame for settlement. According to the LAT Notice, local provincial tax authorities can formulate their own implementation rules. On 12 May 2009, the SAT issued the Provisions on Administration of the Settlement of Land Appreciation Tax (土地增值稅清算管理規程), which became effective on 1 June 2009 and was amended on 7 July 2016, and stipulates in detail the procedures for settlement of LAT and methods of calculating LAT.

We believe we have accrued all LAT payable on our property sales and transfers in accordance with the progressive rates specified in relevant PRC tax laws, less amounts previously paid under the levy method applied by relevant PRC local tax authorities. However, provisioning for LAT requires our management to use a significant amount of judgment with respect to, among other things, the anticipated total proceeds to be derived from the sale of the entire phase of the project or the entire project, the total appreciation of land value and the various deductible items. As a result, the relevant PRC local tax authorities may not agree with our estimates or the basis on which we calculate our LAT liabilities. In certain circumstances, if the LAT provisions we have made are substantially lower than the actual LAT amounts assessed by the relevant PRC local tax authorities in the future, our results of operations and cash flow will be affected.

The real estate tax reform implemented by the PRC Government may affect us.

On 23 October 2021, the 31st meeting of the Standing Committee of the 13th NPC passed the "Decision on authorising the State Council to carry out pilot work on real estate tax reform in certain regions" (關於授權國務院在部分地區開展房地產稅改革試點工作的決定) (for the purposes of this paragraph, the "**Decision**"). The Decision aims to actively and stably promote the legislation and reform of real estate taxation and the sustainable and healthy development of the real estate market. The assets subject to real estate tax in pilot areas are various residential and non-residential real estate, excluding legally owned rural land designated for housing and houses on such land. Holders of rights to use the land and owners of houses are taxpayers of real estate tax. The Decision also authorises the State Council to formulate specific measures for the real estate tax pilot program, determine the list of pilot cities, and file the same with the Standing Committee of the NPC for record. According to the Decision, the real estate tax pilot program shall be implemented for five years from the date when the State Council officially issues the measures for the pilot program. The property market in the pilot areas may be affected due to the increase in the holding cost of properties caused by the real estate tax, and our property development business and profitability may also be affected. As at the date of this Offering Circular, the State Council has not officially released the detailed measures for this real estate tax pilot program, and it is not clear when the specific measures for this real estate tax pilot program and the list of pilot cities will be officially released.

We may be deemed a PRC resident enterprise under the Enterprise Income Tax Law (企業所得稅法, the "EIT Law") and be subject to the PRC taxation on our worldwide income and the interest and other similar amounts on the Notes as well as gains realised by sales of Notes may also be subject to PRC withholding tax.

According to the EIT Law which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 and the implementation regulations, enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered to be PRC resident enterprises and will generally be subject to the uniform 25 per cent. enterprise income tax rate on their global taxable income. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. It is currently unclear whether global income would exclude income that was generated by PRC subsidiaries, and under what situations an enterprise's "de facto management body" would be considered to be located in the PRC.

The SAT promulgated in April 2009 and revised on 29 December 2017 the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) which defines the criteria for determining "de facto management bodies" for foreign enterprises controlled by PRC enterprises. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (iv) 50 per cent. or more of voting board members or senior executives of the enterprise habitually reside in the PRC. However, the circular does not define "de facto management body" for enterprises established offshore by private individuals or foreign enterprises such as the Issuer and the Guarantor. As such, there is uncertainty whether the Issuer and the Guarantor will be deemed to be a PRC resident enterprise for the purposes of the EIT Law.

Part of the management of the Issuer and the Guarantor is currently based in China, and therefore, the Issuer and the Guarantor may be treated as a PRC resident enterprise for enterprise income tax purposes. However, there is no clear standard published by the tax authorities for making such a determination. The tax consequences of such treatment are currently not entirely clear, as they will depend on the implementation regulations and on how local tax authorities apply or enforce the EIT Law or the implementation regulations. There is uncertainty as to whether the Issuer or the Guarantor will be treated as a PRC resident enterprise for the purpose of the EIT Law, any aforesaid circulars or any amended regulations in the future. However, as at the date of this Offering Circular, neither the Issuer nor the Guarantor has been notified or informed by the PRC tax authorities that it is considered as a PRC resident enterprise for the purposes of the EIT Law.

If relevant PRC tax authorities decide in accordance with applicable PRC laws on taxation that the Issuer or the Guarantor is a PRC resident enterprise, the Issuer or the Guarantor, as the case may be, will be subject to enterprise income tax at the rate of 25 per cent. on its worldwide income, which may adversely affect the Issuer or the Guarantor's profitability and distributable profit to shareholders. Furthermore, the Issuer or the Guarantor, as the case may be, would be obligated to withhold PRC income tax of 10 per cent. or less under applicable double taxation treatment on payments of interest and certain other amounts on the Notes to holders that are PRC non-resident enterprises as such income would be regarded as being derived from sources within the PRC. In addition, if the Issuer or the Guarantor fail to withhold such tax in accordance with applicable PRC tax law, the Issuer or the Guarantor, as the case may be, may be subject to penalties ranging from 50.0 per cent. to 300.0 per cent. of the unpaid tax amount. Under the EIT Law and its implementation regulations, in the event that the Issuer or the Guarantor is deemed to be a PRC resident enterprise by the PRC tax authorities, capital gain realised by a PRC non-resident enterprise from the transfer of the Notes might be regarded as being derived from sources within the PRC and, accordingly, might be subject to PRC enterprise income tax. However, there remains uncertainty as to whether the gains realised from the transfer of the Notes between holders or investors incorporated outside of the PRC would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation regulations. If such gains are subject to PRC enterprise income tax, the 10 per cent. enterprise income rate will apply unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes *minus* all costs and expenses that are permitted to be deducted from the income under PRC tax laws.

Failure to meet our environmental, social and governance ("ESG") or corporate social responsibility ("CSR") goals may have an adverse effect on our performance.

We attach great importance to ESG and CSR management and enhancement and make great effort for meeting the capital market's demand for higher standards of ESG and CSR management. However, our efforts to meet the targets or implement the strategies may not be successful. Any failure by us to meet any of the strategies, goals, processes and standards, or any failure by us to satisfy investor or other stakeholder expectations or standards in the execution of its ESG and/or CSR strategies, may affect our current and future business performance, results of operations and reputation.

Fluctuations in the value of Renminbi may affect our financial condition and results of operations.

Our turnover, costs and our financial assets are mostly denominated in Renminbi, while dividends payable to shareholders will be in Hong Kong dollars. We also have foreign currency denominated financing instruments. Therefore, a depreciation in Renminbi would adversely affect the value of any dividends we pay to our shareholders in foreign currencies, or require us to use more Renminbi funds to service the same amount of any foreign debt.

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC Government. By the end of 2024, Renminbi has been experiencing depreciation against U.S. dollar, and China is contending with a weakening Renminbi in anticipation of the United States president Donald Trump following through with his tariff threats.

Any fluctuation in the exchange rate between Renminbi and the U.S. dollar or other currencies could result in foreign currency translation losses for financial reporting purposes.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have; any limitation on the ability of our PRC subsidiaries to pay dividends to us could affect our ability to conduct our business and such dividends may be subject to PRC taxation.

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we may incur, including the Notes. The ability of our direct and indirect subsidiaries to pay dividends to their shareholders is subject to applicable laws and restrictions contained in the debt instruments and obligations of such subsidiaries. For example, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside the PRC to pay certain capital account items. If such approval is not obtained in a timely manner, there may be certain additional hurdles for our PRC subsidiaries to get through in order to convert Renminbi into foreign currency and remit funds outside the PRC, and the ability of the Issuer and/or the Guarantor to satisfy their obligations under the Notes may also be materially and adversely affected. In addition, certain financing agreements of our subsidiaries contain covenants that limit their ability to pay dividends to us if any loan under such financing agreements remains outstanding or if there is a default in such financing agreement, or unless certain thresholds are satisfied or, in certain cases, limit their ability to pay dividends to us if their after-tax profits are nil or negative. Furthermore, under applicable PRC laws, rules and regulations, payment of dividends by our PRC subsidiaries is permitted only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Under PRC laws, rules and regulations, all of our PRC subsidiaries are required to set aside at least 10.0 per cent. of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulative amount of such reserves reaches 50.0 per cent. of their respective registered capital. As a result, all of our PRC subsidiaries are restricted in their ability to transfer a portion of their net income to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, pay dividends or otherwise fund and conduct our business.

Prior to 31 December 2007, dividends paid by PRC enterprises to "non-resident enterprises", such as dividends that our PRC subsidiaries paid us, were exempt from PRC withholding tax. After 1 January 2008, under the EIT Law and its implementing regulations, a PRC income tax rate of 10 per cent. became applicable to such dividends, subject to the application of any relevant income tax treaty that the PRC is a party to. For instance, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Income Taxes (the "**Avoidance of Double Taxation Agreement**"), a company incorporated in Hong Kong is subject to withholding income tax at a rate of 5.0 per cent. on dividends that it receives from its PRC subsidiaries in which it holds 25.0 per cent. or more of the equity interest at the time of distribution, subject to approval from the relevant tax authority, or at a rate of 10.0 per cent. for those subsidiaries in which it holds less than 25.0 per cent. of the equity interest. However, a circular issued by the SAT on 27 October 2009 states that tax treaty benefits will not apply to "shell companies" that do not have substantive business activities in the jurisdictions of their incorporation, which are required to be jurisdictions that have a relevant tax treaty with the PRC, and provide for a reduced withholding tax rate. In addition, the SAT issued the Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"有關問題的公告) on 3 February 2018, which will become effective and replace the aforesaid circular issued by the SAT on 27 October 2009 as of 1 April 2018. According to the new SAT announcement, when establishing whether an enterprise incorporated offshore constitute an eligible "beneficial owner" or not in relation to relevant tax treaties, PRC tax authorities will take into account various factors. There is uncertainty whether we will be deemed as eligible "beneficial owner" in relation to relevant tax treaties under the new SAT announcement. If we are not deemed as eligible "beneficial owner" in relation to the Avoidance of Double Taxation Agreement for the purpose of the new SAT announcement, any dividend that we receive from our PRC subsidiaries may no longer be able to benefit from the withholding tax rate of 5.0 per cent., which could result in additional taxes that our PRC subsidiaries would be required to pay, and could affect their payment of dividends to us.

The evolving laws in the PRC could affect us.

As most of properties we develop are located in the PRC, our operation in Mainland China is governed principally by laws and regulations in the PRC. The PRC legal system is based on written statutes. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. These laws and regulations are continually evolving in response to changing economic and other conditions, and are subject to interpretations. Since the PRC administrative and court authorities, like the administrative and court authorities elsewhere in the world, have discretion in interpreting and implementing statutory and contractual terms, it may be difficult for the Group to evaluate and predict the outcome of the administrative and court proceedings and the enforceability of rights.

For example, the land and real estate laws of the PRC, including laws relating to land title and building ownership regulations and laws applicable to landlords and tenants, are still under development and reform. In recent years, the NPC, the State Council, the PRC Ministry of Land and Resources (the "**MLR**") and MOHURD have promulgated a number of laws and regulations and departmental rules relating to legal problems in respect of land and real estate. In addition, the local people's congresses and local governmental authorities in many provinces and cities have also promulgated various local regulations or local rules. There may be uncertainties in the interpretation and application of these laws, administrative regulations, departmental rules, local regulations and local rules, and we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws.

Risks Relating to the Notes and the Guarantee

Certain affiliates of the Issuer or Guarantor may, directly or indirectly, purchase a substantial portion of the Notes as initial investors.

Certain affiliates of the Issuer or the Guarantor may, directly or indirectly, purchase a substantial portion of the Notes as initial investors. The interests of these affiliate investors may not always align with those of other Noteholders. Their holdings could, in certain cases, influence decisions requiring Noteholder approval, potentially leading them to endorse resolutions or direct decisions that favour their interests over those of other Noteholders. Additionally, the presence of such substantial affiliate investor(s) might adversely impact the liquidity and market price of the Notes in the secondary market. See also the risk factor entitled "*An active trading market for the Notes may not develop*" of the Offering Circular.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular and any supplement thereto;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for such investor, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Any failure to complete the relevant filings under Order 56 within the prescribed timeframes following the completion of the issue of the Notes or to comply with the continuing reporting obligations under Order 56 may have adverse consequences for the Issuer, the Guarantor and/or the Noteholders.

The NDRC issued the Order 56 on 5 January 2023, which came into effect on 10 February 2023 and repealed the Circular on Promoting the Reform of the Filings and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044 號)) (the "**NDRC Circular**") on the same date. According to the Order 56, domestic enterprises and their overseas controlled entities shall obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts ("企業借用外債審核登記證明") (the "**Certificate of Review and Registration**") of any debt securities denominated in Renminbi or a foreign currency, with a maturity term of more than one year issued outside of the PRC with NDRC prior to the issue of such securities and notify the particulars of the relevant issues within 10 working days after the completion of the issuance. In addition to the above-mentioned pre-issuance registration requirements and the post-issue filling obligations, domestic enterprises are subject to further reporting obligations under the Order 56. According to the Order 56, enterprises are required, among others, to (i) report on the status of the foreign debt within 10 working days after the expiration of the relevant Certificate of Review and Registration, (ii) report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and (iii) promptly report on any material event that may affect the due performance of their debt obligations. The Order 56 sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to the Order 56, for any enterprise that fails to report relevant information according to the Order 56, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible person. Furthermore, conducts in violation of the Order 56 committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). In the worst case scenario, non-compliance with the NDRC reporting obligations under the Order 56 may result in it being unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under the Notes.

Any failure to complete the relevant filings under the Order 56 within the prescribed timeframes following the completion of the issue of the Notes may have adverse consequences for the Issuer, the Guarantor and/or the investors of the Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer or the Guarantor will undertake to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes within the relevant prescribed timeframes in accordance with the Order 56 and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Issuer is a special purpose vehicle with no material assets and will need to rely on the other members of the Group to service its obligations under the Notes.

As at the date of this Offering Circular, the Issuer is a special purpose vehicle with no material assets. The Issuer has limited assets to meet its obligations under the Notes, and its ability to make payments in respect thereof depends upon the receipt of funds from the entity to which it lends the proceeds from the issue of the Notes or support from any other members of the Group.

The Guarantor is a holding company, therefore its ability to make payments under the Guarantee depends upon receipt of distribution from its direct and indirect subsidiaries and payments with respect to the Guarantee are structurally subordinated to liabilities, contingent liabilities and obligations of its subsidiaries.

The Guarantor is a holding company with no material operations, and conduct its operations through subsidiaries in the PRC. The Guarantor's ability to make payments under the Guarantee depends on the receipt of dividends and distributions from the Guarantor's direct and indirect subsidiaries. The ability of such subsidiaries to pay dividends may be subject to applicable laws and regulations. The outstanding indebtedness of the Guarantor's subsidiaries may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, equity interests of the Guarantor in its subsidiaries could be reduced in the future.

In addition, the Notes will not be guaranteed by any subsidiary of the Guarantor. Creditors, including trade creditors of subsidiaries and any holders of preferred shares in such entities, would have a claim on the assets of the subsidiaries that would be prior to the claims of the Noteholders. As a result, the Guarantor's payment obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its subsidiaries, including their obligations under guarantees they have issued or will issue in connection with business operations, and all claims of creditors of its subsidiaries will have priority as to the assets of such entities over the claims of the Guarantor and those of its creditors, including holders of the Notes.

There could be conflicts of interest arising out of the different roles played by different members in the corporate group of Yuexiu Group (the "Yuexiu Corporate Group"), and activities of other members of the Yuexiu Corporate Group may affect the value of the Notes.

The Issuer and the Guarantor are members of the Yuexiu Corporate Group. Yue Xiu Securities Company Limited and Chong Hing Bank Limited, both of which are subsidiaries of the Yuexiu Corporate Group, are appointed as Joint Lead Managers in respect of the offer and sale of the Notes. Other members in the Yuexiu Corporate Group may also issue other competing financial products which may affect the value of the Notes. Investors should also note that potential and actual conflicts of interest may arise from the different roles played by different members in the Yuexiu Corporate Group in connection with the Notes and that, although the Yuexiu Corporate Group has internal control policies and procedures to minimise any potential conflict of interest, the Yuexiu Corporate Group owes no duty to investors to avoid such conflicts, and the economic interests in each role may be adverse to the investors' interests in the Notes.

The Issuer and the Guarantor may be unable to meet their outstanding obligations under the Notes and the Guarantee.

On certain dates, including the occurrence of an early redemption event and at maturity of the Notes, the Issuer may, and at maturity the Issuer will be required to, redeem all of the Notes. If such an event were to occur, the Issuer and the Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Any revision, suspension, reduction or withdrawal of the Guarantor's corporate rating or the rating(s) (if any) of its subsidiaries may also have an adverse effect on the Group's business and liquidity and/or the value of the Notes, and on the Group's ability to obtain financing or access the capital markets.

Failure to repay, repurchase or redeem tendered Notes would constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Guarantor's other indebtedness. Such default could cause related debt to be accelerated after any applicable notice or grace periods.

No PRC governmental entity has legal obligations under the Notes or the Trust Deed if the Issuer and the Guarantor fail to meet their obligations thereunder. Ownership or control by PRC governmental entity does not provide assurance on the financial conditions of the Issuer or the Guarantor.

Yuexiu Group, our parent company and a controlling shareholder of the Company, is a 100.0 per cent. state-owned enterprise under the supervision of the GZ SASAC and Department of Finance of Guangdong Province. No PRC governmental entity is an obligor and no such entity shall under any circumstances has any obligation arising out of or in connection with the Notes in lieu of the Issuer or the Guarantor. As such, the PRC Government does not have any payment obligations under the Notes. The Notes are solely to be repaid by the Issuer or the Guarantor, as the case may be.

Ownership or control by PRC governmental entity does not necessarily correlate to, or provide any assurance as to, the financial conditions of the Issuer or the Guarantor. There is no assurance that financial support from PRC governmental entities will always materialise. If the Issuer or the Guarantor does not fulfil its obligations under the Notes and the Trust Deed, the Noteholders will only have recourse against the Issuer or the Guarantor (as the case may be), and not any PRC governmental entity.

Investors should base their investment decisions on the financial conditions of the Issuer and the Guarantor as reflected in the consolidated financial statements of the Group.

The Notes do not restrict the Issuer's and the Guarantor's ability to incur additional debt, repurchase the Notes or to take other actions that could negatively impact holders of the Notes.

Neither the Issuer nor the Guarantor is restricted under the terms of the Notes from incurring additional debt, including secured debt (other than the requirement under Condition 4(a)(*Negative pledge*) of the Terms and Conditions), or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to its financial position or results of operations. The Issuer, the Guarantor or the Group may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. The Issuer's and the Guarantor's ability to recapitalise, incur additional debt and take other actions that are not limited by the terms of the Notes could have the effect of diminishing their ability to make payments on the Notes and amortising the Notes when due.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could be traded at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations, the market for similar securities and general economic conditions. Although application will be made for the listing of the Notes on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Notes. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so they may discontinue such market-making activity at any time without notice. Further, the Notes may be allocated to a limited number of investors, in which case liquidity may be limited. Moreover, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the Noteholders will only be able to resell the Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see "*Subscription and Sale*". In addition, the market for securities has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. Accordingly, there is no assurance that a liquid trading market will develop, or that disruptions will not occur, for any Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in Renminbi. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Renminbi. These include the risk that exchange rates may significantly change (including changes due to devaluation of Renminbi or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Renminbi would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the global financial crisis of 2008 and 2009, the COVID-19 pandemic and recent global geopolitical tensions between major economies, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The liquidity and price of the Notes following this offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may not be a suitable investment for all investors seeking exposure to green assets.

In connection with the issue of the Notes, the Issuer has requested the Hong Kong Quality Assurance Agency (the "**HKQAA**") to issue independent certification (a "**HKQAA Pre-issuance Stage Certificate**") confirming that the Notes are in compliance with the requirements of the Green and Sustainable Finance Certification Scheme operated by the HKQAA (the "**HKQAA Green and Sustainable Finance Certification Scheme**").

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the relevant eligible green assets will continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the HKQAA Green and Sustainable Finance Certification Scheme and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that such projects will deliver the environmental benefits as anticipated, or that adverse environmental impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Potential investors should be aware that the HKQAA Pre-issuance Stage Certificate will not be incorporated into, and will not form part of, this Offering Circular or the Terms and Conditions. The HKQAA Pre-issuance Stage Certificate may not reflect the potential impact of all risks related to the Notes, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Notes. The HKQAA Pre-issuance Stage Certificate is not any recommendation to buy, sell or hold securities and is only current as of its date of issue. The HKQAA Pre-issuance Stage Certificate is for information purposes only and none of the Issuer, the Guarantor or the Joint Lead Managers accepts any form of liability for the substance of the HKQAA Pre-issuance Stage Certificate and/or any liability for loss arising from the use of the HKQAA Pre-issuance Stage Certificate and/or information provided in it.

Further, although the Issuer will use the net proceeds as described in the "Use of Proceeds" section below, it would not be an event of default under the Notes if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the relevant terms and conditions and/or (ii) the HKQAA Pre-issuance Stage Certificate were to be withdrawn. Any failure to use the net proceeds of the Notes in the manner specified in this Offering Circular, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to the Notes and/or withdrawal of the HKQAA Pre-issuance Stage Certificate may affect the value and/or trading price of the Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green assets. In the event that the Notes are included in any dedicated "green" or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Guarantor or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer, the Guarantor and the Joint Lead Managers make any representation as to whether the Notes will meet the investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, the suitability for any purpose of the HKQAA Pre-issuance Stage Certificate or whether the Notes fulfil the relevant environmental criteria. The Joint Lead Managers have not undertaken, nor are responsible for, any assessment of the Sustainable Finance Framework (the "**Framework**"), or the eligibility of the Eligible Projects (as defined in the Framework), or the monitoring of the use of proceeds from the offering of the Notes. None of the Joint Lead Managers makes any representation or warranty, express or implied, concerning any information in the Framework, and nothing contained in the Framework is, or shall be relied upon as, a promise or representation, from the Joint Lead Managers. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and in the Terms and Conditions regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary. Therefore, the Notes may not be a suitable investment for all investors seeking exposure to green assets. The examples of Eligible Projects in the section entitled "Sustainable Finance Framework" in this Offering Circular are for illustrative purposes only and subject to change, and no assurance can be provided that disbursements for projects with these specific characteristics will be made by the Issuer during the term of the Notes.

If the Issuer, the Guarantor or any other member of the Group is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.

If the Issuer, the Guarantor or any other member of the Group is unable to comply with the restrictions and covenants in the Notes, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the creditors of the debt could terminate their commitments to lend to the Issuer, the Guarantor or such member of the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer, the Guarantor or any other member of the Group under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all of the indebtedness of the Issuer or the Guarantor, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

The Notes are redeemable in the event of certain additional taxes being applicable.

Pursuant to the Terms and Conditions, the Issuer has the option to redeem the Notes in whole, but not in part, at any time at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption) if the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations as further described in "*Terms and Conditions of the Notes — Redemption for Taxation Reasons*". An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes and the Guarantee are unsecured obligations.

The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes.

The full-fledged levy of value added tax on revenues from a comprehensive list of service sectors may subject our revenues to a higher average tax rate, and the interest income and other income in the nature of interest received by a holder of the Notes may be subject to withholding of value added tax under applicable PRC Law on taxation.

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) issued on 23 March 2016 and implemented on 1 May 2016 ("**Circular 36**") by the Ministry of Finance and SAT, effective from 1 May 2016 and amended on 1 July 2017 and 1 April 2019, the Circular on Value-added Tax Policies for Financial, Real Estate Development, Education Ancillary Service and Other Services (財政部、國家稅務總局關於明確金融房地產開發教育輔助服務等增值稅政策的通知) jointly issued by the Ministry of Finance and SAT on 21 December 2016 with retroactive effect (excluding Article 17 thereof) as of 1 May 2016, the Interim Value-Added Tax Regulations of the People's Republic of China (中華人民共和國增值稅暫行條例) promulgated by the State Council, and revised and effective on 19 November 2017, and other supplemental and relevant rules and regulations (the "**VAT Law**"), PRC tax authorities have started imposing value added tax ("**VAT**") on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. Based on the Decision of the State Council to Repeal the Interim Regulation of the PRC on Business Tax and Amend the Interim Regulation of the PRC on Value-Added Tax (國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定) issued by the State Council on 19 November 2017, the business tax is no longer applicable.

Entities and individuals selling real property or providing services in the PRC shall be identified as taxpayers of the VAT, and shall pay the VAT in accordance with the VAT Law. Such services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services which are subject to the VAT include the provision of financial services which refers to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments. "Loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon and among others, the interest (principal-guaranteed gains, remunerations, fund occupation fees and compensations, which refer to investment returns whose principal can be fully recovered upon maturity as explicitly committed under the relevant contract) obtained during the holding period (including upon maturity) of financial products shall be treated as interest income related to loan processing and thus shall be subject to the VAT while such gains, remunerations, fund occupation fees and compensations obtained during the holding period (including upon maturity) of financial products shall not be treated as interest income or income in the nature of interest related to loan processing if their principal is not guaranteed and shall thus not be subject to VAT. The VAT Law are relatively new and there is uncertainty as to whether the VAT will be applicable to the payments of interest and other income in the nature of interest on the Notes by the Issuer and/or the Guarantor who are incorporated outside the PRC to investors who are located outside of the PRC as this will depend on how the PRC tax authorities interpret, apply or enforce the VAT Law. If the issuance and/or holding of the Notes is treated as provision of financial services in the PRC to the Issuer or the Guarantor by the holders of the Notes, and if the interest income or other income in the nature of interest from or in connection with the Notes is regarded as "principal-guaranteed gains", in each case by relevant tax authorities in the PRC for the purpose of the VAT Law, the interest income and other income in the nature of interest received by a non-PRC resident holder of the Notes may be subject to withholding of the VAT at a rate of 6 per cent..

In addition, as far as we know, the VAT is unlikely to apply to gains realised upon any transfer of Notes between holders or investors located outside of the PRC, but there is uncertainty as to the applicability of the VAT if either the seller or buyer of the Notes is or deemed to be located inside the PRC by PRC tax authorities for the purpose of the VAT Law. As Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

A change in Hong Kong law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions will be governed by Hong Kong law in effect as at the date of issue of the Notes. There is no assurance as to the impact of any possible judicial decision or change to Hong Kong law or administrative practice after the date of issue of the Notes.

Additional procedures may be required from the PRC courts to recognise and enforce judgments of the Hong Kong courts in respect of Hong Kong law governed matters or disputes.

The Terms and Conditions and the transaction documents relating to the Notes are governed by Hong Kong law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the "**Judicial Interpretation**"). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

The Noteholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts and therefore their ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the Mainland consider that the enforcement of such judgment is contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People's Courts of the Mainland will recognise and enforce a judgment given by a Hong Kong court and governed by Hong Kong law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

The Notes are subject to modification and the Trustee may waive certain breaches without the consent of the Noteholders.

The Terms and Conditions and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. In addition, an Extraordinary Resolution (as defined in the Trust Deed) in writing signed by or on behalf of the holders of not less than 90.0 per cent. of the aggregate principal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the holders of the Notes duly convened and held. These provisions permit defined majorities to bind all Noteholders including the Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the relevant written resolution and Noteholders who voted in a manner contrary to the majority. The Trust Deed will also provide that a written resolution signed, or an electronic consent given, by or on behalf of the holders of the Notes of not less than 90.0 per cent. of the aggregate principal amount of the Notes for the time being outstanding shall be as valid and effective as an Extraordinary Resolution duly passed at a meeting of Noteholders. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of individual holders of the Notes.

The Terms and Conditions and the Trust Deed also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to: (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Terms and Conditions that, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law or regulation; and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or the Terms and Conditions that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Noteholders as soon as practicable.

The Trustee may request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation giving of notice to the Issuer pursuant to Condition 10 (*Events of Default*) of the Terms and Conditions and taking steps and/or actions and/or instituting proceedings pursuant to Condition 12 (*Enforcement*) of the Terms and Conditions), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings if not indemnified and/or pre-funded and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or to institute proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed constituting the Notes or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such steps and/or actions and/or to institute such proceedings directly.

The Notes will be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing System.

The Notes will initially be represented by the Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as Operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate.

While the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**").

A holder of an interest in a Global Certificate must rely on the procedures of the CMU to receive payments under the Notes. None of the Issuer, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Noteholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such Noteholders will be permitted to act only to the extent that they are enabled by the CMU to appoint appropriate proxies. Similarly, holders of interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Trust Deed.

Payments in respect of the Notes will only be made to investors in the manner specified in such Notes.

All payments to investors in respect of the Notes will be made solely (i) when Notes are represented by the Global Certificate deposited with a sub-custodian for CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained with a bank in Hong Kong and (ii) when the Notes are in definitive form, by transfer to a Renminbi bank account maintained with a bank in Hong Kong in accordance with prevailing rules and regulations. Neither the Issuer nor the Guarantor can be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Noteholders should be aware that a definitive certificate (should definitive Notes be issued) which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Note which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive certificate in respect of such holding (should definitive Notes be issued) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Notes are issued, holders should be aware that a definitive certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Issuer may issue additional notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further notes (see "*Terms and Conditions of the Notes*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Investment in the Notes is subject to interest rate risks.

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As the Notes carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

Risks Relating to Renminbi Denominated Notes

There are regulations on remittance of Renminbi into and outside the PRC.

The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including Hong Kong dollars. There has been significant reduction in regulation by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and cities in Mainland China and to make Renminbi trade and other current account item settlement available in all countries worldwide, and since 12 June 2012, coverage has been expanded nationwide in the PRC. All PRC companies with foreign trade qualifications are eligible to conduct cross-border trade settlement in Renminbi. China has issued a list of enterprises that will be put under strict supervision in respect of their cross-border trade Renminbi settlements. Those enterprises on this list may not deposit abroad Renminbi funds earned from cross-border trade settlement.

Foreign investors may remit offshore Renminbi into China for shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis, pursuant to the Measures on Administration of Renminbi Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) issued by the PBOC on 13 October 2011 and was amended on 5 June 2015 and the relevant circulars issued by the MOFCOM. Along with the promulgation of the Administrative Measures for Trial Program of RMB Settlement of Overseas Direct Investment (境外直接投資人民幣結算試點管理辦法) by the PBOC in 2011, the approval process in the use of Renminbi for outbound investment by PRC companies has been streamlined. On 5 July 2013, the PBOC issued the Circular on Simplifying the Cross-Border RMB Business Procedures and Improving Relevant Policies (關於簡化跨境人民幣業務流程和完善有關政策的通知), pursuant to which the regulatory procedures have been simplified and greater flexibility for almost all types of cross-border RMB business have been provided, including current account cross-border RMB settlement, cross-border RMB loans and the issuance of offshore RMB bonds by domestic non-financial institutions. This circular aims to improve the efficiency of RMB business and accelerate the internationalization of RMB. On 1 January 2014, the MOFCOM Circular concerning Relevant Issues with regard to Cross-border RMB Direct Investment (關於跨境人民幣直接投資有關問題的公告) became effective, which replaced the Circular of the Ministry of Commerce on Issues in relation to Cross-border RMB Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) issued by MOFCOM on 12 October 2011. Pursuant to the new MOFCOM circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment ("**FDI**") project and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the said new circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, it also clearly prohibits Renminbi FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC. On 5 January 2018, the PBOC issued the Circular about Further Improving Cross-border RMB Business to Facilitate Trade and Investment (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知), in a move to promote enterprises to use RMB for cross-border settlement and support banks to handle other cross-border RMB settlement businesses under the current account for individuals. Relevant rules of the new circular facilitate overseas investors to carry out direct investment in RMB and ensure that profits obtained by overseas investors in China can be remitted freely in accordance with the law. Meanwhile, the new circular also specifies that enterprises may remit RMB funds raised overseas to China for their use as actually needed. As the above measures and circulars are relatively new, how they will be applied in practice is subject to interpretation by the relevant PRC authorities.

In addition, the PRC has concluded a series of bilateral Renminbi-denominated currency swap arrangements with certain countries as well as the European Union. The Renminbi Qualified Foreign Institutional Investor ("**RQFII**") scheme have been in place allowing pre-qualified offshore institutions (including foreign central banks) to invest in onshore interbank bond market and equity market of China. Also, from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund.

Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, we cannot assure you that the PRC Government will continue to gradually liberalise the regulation over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of regulating or eliminating the remittance of Renminbi into or outside Mainland China. If the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside Mainland China, which may affect the liquidity of the Notes and our ability to source Renminbi outside Mainland China to service the Notes.

As a result of the regulation by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside of Mainland China is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC, the central bank of China, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**"), between the PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**"), to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong. There is no longer any limit on the ability of corporations to convert Renminbi. In 2015, the PBOC has established the Cross-Border Inter-Bank Payment System to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions. However, the conversion and transfer of Renminbi are still subject to certain regulations.

The current size of Renminbi-denominated financial assets outside Mainland China is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, personal customers and for Hong Kong residents of up to RMB20,000.0 per person per day. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions in cases where they cannot source sufficient Renminbi through the above channels.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. We cannot assure you that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent we are required to source Renminbi in the offshore market to service the Notes, we cannot assure you that we will be able to source such Renminbi on satisfactory terms, if at all.

There may be PRC tax consequences with respect to investment in the Renminbi Notes

In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Notes may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Notes.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes (before deducting underwriting commissions to be charged by the Joint Lead Managers and other expenses incurred or to be incurred in connection with the offering of the Notes) will be CNY2,850 million. The net proceeds from the offering of the Notes are intended to be used in accordance with the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (發改辦外債2025[302]號) dated 11 July 2025 for refinancing certain offshore medium to long term debts maturing within one year of the Group. An amount equal to the net proceeds from the offering of the Notes will be allocated exclusively to finance and/or refinance the eligible green project(s) in line with the Sustainable Finance Framework of the Company.

SUSTAINABLE FINANCE FRAMEWORK

None of the Joint Lead Managers, the Joint Green Structuring Advisors, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them accepts any responsibility for any losses howsoever arising, directly or indirectly, from the Framework or its contents including for any social, environmental, and sustainability assessment of any securities issued as sustainability bonds or makes any representation or warranty or assurance (i) whether such securities will meet any investor expectations or requirements regarding such "green", "social", "sustainable", or similar labels, (ii) whether the net proceeds of the issuance of the Notes will be used to finance, refinance and/or invest in relevant eligible green, social or sustainable projects, or (iii) as to the characteristics of relevant eligible green, social or sustainable projects in which the proceeds of the Notes are applied or invested.

The description of the Framework included herein is in summarised form only. It is intended to provide non-exhaustive, general information and does not purport to be comprehensive. The information contained herein is provided as at the date of the Framework and is subject to change without notice and we do not assume any responsibility or obligation to update or revise such information, regardless of whether such information is affected by the results of new information, future events or otherwise. None of the Joint Lead Managers or the Joint Green Structuring Advisors is responsible for the assessment of the Framework. The Framework, the second-party opinion and any other similar opinion (including any content of websites or webpages references to which hyperlinks are included in this Offering Circular) do not form part of, nor are incorporated by reference in, this Offering Circular.

Investors should refer to the Framework and the second-party opinion for information and should determine for themselves the relevance of the information contained in this Offering Circular regarding the use of proceeds and its investment in the Notes should be based upon such investigation as it deems necessary. The information in the Framework and the second-party opinion has not been verified. The second-party opinion provided in respect of the Framework, the Notes or any of the above reports or verification assessments are not incorporated by reference in, or form part of, this Offering Circular and should not be relied upon in connection with making any investment decision with respect to the Notes.

The Framework demonstrates how the Group and/or its entities intend to enter into sustainable financing transactions (the "**SFT**") to fund projects, assets and developments that will deliver environmental and social benefits and support the Group's sustainability vision, as well as its business strategy.

Debt securities issued under the Framework will be aligned with voluntary guidelines in Green Bond Principles (2025), Social Bond Principles (2025) and Sustainability Bond Guidelines (2021) by the International Capital Markets Association.

Loans issued under the Framework will be aligned to Green Loan Principles (2025) and Social Loan Principles (2025) issued by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association.

For each SFT, the management of the Group will adopt the following principles:

- Use of Proceeds;
- Project Evaluation and Selection;
- Management of Proceeds; and
- Reporting & External Review.

Use of Proceeds

The Group commits to allocating the proceeds or an equivalent amount of proceeds of each SFT exclusively for the financing and/or refinancing of Eligible Green and/or Social Projects at the Group, in whole or in part, including the acquisition, construction, development or re-development of such projects that provide clear environmental and/or social benefits. Refinancing of eligible projects will have a look-back period of not longer than 36 months from the time of issuance. The Group is committed to fully allocate the net proceeds or an equivalent amount of the net proceeds of each SFT on a best effort basis within 36 months of issuance. Projects and assets eligible for sustainable financing (the "**Eligible Projects**") must fulfill the relevant eligibility criteria set forth below.

Green Issuance

Eligible Green Project Categories	Eligibility Criteria
Green Building	Acquisition, development, construction and refurbishment of new or existing commercial or residential buildings that will reduce the building's environmental impact in accordance with one or more of the national or international green building certification scheme, such as: • China Green Building Evaluation Label — 2 stars or above; • U.S. Leadership in Energy and Environmental Design (LEED) — minimum certification of Gold; • Hong Kong BEAM Plus — minimum certification level of Gold; • BREEAM — minimum certification level of Excellent Building; or • EDGE Green Building Certificate — minimum certification level of level 1.
Climate change adaptation	Design, development, maintenance and upgrade of landscape and infrastructure with "sponge city" features such as sunken green space, permeable pavement, and storm water recycle and control systems, etc., to enhance the city's resilience to impacts of climate change. Projects under this category typically conform to the following national standards: • Technical Guidelines for Sponge City Construction - Construction of Rainwater System with Low-Impact Development (Trial);

Eligible Green Project Categories	Eligibility Criteria
	• Assessment Standard for Sponge City Effects (GB/T 51345-2018); or • The Reuse of Urban Recycling Water—Water Quality Standard for Scenic Environment Use (GB/T 18921-2019).
Energy Efficiency	Projects relating to adoption of smart technologies and/or systems for optimizing energy management in new and existing buildings, such as investments in IoT technology and big data platforms for enhancing the controllability of energy management and improving energy management efficiency. Investments in energy saving equipment and/or systems for construction work, such as LED energy-saving lamps, energy-saving water dispensers, efficient construction machinery and other energy-saving equipment to improve energy efficiency.
Pollution prevention and control	Facilities, system and equipment that are used to monitor and/or mitigate environmental pollution (e.g., air, noise, solid waste) during the construction and/or operation of buildings. Digital office, office equipment recycling systems and related investments that are targeted for waste prevention, reduction and recycling.

Social Issuance

Eligible Social Projects Categories and examples of Eligible Social Projects

Eligible Social Project Categories	Eligibility Criteria
Affordable Housing	Development and construction of resettlement houses integral to urban upgrade projects carried out by the Group, in accordance with local government guidance. Populations currently living in shantytowns, urban villages and other underdeveloped areas with inadequate housing conditions, and whose original residence could be demolished and rebuilt through urban upgrade projects.

Exclusion Criteria

Based on the latest International Finance Corporation Exclusion List, the Group has added the following activities which will be excluded from consideration for eligibility in relation to projects under the Framework:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);

- Production or trade in weapons and munitions;

- Production or trade in alcoholic beverages (excluding beer and wine);

- Production or trade in tobacco;

- Gambling, casinos, and equivalent enterprises;

- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded;

- Production or trade in unbonded asbestos fibres. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.;

- Drift net fishing in the marine environment using nets over 2.5 kilometers in length;

- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour;

- Commercial logging operations for use in primary tropical forest;

- Production or trade in wood or other forestry products other than from sustainably managed forests;

- Projects related to nuclear production;

- Projects related to fossil fuel production;

- Projects related to coal mining; and

- Projects related to hydropower which installed capacity no less than 25M.

Process for Project Evaluation and Selection

The Group has established a thorough ESG governance framework and formed an ESG Committee chaired by the Chairman of the Board who is responsible for taking charge of ESG management, along with one executive director and three independent non-executive directors as the members who engage in the regular discussions and reviews of the Group's ESG development risks and opportunities. In addition, an ESG Leadership Group led by the chief executive officer and composed of main business leaders is formed to take charge of establishing and improving the ESG mechanism and coordinating and supervising ESG work. At the same time, in order to promote the institutionalization, standardization and transparency of ESG governance, the Company has approved formal documents to define the scope of responsibilities and procedures at each level of ESG management to fully ensure the orderly promotion and efficient implementation of the relevant work.

The ESG Leadership Group is responsible for governing and implementing financing initiatives in accordance to the Framework, including:

- Ratify Eligible Green and/or Social Projects, which will be proposed by the Group's subsidiaries based on their investment plans and initial screening against the eligibility criteria set out in the Use of Proceeds section of the Framework;

- After screening, approve the projects based on the criteria of compliance, financial viability, technical feasibility, environmental impact, social impact, risk management, sustainability, transparency and accountability, as well as stakeholder engagement;

- Monitor the asset pool during the entire funding period to ensure Green and/or Social Projects are compliant with eligibility criteria set out in the "Use of Proceeds" section above. Meanwhile, any ineligible Green and/or Social Projects will be substituted by eligible new Green and/or Social Projects;

- Manage any future updates to the Framework;

- Ensure that the approval of Eligible Green and/or Social Projects will follow the Group's existing credit/loan/investment approval processes; and

- Invite a third-party independent institution to ensure that each Green and/or Social Project also complies with the environmental guidelines applicable to the Group, as well as all applicable national and local environmental standards, laws and regulations.

Management of Proceeds

The proceeds of each of the Group's SFT will be managed by the treasury team under the oversight of ESG Leadership Group. An internal record containing below information will be maintained:

Terms of the SFT:

- Issuer/borrower entity

- Pricing, settlement, and maturity dates

- Currency of denomination and amount then outstanding

- Labelling (e.g. Green Bond, or Green Loan)

- ISIN number (if applicable)

Allocation of Use of Proceeds:

- Name and description of Eligible Green and/or Social Projects

- Amount of SFT proceeds or an equivalent amount of SFT proceeds allocated to each project

- The remaining balance of unallocated proceeds yet to be earmarked

- Other relevant information such as information of temporary investment for unallocated proceeds

During the life of the SFT, regularly monitor the use of funds to ensure that they are spent in accordance with the established purposes and budgets. Invite an independent third-party auditor to conduct an external audit at the end of the financial year. If the designated project(s) ceases to fulfil the criteria necessary for it to be deemed an Eligible Project, the net proceeds will be reallocated to an alternative Eligible Project(s) that comply with the green and/or social financing eligibility criteria outlined above, as soon as reasonably practicable.

Reporting

Allocation Reporting

The Group will provide below information on the allocation of net proceeds of the SFT on an annual basis until all the net proceeds have been allocated:

- A list of eligible projects, assets or activities, and the amount of proceeds or an amount equivalent to the net proceeds allocated to each eligible project or project category;

- Confirmation that the eligible projects, assets and activities continue to meet the relevant eligibility requirements;

- The geographical distribution of eligible projects, assets or activities;

- The timing of allocation and any re-allocation of proceeds or an amount equivalent to the net proceeds for each eligible project, asset and activity;

- An estimate of the share of the net proceeds used for financing and refinancing, and which eligible green projects, assets and activities have been refinanced, including the expected look-back period for refinancing eligible green projects, assets and activities; and

- Status and details regarding unallocated proceeds, including type of temporary investment instruments.

Impact Reporting

The Group will report the environmental and social benefits of the Eligible Green and/or Social Projects. Such benefits may be measured by the following impact indicators subject to the nature of the Eligible Project and information availability.

Eligible Project Category	Sample Impact Indicators
Green Buildings	• Type and number of green building certifications obtained
	• Annual energy savings (kWh)
	• Annual greenhouse gas (GHG) emissions avoided (ton of CO2)
Climate change adaptation	• Annual runoff volume control rate
	• The amount of storm-water collected in m3
Energy Efficiency	• Energy consumption reduction (kWh)
	• Electricity intensity (kWh per sq. meter)
Pollution prevention and control	• Annual amount of waste separated and treated or recycled in an environmentally sound manner (tonnes)
	• Annual carbon reduction (tonnes)
Affordable Housing	• Number of affordable housing units constructed and delivered
	• Number of individual/ households benefitted

External Review

The Group intends to engage HKQAA to provide independent certification under the HKQAA Green and Sustainable Finance Certification Scheme on instruments issued in accordance to the Framework.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to modifications and other than the words in italics, is the text of the terms and conditions of the Notes (as defined below) which will be endorsed on the definitive certificate (if any) issued in exchange for the Global Certificate (as defined below) representing the Notes.

The issue of CNY2,850,000,000 3.30 per cent. guaranteed green notes due 2028 (the "**Notes**", which term shall include, unless the context requires otherwise, any further notes issued in accordance with Condition 15 of these terms and conditions (these "**Conditions**") and consolidated and forming a single series therewith) was authorised by the resolution of the board of directors of JOY DELIGHT INTERNATIONAL LIMITED 愉欣國際有限公司 (the "**Issuer**") dated 23 October 2025. The Notes are guaranteed by Yuexiu Property Company Limited 越秀地產股份有限公司 (the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(a)) was authorised by the resolution of the board of directors of the Guarantor dated 23 October 2025. The Notes are constituted by a trust deed dated 3 November 2025 (the "**Issue Date**") (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and CNCBI Trustee Limited as trustee for itself and the Noteholders (as defined below) (in such capacity, the "**Trustee**", which expression includes its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) relating to the Notes. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the definitive form of the Notes.

An agency agreement in relation to the Notes dated 3 November 2025 (as amended, restated, replaced and/or supplemented from time to time, the "**Agency Agreement**") has been entered into between the Issuer, the Guarantor, the Trustee, China CITIC Bank International Limited as CMU lodging and paying agent (in such capacity, the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), as registrar (in such capacity, the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), as transfer agent (in such capacity, the "**Transfer Agent**", which expression includes any successor and additional transfer agent appointed from time to time in connection with the Notes) and the other agents named in it. The "**Agents**" means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Notes including their respective successors and any reference to an "**Agent**" is to any one of them.

So long as any Note is outstanding (as defined in the Trust Deed), copies of the Trust Deed and the Agency Agreement are available (i) for inspection and collection by the holders (as defined below) at all reasonable times during usual business hours (being from 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) at the principal office of the Trustee (being as at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of the CMU Lodging and Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the CMU Lodging and Paying Agent and (ii) electronically from the CMU Lodging and Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1. Form, Denomination and Title

(a) **Form and Denomination:** The Notes are issued in registered form and in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each, a "**Specified Denomination**").

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same holder.

(b) **Title:** Title to the Notes shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar at its specified office in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder of any Note shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" or (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Notes will be represented by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Notes are represented by the Global Certificate. See "Summary of Provisions Relating to the Notes in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in the Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

2. Transfers of Notes

(a) **Transfer**: One or more Notes may, subject to this Condition 2(a) and Condition 2(d) and the provisions of the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer (in light of prevailing market practice); **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Noteholder are being transferred) the principal amount of the balance of Notes not transferred are Specified Denominations. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Notes to a person who is already a holder of the Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers and registration of Notes, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed (i) by the Issuer, with the prior written approval of the Registrar and the Trustee, or (ii) by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder at all reasonable times during usual business hours (being from 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) at the specified office of the Registrar following prior written request and proof of holding and identity to the satisfaction of the Registrar. No transfer of title to any Notes will be valid unless and until entered on the Register.

Transfers of interests in the Notes represented by the Global Certificate will be effected in accordance with the rules and procedures for the time being of the relevant clearing systems.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to this Condition 2(b) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent, of a duly completed form of transfer and surrender of the existing Certificate(s) for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer and surrender of Certificate(s) shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfers Free of Charge**: Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon (i) payment by the relevant Noteholders of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent being satisfied that the regulations concerning transfers and registration of Notes have been complied with.

(d) **Closed Periods**: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

3. Guarantee and Status

(a) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.

(b) **Status of Notes and Guarantee**: The Notes constitute direct, unsubordinated, unconditional, and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, present and future.

4. Covenants

(a) **Negative Pledge**: So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) **Notification to the NDRC**: The Guarantor shall within the relevant prescribed timeframes after the Issue Date, file or cause to be filed with the National Development and Reform Commission of the PRC (the "**NDRC**") the requisite information and documents in respect of the Notes in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective from 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time (the "**NDRC Filings**"), including but not limited to, the filing with the NDRC the offering information and the issue details of the Notes within ten PRC Business Days after the Issue Date (the "**NDRC Post-issue Filing**"), and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

None of the Trustee or the Agents shall have any obligation or duty to monitor or ensure or assist with the completion of the NDRC Filings on or before the deadlines referred to above or to verify the accuracy, completeness, content, validity and/or genuineness of any certificate, confirmation, or other documents in relation to or in connection with the NDRC Filings (each of which it may accept and rely on conclusively without further enquiry or investigation and without liability to any of the Issuer, Guarantor, Noteholders or any other person for doing so) or to procure that any certificate, confirmation, or other documents in relation to or in connection with the NDRC Filings is translated into English or to verify the accuracy of any English translation of any such documents (if any) or to give notice to the Noteholders confirming the completion of the NDRC Post-issue Filing, and the Trustee shall not be liable to the Issuer, any Noteholders or any other person for not doing so.

(c) **Definitions**: In these Conditions:

"**Potential Event of Default**" means an event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

"**PRC**" means the People's Republic of China which, for the purposes of these Conditions, shall not include the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures or other investment securities (but excluding for the avoidance of doubt instruments commonly referred to as transferable loan certificates) which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but excludes any such indebtedness issued in the PRC; and

"**Subsidiary**" means any entity whose financial statements at any time are required by law or required in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor, as the case may be, but shall exclude (i) Yuexiu Real Estate Investment Trust and any of its Subsidiaries, and (ii) any corporation, association or other entity of which less than (but excluding) 50 per cent. of the voting rights is owned by the Issuer or the Guarantor, as the case may be (either directly or through one or more other Subsidiaries).

5. Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.30 per cent. per annum, payable semi-annually in arrear on 3 May and 3 November in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day.

Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the date falling seven days after the Trustee or the CMU Lodging and Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholder under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per CNY10,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards).

In this Condition 5, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

6. Redemption and Purchase

(a) **Final Redemption**:

Unless previously redeemed, or purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed at its principal amount on the Interest Payment Date falling on, or nearest to, 3 November 2028. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 and in writing to the Trustee and the CMU Lodging and Paying Agent (which notice shall be irrevocable), at their principal amount (together with unpaid interest accrued to but excluding the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 24 October 2025, and (ii) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Notes or the Guarantee, as the case may be, then due.

Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer or, as the case may be, of the Guarantor in each case stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it, and (B) an opinion of an independent tax or legal adviser of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor, has or will become obliged to pay such additional amounts as described under Condition 8 as a result of such change or amendment. The Trustee shall be entitled to, without further enquiry and without liability to any Noteholder or any other person, accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on Noteholders.

(c) **Redemption following Change of Control**: If, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the date which is 14 days after the expiration of the Put Period (as defined below) (the "**Put Date**") at 101 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A "**Change of Control Put Event**" will be deemed to occur if:

(i) the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal People's Government ("**GZ SASAC**"), Guangzhou Yue Xiu Holdings Limited ("**GZ Yuexiu**") or their respective successors ceases to have, either directly or indirectly or as the beneficiary of a trust, acting individually or together, control of the Guarantor; or

(ii) any person or persons, acting together, acquires, directly or indirectly, voting rights of the issued share capital of the Guarantor and the aggregate voting rights held by such person or persons exceed the voting rights held, directly or indirectly, by GZ SASAC or GZ Yuexiu; or

(iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Guarantor or the successor entity.

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Put Event has occurred, the Issuer shall, or in the case of the Guarantor, the Guarantor shall procure that the Issuer will, give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Notes must deposit the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, in each case at any time during normal business hours at the specified office of such Registrar or Transfer Agent, as the case may be, falling within the period (the "**Put Period**") of no earlier than 30 days and no later than 60 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise (substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of the Registrar or any Transfer Agent, as the case may be) (a "**Change of Control Put Exercise Notice**") and any other evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the holder of the Notes and the authority of the individuals who have executed the Change of Control Put Exercise Notice. No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

Neither the Trustee nor any Agent is under any obligation to ascertain or verify whether a Change of Control Put Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event has occurred, and, until it shall have express written notice to the contrary, it may assume that no Change of Control Put Event or other such event has occurred.

In this Condition 6(c):

"**control**" means the acquisition or control of more than 30 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors or any other governing board and does not include the Guarantor's wholly owned direct or indirect subsidiaries.

(d) **Notice of Redemption**: All Notes in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Change of Control Put Exercise Notice given by a Noteholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Change of Control Put Exercise Notice and shall not be liable to the holders, the Issuer, the Guarantor or any other person for not doing so.

(e) **Purchases**: Each of the Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 and 11.

(f) **Cancellation**: All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Notes to the Registrar and, if so surrendered, the same shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7. Payments

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) in respect of Notes shall be made against surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates and in the manner provided in Condition 7(a)(ii).

(ii) Interest on Notes shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in Renminbi by wire transfer to the registered account of the Noteholder.

In this Condition 7, a Noteholder's "**registered account**" means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the Record Date.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest or premium (if any) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest or premium (if any) so paid.

*For so long as any of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**"), where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. For these purposes, a notification from the Operator shall be conclusive evidence of records of the CMU (save in the case of manifest error). Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

(b) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payments, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) **Payment Initiation**: Payment instructions (for value on the due date, or if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or if that is not a Payment Business Day, the first following day which is a Payment Business Day) or, in the case where Certificates issued have not been surrendered at the specified office of any Transfer Agent or of the Registrar (if required to do so), on the first Payment Business Day on which the CMU Lodging and Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so), or if a transfer made in accordance with Condition 7(a) arrives in the registered account of the Noteholder after the due date for payment.

(e) **Appointment of Agents**: The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed at the end of these Conditions. The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and the Guarantor reserve the right at any time (i) to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and (ii) to appoint additional or other Agents, in each case in accordance with the Agency Agreement, **provided that** the Issuer and the Guarantor shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

(f) **Non-Payment Business Days**: If any date for payment in respect of any Note is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required) the relevant place in which the specified office of the CMU Lodging and Paying Agent is located.

8. Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is required to be made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 24 October 2025 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will increase the amounts paid by it to the extent required, so that the net amount received by Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer or, as the case may be, the Guarantor is required to make any such withholding or deduction by or within the British Virgin Islands and/or Hong Kong, or (ii) the Issuer or, as the case may be, the Guarantor is required to make any such additional withholding or deduction in excess of the Applicable Rate by or within the PRC, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the British Virgin Islands, Hong Kong or the PRC other than the mere holding of the Notes; or

(b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Certificate being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all interest and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed. If the Issuer or the Guarantor becomes subject at any time to any tax jurisdiction other than the British Virgin Islands, Hong Kong or the PRC, references in this Condition 8 and Condition 6(b) to the British Virgin Islands, Hong Kong or the PRC shall be construed as references to the British Virgin Islands, Hong Kong or the PRC and/or such other jurisdiction.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of the Trustee or the Agents shall be responsible or liable for (A) determining whether the Issuer, the Guarantor or any Noteholder is liable to pay any taxes, duty, charges, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure of the Issuer, the Guarantor, any Noteholder or any other third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events ("**Events of Default**", and each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer and the Guarantor that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest:

(i) **Non-Payment**: default is made (i) in the payment of any principal when due or (ii) for more than seven days in the payment of interest due in respect of the Notes; or

(ii) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer or, as the case may be, the Guarantor by the Trustee; or

(iii) **Cross-Default**: (A) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, **provided that** the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(iii) have occurred equals or exceeds US$80 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which such equivalent is determined for the purposes of this Condition 10(iii)); or

(iv) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 90 days; or

(v) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and is not discharged or stayed within 90 days; or

(vi) **Insolvency**: any of the Issuer or the Guarantor or any of the Principal Subsidiaries is adjudicated or found to be insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of (or of a particular type of) the debts of the Issuer or the Guarantor or any of the Principal Subsidiaries or a moratorium is agreed or declared or comes into effect in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer or the Guarantor or any of the Principal Subsidiaries; or

(vii) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer or the Guarantor or any of the Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except (A) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor or any of their respective Subsidiaries, in any combination or (C) in the case of any Principal Subsidiary, in the case of a solvent winding-up or dissolution whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor, as the case may be, or any of their respective Subsidiaries or (D) in the case of any Principal Subsidiary, as a result of a disposal on arm's length terms whereby the proceeds from such disposal are transferred to or otherwise vested in the Issuer or the Guarantor, as the case may be, or any of their respective Subsidiaries; or

(viii) **Nationalisation**: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or the Guarantor or any of the Principal Subsidiaries; or

(ix) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes and the Trust Deed, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Notes and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(x) **Illegality**: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes or the Trust Deed; or

(xi) **Cessation of Ownership**: the Issuer ceases to be a direct or indirect wholly-owned Subsidiary of the Guarantor; or

(xii) **Guarantee**: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(xiii) **Analogous Events**: any event occurs that under any applicable laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(iv) to 10(vii) (both inclusive).

In this Condition 10:

"**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose revenue or (in the case of a Subsidiary which itself has subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 10 per cent. of the consolidated revenue as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(b) whose gross profit or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross profit, as shown by its latest audited income statement are at least 10 per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose gross assets or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 10 per cent. of the consolidated gross assets as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, **provided that** the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary until the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, gross profit or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Guarantor;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, gross profit or gross assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the revenue (or consolidated revenue if the Subsidiary itself has subsidiaries), gross profit (or consolidated gross profit if the Subsidiary itself has subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has subsidiaries) attributable to such Subsidiary when aggregated with the revenue (or consolidated revenue if appropriate), gross profit (or consolidated gross profit if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 10 has occurred since the issue date of the Notes, exceeds 10 per cent. of the consolidated revenue, consolidated gross profit or consolidated gross assets of the Guarantor and its Subsidiaries.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed and/or the Agency Agreement. Such a meeting may be convened by the Trustee, the Issuer or the Guarantor, and shall be convened by the Trustee upon written request by Noteholders holding at least 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or amount of interest in respect of the Notes, (iv) to vary the currency of payment or denomination of the Notes, (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vi) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Notes for the time being outstanding, or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in like form, each signed by or on behalf of one or more of the Noteholders. A resolution passed in writing or by Electronic Consent (as defined in the Trust Deed) will be binding on all Noteholders whether or not they participated in such written resolution and/or Electronic Consent, as the case may be.

(b) **Modification and Waiver**: The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law or regulation, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Noteholders as soon as practicable in accordance with Condition 16. The Trustee may request and rely conclusively without further enquiry or investigation (and without liability to any of the Issuer, Guarantor, Noteholders or any other person for doing so) upon a certificate signed by an Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification, authorisation or waiver.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to: (i) the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes, and (ii) the substitution of the Guarantor's successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Guarantor, or of any previous substituted company, as guarantor under the Trust Deed and the Notes. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such steps and/or actions and/or institute such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in aggregate principal amount of the Notes outstanding, and (b) it shall have first been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances, including without limitation provisions relieving it from taking any steps and/or actions and/or instituting any proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Notes and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for certain fees, costs, expenses, indemnity payments and for liabilities incurred by or payable to it in priority to the claims of the Noteholders. The Trustee and its affiliates are entitled (a) to enter into business transactions with the Issuer, the Guarantor, any Subsidiary of the Issuer or the Guarantor and any other entity related (directly or indirectly) to the Issuer or the Guarantor, (b) to act as trustee for the holders of any other securities issued by, or relating to, the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor, (c) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (d) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely conclusively without further enquiry or investigation (and without liability to any of the Issuer, Guarantor, Noteholders or any other person for doing so) on any report, confirmation, information or certificate from, or any opinion or advice of, any accountants, legal counsel, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively without further enquiry or investigation and without liability on any such report, confirmation, information, certificate, opinion or advice and, in such event, such report, confirmation, information, certificate, opinion or advice shall be binding on the Noteholders. The Trustee and the Agents shall not be responsible for or liable to the Issuer, the Guarantor, any Noteholder or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction as a result of seeking such direction, approval, instruction or clarification from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or the Guarantor or any other person appointed by the Issuer or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely conclusively without further enquiry or investigation (and without liability to any of the Issuer, Guarantor, Noteholders or any other person for doing so) on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default or a Potential Event of Default has occurred, and shall not be liable to the Issuer, the Guarantor, the Noteholders or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and/or the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

14. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to the provisions of the Agency Agreement, applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the deadline for submission of the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any further notes issued pursuant to this Condition 15 and consolidated and forming a single series with the outstanding Notes. Any further notes consolidated and forming a single series with the outstanding Notes shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to the deed supplemental to the Trust Deed or an additional deed of guarantee.

16. Notices

Notices required to be given to the holders of Notes pursuant to these Conditions shall be mailed to them by uninsured mail at the Issuer's expense at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing.

Until such time as any individual Certificates are issued and so long as the Global Certificate is held in its entirety on behalf of the Operator, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the CMU for communication to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

17. Contracts (Rights of Third Parties) Ordinance

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Ordinance.

18. Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, Hong Kong law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, the Guarantee, the Agency Agreement or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Notes, the Guarantee, the Agency Agreement or the Trust Deed ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong.

(c) **Agent for Service of Process**: The Issuer has in the Trust Deed irrevocably agreed to receive service of process in any Proceedings in Hong Kong based on any of the Notes or the Guarantee at its principal place of business in Hong Kong (being as at the Issue Date at 2401 Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong). If for any reason the Issuer ceases to have a principal place of business in Hong Kong, the Issuer will appoint an agent in Hong Kong to accept service of process and notify the Trustee and the Noteholders in accordance with the Conditions of such appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

Upon issue, the Notes will be represented by the Global Certificate registered in the name of, and lodged with a sub-custodian for, the HKMA as Operator of the CMU.

Owners of interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive certificates if either the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar through which the Notes are held (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Promise to pay

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Notes represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Notes) on the maturity date of the Notes (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Notes represented by the Global Certificate and to pay interest in respect of such Notes from the Issue Date in arrear in accordance with the Terms and Conditions, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Notwithstanding the provisions of the preceding paragraph, for so long as any of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**"), where "Clearing System Business Day" means a day on which the CMU is operating and open for business. Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants or any other person in respect of any such payment. For these purposes, a notification from the Operator shall be conclusive evidence of the records of the CMU (save in the case of manifest error). Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.

Notices

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Notes may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Meetings

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate (unless the Global Certificate represents only one Note) shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of Notes for which the Global Certificate is issued.

Noteholder's Redemption

The Noteholder's redemption option in Condition 6(c) (*Redemption following Change of Control*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent, the Registrar or any Transfer Agent, as the case may be, within the time limits specified in the Terms and Conditions.

Issuer's Redemption

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions.

Transfers

Payments, transfers, exchanges and other matters relating to interests in the Global Certificate may be subject to various policies and procedures adopted by the Operator (or any Alternative Clearing System) from time to time. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them will have any responsibility or liability for any aspect of the Operator's records relating to, or for payments made on account of, interests in the Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

Cancellation

Cancellation of any Note by the Issuer following its redemption or purchase by the Issuer or the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Notes in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Trustee's Powers

In considering the interests of Noteholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

CAPITALISATION OF THE COMPANY

As at 30 June 2025, we had 4,025,392,913 ordinary shares.

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 30 June 2025 and as adjusted to give effect to the issuance of the Notes (before deducting the fees and commissions and other estimated transaction expenses payable). The following table should be read in conjunction with "*Use of Proceeds*", "*Summary Consolidated Financial Information of the Group*" and our unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2025 included elsewhere in this Offering Circular.

	As at 30 June 2025	
	Actual	**As adjusted**
	RMB'000	*RMB'000*
Borrowings and notes		
Denominated in RMB	84,022,612	84,022,612
Denominated in HKD	14,121,174	14,121,174
Denominated in USD	5,717,898	5,717,898
Notes to be issued	—	2,850,000
Total debts	**103,861,684**	**106,711,684**
Lease liabilities	779,382	779,382
Less: Cash and bank balances (excluding charged bank deposits) and current portion of time deposits	(29,647,848)	(29,647,848)
Net debt	74,993,218	77,843,218
Total equity (including non-controlling interests)	111,236,337	111,236,337
Total capitalisation[(1)]	**186,229,555**	**189,079,555**

(1) Total capitalisation represents the sum of net debt and total equity.

Since 30 June 2025, there has been no material change in the consolidated capitalisation of the Group.

THE ISSUER

Incorporation

The Issuer, JOY DELIGHT INTERNATIONAL LIMITED 愉欣國際有限公司 (BVI Company Number: 2043854) is an indirect wholly-owned subsidiary of the Guarantor and was incorporated on 16 September 2020 with limited liability under the laws of the British Virgin Islands. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Business Activities

As at the date of this Offering Circular, the Issuer does not have any subsidiaries. The Issuer has no material assets and liabilities. As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material business activities other than issuing the CNY2,000,000,000 4.00 per cent. guaranteed notes due 2026, the CNY1,396,000,000 3.80 per cent. guaranteed notes due 2026, the CNY510,000,000 4.00 per cent. guaranteed notes due 2026 (which were upsized by CNY700,000,000 on 19 January 2024 such that the aggregate principal amount of such notes reached CNY1,210,000,000) and the CNY1,690,000,000 4.10 per cent. guaranteed green notes due 2027, those regarding or incidental to its registration and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party and the issue of the Notes.

Directors

The directors of the Issuer as at the date of this Offering Circular are XIE Bin, WEI Kai and LUO Ruidong.

None of the three directors holds any shares or options to acquire shares of the Issuer. The Issuer does not have any other officer or employee as at the date of this Offering Circular.

Share Capital

The Issuer is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. As at the date of this Offering Circular, one share has been issued and credited as fully paid. None of the equity securities of the Issuer are listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

Financial Information

The Issuer has not published, and does not propose to publish, any of its accounts, since it is not required to do so under the laws of the British Virgin Islands. However, the Issuer is required to keep such accounts and records as its directors consider necessary or desirable to sufficiently show and explain the Issuer's transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

The Issuer is also required to file an annual return containing prescribed financial information with its registered agent within nine months after the end of the financial year to which the annual return relates. The annual return as filed will not be publicly available.

Overview

We are one of the leading property developers in the PRC, principally engaged in the development, sale, management and long-term investment of residential and commercial properties. Our four major business segments are residential buildings, commercial buildings, mass transportation and public premises. Over the years, the Company has developed over 200 high-quality residential properties and over 40 high-quality commercial properties, including Guangzhou IFC. Our operations are primarily conducted in the PRC. We have been expanding our land bank in the Greater Bay Area, Eastern China Region, Central and Western China Region and Northern China Region, which includes Guangdong, Zhejiang, Shenzhen, Jiangsu, Hubei, Anhui, Henan, Hunan, Liaoning, Shandong, Sichuan, Shanxi and Hainan, as well as Hong Kong, as at the date of this Offering Circular. We have accumulated more than 40 years of experience in the industry, and developed strong capability in our integrated property business. In particular, our commercial projects are located in the central business district and other prime business centres in major cities of the PRC (such as Guangzhou IFC, which, as at the date of this Offering Circular, is one of the city's most renowned and prestigious landmark) and our representative residential projects reflect our strong market position.

Yuexiu Group, our parent company and a controlling shareholder of the Company, is a 100.0 per cent. state-owned enterprise under the supervision of the GZ SASAC and Department of Finance of Guangdong Province. Yuexiu Group was ranked among the top 8 players in the PRC in terms of sales value in the first half of 2025 according to CRIC (克而瑞研究中心), and as at the date of this Offering Circular, it has formed a "4+X" modern industrial system centered on finance, property, transportation infrastructure and modern agriculture. It has six listed platforms including the Company, Guangzhou Yuexiu Capital Holding Group Co., Ltd, Yuexiu REIT, Yuexiu Services, Yuexiu Transport and Huaxia Yuexiu Expressway REIT. By the end of 2024, the total assets of Yuexiu Group had exceeded RMB1,000.0 billion. We continue to receive strong support from Yuexiu Group, which provides financial support for our business operations, and we are invited to participate in favourable investment opportunities offered by, and receive other assistance on property industry trends and regulatory changes from, the Guangzhou Municipal People' s Government.

We benefit from our unique interactive business model of "Property — REIT". We are the first PRC property developer with a REIT platform listed on the Hong Kong Stock Exchange. This feature enables us to allocate capital efficiently from completed commercial properties by injecting property assets into Yuexiu REIT at the appropriate time, subject to relevant approvals. The cash proceeds from such injections, as well as the periodic distribution payments we receive from Yuexiu REIT, enable us to generate stable cash flows and enhance recurring revenues, which strengthen our operations and enable us to expand our property portfolio. We held approximately 40.61 per cent. of the issued units of Yuexiu REIT as at 30 June 2025. As at 30 June 2025, Yuexiu REIT's property portfolio comprised of 10 commercial properties in four high economic growth cities in Mainland China (i.e. Guangzhou, Shanghai, Wuhan, Hangzhou) and Hong Kong, covering four business segments, namely office buildings, retail shopping malls, wholesale market and hotel and serviced apartments, with an aggregate area of ownership of approximately 1,184,156.5 sq.m. and had an independent appraisal value of approximately RMB41,889 million. For the first half of 2025, Yuexiu REIT recorded a total operating revenue of approximately RMB966.1 million, representing a decrease of 6.6 per cent. as compared to RMB1,034.1 million for the same period last year, with overall operation remaining stable.

The Company was incorporated in Hong Kong on 16 June 1992. Our shares have been listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00123) since December 1992 and we have been a constituent stock of the MSCI China index.

As at 30 June 2025, we held:

- a land bank of approximately 20.43 million sq.m. with 94.0 per cent. located in tier-1 and tier -2 cities. Our land bank comprised properties planned for future development and under development in Greater Bay Area, Eastern China, Central-western China, Northern China, and Haikou which accounted for approximately 39.2 per cent., 18.8 per cent., 25.7 per cent., 15.8 per cent., and 0.5 per cent. of the total GFA of the Group's land bank, respectively;

- The projects under development and unsold by the Company are primarily located in Guangzhou, Shenzhen, Foshan, Dongguan, Jiangmen, Zhongshan, Shanghai, Hangzhou, Suzhou, Nantong, Nanjing, Ningbo, Wuhan, Xiangyang, Hefei, Zhengzhou, Changsha, Chenzhou, Beijing, Shenyang, Qingdao, Yantai, Ji'nan, Chongqing, Chengdu and Xi'an; and

- investment properties under lease of approximately 1.1 million sq.m. in total of which offices, commercial properties and car parks and others accounted for approximately 44.4 per cent., 45.9 per cent. and 9.7 per cent., respectively. The Group recorded rental income of approximately RMB268 million in the first half of 2025, representing a period-to-period decrease of 9.7 per cent., which was mainly due to the disposal of the office and car parks of Guangzhou ICC in the second half of 2024.

For the years ended 31 December 2023 and 2024, we had contracted sales (including contracted sales of projects of joint ventures and associates) of approximately RMB142.0 billion and RMB114.5 billion (representing a year-on-year decrease of 19.4 per cent. compared to 2023), respectively. We also had aggregate contracted sales GFA during the respective years of approximately 4.5 million sq.m. and approximately 3.9 million sq.m. (representing a decrease of approximately 11.9 per cent. compared to 2023, respectively.

For the six months ended 30 June 2025, we recorded contracted sales value (including contracted sales of projects of joint ventures and associates) of approximately RMB61.5 billion, representing a period-to-period increase of 11.0 per cent. compared to the six months ended 30 June 2024 and accounting for 51.0 per cent. of our full-year contracted sales target. For the same period, we also recorded aggregate contracted sales GFA of approximately 1.5 million sq.m., representing a period-to-period decrease of 22.2 per cent. compared to the six months ended 30 June 2024.

For the years ended 31 December 2023 and 2024, and the six months ended 30 June 2025, our revenue was RMB80.2 billion, RMB86.4 billion (representing a year-on-year increase of 7.7 per cent. compared to 2023), and RMB 47.6 billion (representing a period-to-period increase of 34.6 per cent. from RMB35.3 billion for the six months ended 30 June 2024), respectively. Our profit attributable to equity holders of the Company from continuing operations during the respective years/period was RMB3.2 billion, RMB1.0 billion (representing a decrease of 67.3 per cent. compared to 2023) and RMB 1.4 billion (representing a period-to-period decrease of 25.2 per cent. from RMB1.8 billion for the six months ended 30 June 2024), respectively.

History and Corporate Development

We strategically position ourselves to be a leader in both residential and commercial property market in China and a large, integrated property developer guided by the principles of "quality product, quality service, quality brand, and quality team". We were awarded the "Outstanding Listed Company Award" from The Hong Kong Institute of Financial Analysts and Professional Commentators Limited. In addition, we were selected as "2024 TOP 10 China Real Estate Developers in Comprehensive Strength" by China Real Estate Association and Shanghai E-house Real Estate Research Institute and "Influential Real Estate Enterprise for the Year 2024" by Guandian Index Academy during the year, indicating the market's sustained recognition of our operation ability and brand value. We have also captured the Listed Company Awards of Excellence by Hong Kong Economic Journal for eight consecutive years, were selected as one of the "Top 13 of 2022 China Top 100 Real Estate Enterprises" by China Index Academy in 2022, were awarded as "High Quality Enterprises" by the

Hong Kong Stock Analyst Association for eight consecutive years, indicating the capital market's sustained recognition of our operation ability and investment value. After more than 40 years of development and growth, our Yuexiu brand has enjoyed a reputation as a leading property developer in the PRC and Hong Kong, and is well-known for our high-quality property portfolio. We were formerly known as Guangzhou Investment Company Limited and changed our name to Yuexiu Property Company Limited in 2009. We have laid solid foundation for growth in the last decade during the years of 2015 and 2016 by optimising operation structure (such as region and products), upgrading "Property — REIT" interactive business model to make it a unique competitive advantage, refining management and internal control, improving operating efficiency on an ongoing basis, standardising project development and operational capability for replication and enhancing profitability and asset turnover.

We have continued to accelerate our growth through dual growth engines of residential and commercial development since 2017 by consolidating our advantages of unique land resource acquisition platform, enhancing brand premium and product competitiveness, speeding up the growth of business in the Greater Bay Area through in-depth operation in existing cities and expansion into new cities in various regions in China.

In 2021, our successful spin-off and listing of Yuexiu Services, a subsidiary of the Group, on the Main Board of the Hong Kong Stock Exchange has created a good platform for the development of the Group's property management business and laid the foundation for its rapid development.

In 2022, we centered on the annual work theme of "pursuing steady growth with refined management and 'new capabilities, new mechanisms and new culture' as drivers", strived to overcome the challenges brought about by the resurgence of the pandemic, sluggish market and economic downturn, adopted proactive and precise operation strategies and worked hard to complete various operating indicators set at the beginning of the year and achieve high-quality development in operating activities.

In 2023, in the face of the challenging economic situation and profound adjustments in the real estate market, with a focus on the annual work theme of "overcoming difficulties for stable growth, and improving quality through refined management", we actively adapted to the evolving market, achieved all major operating indicators for the full year, maintained a positive momentum of steady progress and quality improvement, further enhanced the position and influence of the Group in the industry, and realised continuous and stable development of the Company's operation.

In 2024, by adhering to the same annual work theme under similar external market environment, we actively adapted to the evolving market, timely adjusted our investment and marketing strategies, accelerated the sales of property inventory, while at the same time optimising business layout and strengthening refined management to maintain stable operations. As a result, the position and influence of the Group in the industry have been further enhanced.

In the first half of 2025, in the face of a still complex and challenging external environment and a real estate market undergoing profound transformation, we closely adhered to the annual work theme of "stabilising performance, seeking breakthroughs, refining management and enhancing capabilities", actively gained insights into market changes, dynamically optimised our investment portfolio and marketing strategies, and focused on ensuring cash collection and cash flow security. We further promoted refined management, improved cost efficiency, and continuously optimised our business structure. Through a series of concrete measures, we successfully maintained fundamental operational stability, laid a more solid foundation for our future development, and continued to strengthen our position in the industry and brand influence.

Moving forward, we will continue to focus on satisfying rigid and upgrading demand for residential properties, and development and operation of high-end commercial properties in China.

The table below sets forth key milestones in our business history.

Time	Event
1992	Listed on the Main Board of the Hong Kong Stock Exchange
2002	Acquired 95.0 per cent. interest of Guangzhou City Construction & Development Group
2005	Spun off four commercial properties including White Horse Building, Fortune Plaza, City Development Building and Victory Plaza to establish Yuexiu REIT for a new listing of Yuexiu REIT on the Main Board of the Hong Kong Stock Exchange at the same time
	Acquired the land parcel of Guangzhou IFC, laying the ground for the future interaction with Yuexiu REIT
2008	Injected Neo Metropolis into Yuexiu REIT, pioneering the interactive capital recycling business model of "*Property — REIT*"
2008-2009	Divested newsprint and toll road operations to streamline our business to focus on property development and investment
December 2009	Acquired a parcel of land in Zhifu, Yantai, marking our first entry into the Bohai Rim
2009	Disposed Yuexiu Transport (HKSE Stock Code: 01052) to focus on property development and investment
	The Company was renamed as "Yuexiu Property Company Limited"
October 2010	Issued 2,141,822,374 new shares at the offer price of HK$1.61 per share by way of an open offer and raised approximately HK$3.4 billion to optimise the Company's capital structure
December 2010	Disposed of the supermarket business to China Resources Enterprise Limited, thus realizing our goal of divesting all non-core businesses
	Acquired a parcel of land in Qiaokou, Wuhan, marking our first entry into the Central China Region
	Acquired Shenyang Linghai Mingzhu project, with Shenyang being the location of our second project in the Bohai Rim besides the project in Yantai
	Acquired a parcel of land in Lin'an, Hangzhou, marking our first entry into the Yangtze River Delta Region
October 2012	Completed asset injection of Guangzhou IFC into Yuexiu REIT, enhancing the interactive capital recycling business model of "*Property — REIT*"
2012	Achieved annual contracted sales of RMB10.0 billion for the first time
January 2013	Established a US$2,000,000,000 medium term note programme
	Issued the US$350,000,000 3.25 per cent. notes due 2018 and the US$500,000,000 4.50 per cent. notes due 2023 under the medium term note programme

Time	Event
2013	Obtained investment grade credit ratings of Baa3 and BBB- from Moody's and Fitch respectively
October 2014	Completed rights issue financing of HK$3.9 billion with an over-subscription of 4.2 times
November 2014	Issued the HK$2,300,000,000 6.10 per cent. Notes due 2029 under the medium term note programme
2015	Brought new management onboard with refined corporate strategy and focus on development in the Greater Bay Area, Eastern China Region and Central China Region
	Achieved contracted sales of RMB24.9 billion
May-September 2016 .	A 95.0 per cent.-owned subsidiary publicly issued guaranteed interest-bearing bonds in three tranches with an aggregate principal amount of RMB8.0 billion, and all three tranches are listed on the Shanghai Stock Exchange
2016	Acquired Nansha Phase 10 Land from our parent company, Yuexiu Group and successfully implemented the effective approach of "incubation by the parent — acquisition by the company" to increase land bank
	Launched the co-investment scheme at project level and share incentive scheme at company level
	Achieved contracted sales of RMB30.3 billion
2017	Sold 67.0 per cent. equity interest of a commercial property in Qiaokou District of Wuhan to Yuexiu REIT, at a consideration of approximately RMB2.0 billion, representing a gain (before taxation) of approximately RMB0.4 billion
	Achieved contracted sales of RMB40.9 billion
	Engaged into "*Railway + Property*" development and urban renewal projects
2018	Issued US$800 million 3-year and US$400 million 5.5-year offshore corporate bonds with coupon rates of 4.875 per cent. and 5.375 per cent., respectively
	Sold Hangzhou Victory Center to Yuexiu REIT, at a consideration of RMB563.0 million
	Entered into cooperation agreements with Taiwan Rui Guang Healthcare Group, Adef Residences Group (France) and Zhu Jiang Hospital to jointly explore China's healthcare and elderly care integration market
	Achieved contracted sales of RMB57.8 billion
2019	Introduced Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司) ("**Guangzhou Metro**") as a strategic shareholder of the Company, and acquired three "Railway + Property" projects

Time	Event
	Achieved contracted sales of approximately RMB72.1 billion, representing a year-on-year growth of 24.8 per cent. compared to 2018, which exceeded the full-year sales target of RMB68.0 billion
2020	Acquired interests in two parcels of land in Guangzhou under the cooperation with Guangzhou Metro
	Achieved record-high sales performance despite the unstable market caused by the COVID-19 pandemic with contracted sales of RMB95.8 billion, representing a year-on-year increase of approximately 32.8 per cent.
2021	Acquired 37 new land parcels located in Guangzhou, Foshan, Dongguan, Zhongshan, Shanghai, Hangzhou, Suzhou, Nantong, Nanjing, Ningbo, Wuhan, Xiangyang, Changsha, Chenzhou, Beijing, Chongqing, Xi'an and Bijie, with total GFA of approximately 9.2 million sq.m.
	Contracted sales exceeded RMB100.0 billion and reached RMB115.2 billion
February 2021	The Company, Guangzhou Construction & Development Holdings (China) Limited (a wholly-owned subsidiary of the Company), Yuexiu Services and Guangzhou Metro Investment Finance (HK) Limited (for the purposes of this paragraph, the "**Subscriber**") entered into an investment agreement, pursuant to which the Subscriber has agreed to subscribe, and Yuexiu Services has agreed to issue and allot, 90,359,677 ordinary shares in Yuexiu Services. Following completion of the investment, Yuexiu Services was directly owned as to approximately 91.9 per cent. by Guangzhou Construction & Development Holdings (China) Limited and approximately 8.2 per cent. by the Subscriber
June 2021.	Spun-off and listed Yuexiu Services, a subsidiary of the Group, on the Main Board of the Hong Kong Stock Exchange on 28 June 2021, which raised net proceeds of approximately HK$2.0 billion and made it the first property management enterprise under GZ SASAC that has been listed in Hong Kong. This resulted in the shareholding of the Company in Yuexiu Services being diluted from 91.9 per cent. to 67.0 per cent.
December 2021	Sold Yuexiu Financial Tower to Yuexiu REIT, at a consideration of RMB7,873.0 million
2022	Issued RMB9.84 billion of domestic corporate bonds with lowest 2.78 per cent. coupon rate for 3+2-year and lowest 3.09 per cent. coupon rate for 5+2-year among such domestic corporate bonds issued by the Group
	Achieved contracted sales of approximately RMB125.0 billion, representing a year-on-year growth of 8.6 per cent., compared to 2021
	Acquired 37 new land parcels located in Guangzhou, Shenzhen, Foshan, Zhongshan, Shanghai, Hangzhou, Nanjing, Hefei, Zhengzhou, Changsha, Chongqing and Chengdu through the "6+1" unique and diversified land acquisition platform, with total GFA of approximately 7.0 million sq.m.
	Acquired the Hangzhou Gouzhuang transit-oriented development ("**TOD**") project with a total GFA of 0.4 million sq.m., marking a new breakthrough in national expansion of the Company's TOD model

Time	Event
January 2023	On 16 January 2023, the Issuer issued CNY2,000,000,000 4.00 per cent. guaranteed notes due 2026 with unconditional and irrevocable guarantee provided by the Company
May 2023	On 12 May 2023, the Issuer issued CNY1,396,000,000 3.80 per cent. guaranteed notes due 2026 with unconditional and irrevocable guarantee provided by the Company
June 2023.	On 5 June 2023, the Company issued 928,936,826 new ordinary shares (the "**Rights Shares**") at a subscription price of HK$9.00 per Rights Share on the basis of 30 Rights Shares for every 100 existing shares of the Company held by certain qualifying shareholders on the relevant record date (the "**Rights Issue**"). The Rights Issue was oversubscribed by 1.2 times and raised net proceeds of approximately HK$8.3 billion
November 2023	On 15 November 2023, the Issuer issued CNY510,000,000 4.00 per cent. guaranteed notes due 2026 with unconditional and irrevocable guarantee provided by the Company, which were upsized on 19 January 2024 such that the aggregate principal amount of such notes reached CNY1,210,000,000.
July 2024	On 12 July 2024, the Issuer issued CNY1,690,000,000 4.10 per cent. guaranteed notes due 2026 with unconditional and irrevocable guarantee provided by the Company.

Recent Developments

Announcement of Unaudited Sales Statistics as at 30 September 2025 and new land acquisition in September 2025

On 10 October 2025, the board of directors of the Company (the "**Board**") has announced our unaudited sales statistics as at 30 September 2025 and new land acquisition in September 2025, which are as follows:

- in September 2025, the value of our contracted sales (including contracted sales of projects of joint ventures and associates) amounted to approximately RMB6.8 billion, representing a year-on-year decrease of approximately 5.7 per cent.. The corresponding GFA of the contracted sales amounted to approximately 242,700.0 sq.m., representing a year-on-year decrease of approximately 3.1 per cent..;

- the value of our aggregate contracted sales (including contracted sales of projects of joint ventures and associates) for the period from January to September 2025 ("**Accumulated Contracted Sales**") amounted to approximately RMB79.8 billion, representing a year-on-year increase of approximately 2.8 per cent.. The corresponding GFA of the Accumulated Contracted Sales amounted to approximately 2.0 million sq.m., representing a year-on-year decrease of approximately 22.1 per cent.. The value of the Accumulated Contracted Sales accounted for approximately 66.2 per cent. of the 2025 contracted sales target of RMB120.5 billion; and

- in September 2025, we, through our subsidiary which the Company effectively owns 95.00 per cent. interest, acquired a land parcel in Hangzhou by way of land auction. The land parcel is located in the center of Yunhe New Town, Gongshu District, Hangzhou, and the total GFA of the land parcel is approximately 98,001 sq.m.. It is planned for residential use. The amount of land premium attributable to our effective equity interest was approximately RMB1,264 million.

Announcement of Successful Bid for land parcels in Jing'an District, Shanghai

On 20 October 2025, the Board announced that the Company, through the Union (as defined below), successfully won the bid for the land parcel 32-04 and the underground space of the land parcel 32-08 at Unit C070102 in Jing'an District, Shanghai (collectively, the "**Land Parcels in Jing'an District, Shanghai**") at a consideration of RMB7,737,150,000.0 by way of open tender.

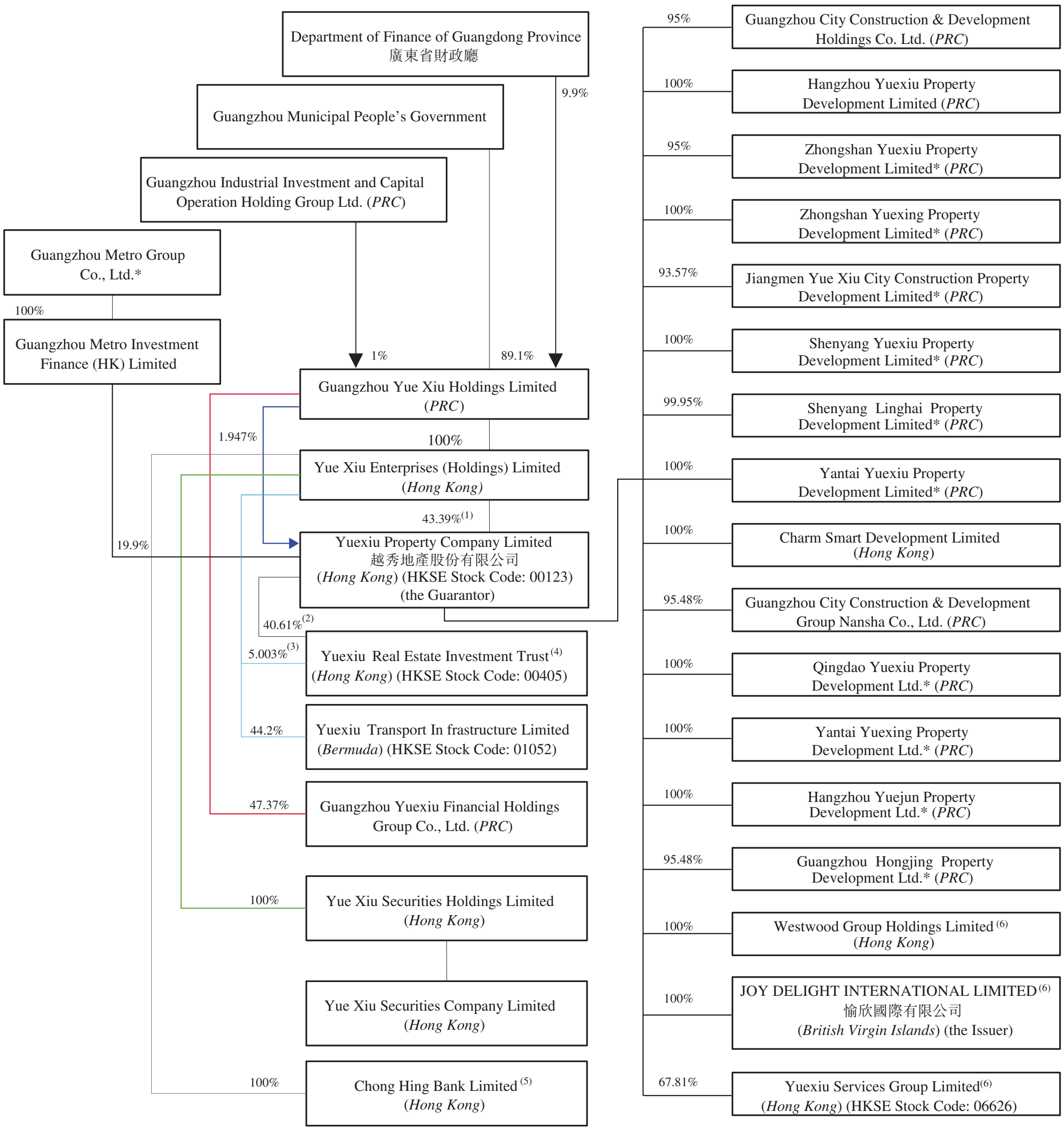
The union (the "**Union**") formed by Shanghai Yueheng Enterprise Management Co., Ltd. (上海樾恒企業管理有限公司) ("**Shanghai Yueheng**"), a subsidiary in which the Company effectively owns 95.0 per cent. interest, together with Pinghu Zhaolu Real Estate Co., Ltd. (平湖招陸置業有限公司), Nantong Ruihong Real Estate Co., Ltd. (南通瑞宏置業有限公司), Suzhou Xingshengrong Enterprise Management Co., Ltd. (蘇州星盛榮企業管理有限公司) and Suzhou Xingtaiyi Real Estate Co., Ltd. (蘇州星泰益置業有限公司), based on their respective independent interest and on normal commercial terms, successfully won the bid for the Land Parcels in Jing'an District, Shanghai. Shanghai Yueheng and the partners of the Union will jointly establish a project company to develop the Land Parcels in Jing'an District, Shanghai, and Shanghai Yueheng owns an effective attributable interest of 20 per cents. in the Land Parcels in Jing'an District, Shanghai.

The Land Parcels in Jing'an District, Shanghai has a site area of approximately 26,108 sq.m. and a GFA of approximately 153,943 sq.m., of which the plot ratio accountable GFA amounts to approximately 95,033 sq.m., comprising a plot ratio accountable GFA for residential use of approximately 65,213 sq.m., a plot ratio accountable GFA for public service facilities of approximately 500 sq.m., a plot ratio accountable GFA for commercial amenities of approximately 5,200 sq.m., and a plot ratio accountable GFA for cultural facilities of approximately 24,120 sq.m.. Public green spaces amount to approximately 4,000 sq.m.. The Land Parcels in Jing'an District, Shanghai are intended for residential and cultural uses.

The residential properties to be constructed by the project company on the Land Parcels in Jing'an District, Shanghai are intended for sale, and the commercial amenities and cultural facilities are intended to be transferred in their entirety upon approval by the government of Jing'an District, Shanghai. Pursuant to the restrictions on planning, the public service facilities and public green spaces of the Land Parcels in Jing'an District, Shanghai will not be offered for sale and will be transferred to the relevant department by the bidder upon completion at nil consideration.

Corporate Structure

The chart below illustrates our basic corporate structure as at 30 June 2025. This chart is a summary of our material subsidiaries including the Issuer and does not depict certain operating subsidiaries in Hong Kong and the PRC.



(1) Indirect holding through certain BVI and Hong Kong subsidiaries of Yue Xiu Enterprises (Holdings) Limited.

(2) Direct holding of 0.05 per cent. and indirect holding of 40.56 per cent. through two BVI subsidiaries of Yuexiu Property Company Limited, Dragon Yield Holding Limited and Yuexiu International Investment Limited.

(3) Direct holding of 0.001 per cent. and indirect holding of 5.002 per cent. through BVI and Hong Kong subsidiaries of Yue Xiu Enterprises (Holdings) Limited.

(4) An associated entity of the Company.

(5) Indirect holding through Yuexiu Financial Holdings Limited.

(6) Indirect holding through Guangzhou Construction & Development Holdings (China) Limited.

* Entities marked with an asterisk denote the unofficial English translation of the Chinese name of the entity.

Our Competitive Strengths

We believe we are well-positioned to take advantage of the continued development of the property market in the PRC and Hong Kong by leveraging the following competitive strengths:

Robust Parental Support and Strong State-owned Enterprise Background

The Guangzhou Municipal People's Government and Yuexiu Group have provided strong support to help grow our core property development business consistently. Our property business, together with the transportation and infrastructure business undertaken by Yuexiu Transport, the financial and capital markets operations undertaken by Yue Xiu Securities Company Limited and the urban agriculture business undertaken by Yuexiu Food, have been identified as the four core businesses of Yuexiu Group. As the leading revenue contributor to Yuexiu Group, we have received support from our parent company in terms of corporate governance, industrial resources and financial resources, which have enabled us to consistently build our business, bolster our land acquisitions, expand our property portfolio and enjoy credit facilities at generally favourable interest rates.

In addition, as Yuexiu Group is 100 per cent. held by the Guangzhou Municipal People's Government and Department of Finance of Guangdong Province, we benefit from the stature of, and support from, the Guangzhou Municipal People's Government. For instance, we are able to timely coordinate and respond to government authorities to facilitate various review and approval processes, efficiently dispose non-core assets to Yuexiu Group (e.g., the divestments of newsprint and toll road operations in 2008 and the disposal of a 45.3 per cent. interest in Yuexiu Transport in 2009), strategically form partnership with investment fund formed by a number of Guangzhou state-owned companies so as to ease initial capital pressure and gain upside from property market while maintaining healthy gearing ratio (e.g., under the partnership we are able to contribute a small amount to a joint venture at the time of a land purchase with a call option to buy back project stakes after 12 to 24 months) as well as competitively capitalise on investment opportunities of land acquisitions in prime locations and urban redevelopment in Guangzhou (e.g., we acquired the qualification for the redevelopment of two old villages in Guangzhou, namely Lirendong village and Dongliu village, in 2019). In 2019, we successfully introduced Guangzhou Metro, a wholly-owned subsidiary of Guangzhou Municipal People's Government, as a strategic shareholder, being the second largest shareholder and holding approximately 19.9 per cent. of our shares as at the date of this Offering Circular. We synergise with Guangzhou Metro to further implement our "Railway + Property" strategy and obtain high-quality projects in Guangzhou. As at the date of this Offering Circular, we acquired seven projects in Guangzhou with cooperation with Guangzhou Metro. In addition, as one of the largest state-owned companies in Guangzhou, we have developed the necessary market profile and substantial bargaining power that have enabled us to develop closer relationships with domestic and international banks for preferential onshore and offshore financings with reduced interest costs. State-owned enterprise background and close connection with the government benefit our Guangzhou-centered development business. We believe we will continue to leverage on, and benefit from, the strong support of Yuexiu Group and the Guangzhou Municipal People's Government to foster our long-term and sustainable development.

Deep Penetration in the Greater Bay Area, Gradually Achieving Cross-regional Development

We have accumulated more than 40 years' experience as a dominant developer in Guangzhou with various landmark commercial and residential properties located in prime locations. Our development strategic layout focuses on the Greater Bay Area, Eastern China, Central and Western China and Northern China, and keeps strengthening its presence in tier-1 cities and major tier-2 cities. For the six months ended 30 June 2025, we achieved total contracted sales value of approximately RMB61.5 billion, among which approximately RMB16.8 billion, i.e. 27.4 per cent. was attributable to contracted sales in the Greater Bay Area and approximately RMB15.2 billion i.e. 24.7 per cent. was attributable to Guangzhou specifically. For the same period, the total contracted sales GFA (including sales of projects of joint ventures and associates) was approximately 1.5 million sq.m. (representing a period-to-period decrease of 22.2 per cent.) and average selling price was approximately RMB42,100.0 per sq.m. (representing a period-to-period increase of 42.7 per cent.) In addition, as at 30 June 2025, we had a land bank of 7.0 million sq.m. in Guangzhou, taking up approximately 34.5 per cent. of our total land bank. We have continuously improved our ranking and position in the real estate industry, which has consolidated our leading position in the Greater Bay Area and our first place in Guangzhou. We believe we will continue to tap into, and benefit from, the advantages derived from our deep-rootedness in Guangzhou.

On top of our dominant position in Guangzhou, we have also developed a diversified regional footprint across China with significant exposure to the Greater Bay Area. Benefitting from the strategic opportunity provided after the promulgation of *the Outline Development Plan of Guangdong-Hong Kong-Macao Greater Bay Area* by the State Council of the PRC, we strengthened our strategic layout in the Greater Bay Area. We completed our first land acquisition in Shenzhen, the central city of the Greater Bay Area in 2019, and for the year ended 31 December 2024, we achieved contracted sales of approximately RMB48.8 billion in the Greater Bay Area. As at 30 June 2025, we have a land bank of approximately 8.0 million sq.m. in seven cities in the Greater Bay Area, representing approximately 39.2 per cent. of our total land bank. For the year ended 31 December 2024 and the six months ended 30 June 2025, contracted sales from the Greater Bay Area accounted for approximately 42.7 per cent. and 27.4 per cent. respectively, of our total contracted sales in the respective periods, representing a decrease from 50.4 per cent. for the year ended 31 December 2023 and a decrease from 35.5 per cent. for the six months ended 30 June 2024. For the year ended 31 December 2024, we achieved contracted sales of approximately RMB48.8 billion in the Greater Bay Area, and in particular RMB43.4 billion in Guangzhou, representing a year-on-year decrease of 18.2 per cent. and 18.5 per cent., respectively.

In addition to the Greater Bay Area, we had further expanded our business across three regions across China i.e. the Eastern China Region, Central and Western China Region and Northern China Region. For the six months ended 30 June 2025, Eastern China contributed contracted sales of RMB17.1 billion, representing a period-to-period increase of 32.7 per cent. as compared to the six months ended 30 June 2024. The Group's strategy of particularly focusing on Shanghai has achieved significant results, with contracted sales value of RMB14.3 billion for the six months ended 30 June 2025 in Shanghai, representing a period-to-period increase of 1334.3 per cent. as compared to the six months ended 30 June 2024. The contracted sales value for the six months ended 30 June 2025 in Central and Western China reached RMB6.8 billion, representing a period-to-period decrease of 24.1 per cent. as compared to the six months ended in 2024. For the six months ended 30 June 2025, the contracted sales value in Northern China amounted to RMB20.8 billion, representing a period-to-period increase of 178.3 per cent. as compared to the six months ended 30 June 2024. The Group's strategy of particularly focusing on Beijing has made remarkable progress, with contracted sales value of RMB19.7 billion for the six months ended 30 June 2025 in Beijing, up by 255.1 per cent. from the previous period. We are also continuously consolidating and optimising the national layout. Our diversified regional expansion layout in the Greater Bay Area and the three regions across China also benefitted us in the form of strong and counter-cyclical sales performance, stable revenue contribution from property development and decreasing selling, general and administrative expenses of contracted sales.

We intend to expand and diversify our land bank further into the three regions in China as well as deepen our penetration in the Greater Bay Area relying upon our operational capabilities as well as fully utilising our resources so as to further improve our land acquisition capabilities. In addition, in pursuit of our business strategy of “Railway + Property”, the introduction of Guangzhou Metro as a strategic shareholder through the various transactions and the business synergies created between Guangzhou Metro and ourselves would place us in a good position to acquire high-quality land resources. Therefore, we believe we will achieve better property development and sales performance in the future.

Unique and Diversified Land Acquisition Channels to Ensure High-Quality Land Bank

In the first half of 2025, in view of the continued differentiation of the land market, the Group concentrated its investment in core cities, and adopted a precise investment strategy to acquire a number of quality land parcels. For the six months ended 30 June 2025, the Group has newly acquired 13 land parcels located in Beijing, Shanghai, Guangzhou, Hangzhou, Foshan and Xi’an with a total GFA of approximately 1.5 million sq.m.. For the six months ended 30 June 2025, in terms of the attributable interest to the Group, the new land acquisition GFA was approximately 1.5 million sq.m.. These incremental investments have strongly driven the structural optimisation of results and provided strong support for destocking and profitability improvement. The high-quality land bank with continuously optimised structure is well prepared to meet the Group’s needs for sustainable development in the future.

As at 30 June 2025, our total land bank amounted to approximately 20.4 million sq.m., located in 28 cities in the PRC, which, as at the date of this Offering Circular, is expected to meet our sustainable development needs in the future. For the six months ended 30 June 2025, we continued to deepen our penetration of the Greater Bay Area and Eastern China, with our total land bank in the Greater Bay Area and Guangzhou being 8.0 million sq.m. and 7.0 million sq.m., accounting for approximately 39.2 per cent. and 34.5 per cent. of our total land bank, and with our total land bank in Eastern China being 3.8 million sq.m., accounting for approximately 18.8 per cent. of our total land bank, in each case as at 30 June 2025.

Deepen the “Coordinated Residential and Commercial Development” Strategy and Unique “Property — REIT” Interactive Business Model

Through our “Residential + Commercial” business model and more than 40 years of property development experience, we have developed strong development and operational capabilities with respect to commercial property development and are able to offer solid, high-quality, iconic and landmark commercial properties to our customers, which allow us to remain competitive and to grow our business.

The Group recorded a rental income from commercial properties directly held by it of approximately RMB668.0 million for the year ended 31 December 2024, representing a period-to-period increase of 37.1 per cent..

Additionally, for the service segment, during the six months ended 30 June 2025, Yuexiu Services (a subsidiary in which we hold 67.8 per cent. interest as at 30 June 2025) achieved steady growth in its performance and continued improvement in quality, recorded revenue of approximately RMB2.0 billion and GFA under management of approximately 72.3 million sq.m. in the first half of 2025. Yuexiu Services recorded revenue of approximately RMB3.9 billion for the year ended 31 December 2024, representing a year-on-year increase of 20.0 per cent.. By providing basic property management services for landmark projects such as the Hong Kong-Zhuhai-Macao Bridge, the CPPCC Guangdong Provincial Committee and the Hubei branch of China Mobile, Yuexiu Services has significantly enhanced its brand influence. In the first half of 2025, the healthcare business segment recorded revenue growth, with a significant increase in bed occupancy rates, staying at the forefront of the industry.

To further strengthen the investment attraction and operation capability of commercial projects for the commercial segment, we will build on our positioning as an asset manager to proactively manage and enhance the operational capability and brand influence of our commercial properties. For the property service segment, we will firmly follow the concept of "basic service as the root, brand as the soul", in order to enhance our service brand and reputation among customers. For the healthcare segment, we will continue to enhance our operating capabilities, diversify sales channels, improve the overall occupancy rate and service brand, and actively explore new drivers for business growth and enhance synergies among business segments. We believe our strong commercial property portfolio has growth potential and will enable us to continue benefiting from our unique platform and interaction with Yuexiu REIT.

We have been focusing on the balanced development of both residential and commercial operations, as well as utilising our unique interactive business model of "Property — REIT". We are the first PRC property developer with a HKSE-listed REIT platform, namely Yuexiu REIT, which has been listed on the Main Board of the Hong Kong Stock Exchange since December 2005. Our continuing interaction with Yuexiu REIT, including the development and incubation of high-quality commercial properties for injection into Yuexiu REIT, allows us to efficiently allocate capital invested in completed commercial properties and therefore avoid large amounts of sedimentary funds. This also reinforces our core residential and commercial property development and allows us to benefit from recurring cash flows, rental growth and capital appreciation. It also forms an integral part of our sustainable business paradigm of "Development, Operation and Securitisation" for our growing commercial property portfolio.

For the years ended 31 December 2023 and 2024, the cash distribution of Yuexiu REIT attributable to us amounted to RMB155.0 million and RMB126.0 million (representing a year-on-year decrease compared to 2023), respectively. In the first half of 2025, the cash distribution attributable to us amounted to approximately RMB70.0 million (representing a period-to-period decrease from RMB72.0 million for the six months ended 30 June 2024). With distributions from Yuexiu REIT and revenues generated from our commercial properties, as well as property management and other fees that we receive, we believe we have stable recurring cash flows that allow us to continue to grow our business and expand our property portfolio. In addition, we expect that this recurring revenue will support the ongoing servicing of our interest and financing expenses.

We also intend to continue building on this unique platform by developing a strong pipeline of commercial property projects that we believe will develop our portfolio and may also strengthen Yuexiu REIT. Subject to the relevant regulatory, shareholder and unitholder approvals, as well as market conditions, we expect to inject some of these assets into Yuexiu REIT over time to maximise the value of completed properties, achieve efficient recycling of capital and secure desired return on capital. As a significant and the single largest unitholder of Yuexiu REIT, we expect to continue enjoying the benefits of the long-term growth potential of its commercial property portfolio as well as its stable distribution income, which will further strengthen our business operations.

Prudent Financial Management to Ensure Solid Financial Performance and Capital Structure

As a gateway to Hong Kong for the Guangzhou Municipal People's Government, we have been listed on the Hong Kong Stock Exchange since 1992 and have accumulated extensive experience in capital and financing operations in both Hong Kong and the PRC. We believe that effective financial management and risk control capabilities are key to the success of a property developer, due to the capital-intensive nature of the real estate business. We have always adhered to prudent financial management policies emphasizing on funding management and effective financial risk and foreign exchange risk control including conducting scientific and comprehensive post-project assessment to promote the effectiveness of our investments that have enabled us to maintain a good credit profile and strong balance sheet. As at 30 June 2025, the deposits, cash and bank balance of the Group in the amount of approximately RMB43.13 billion are denominated in Renminbi and the amount of approximately RMB1.51 billion are denominated in Hong Kong dollars, U.S. dollars and other foreign currencies. The Group has foreign currency financing and is thus exposed to foreign exchange risk. The Group has actively adopted various measures to enhance the management and control of the foreign exchange exposure. As at 30 June 2025, among the borrowings denominated in foreign currencies, approximately HK$13.19 billion was bank borrowings denominated in Hong Kong dollars, approximately US$0.80 billion was notes denominated in US dollars, and approximately HK$2.29 billion was notes denominated in Hong Kong dollars. As at 30 June 2025, approximately 19.1 per cent. of our total borrowings was borrowings denominated in foreign currencies, among which, hedging products were purchased to manage part of foreign exchange exposures with respect to the borrowings denominated in foreign currencies equivalent to approximately RMB8.0 billion. As at 30 June 2025, we had limited foreign exchange exposure with controllable exchange rate risks.

We have implemented effective control measures from the commencement to the completion of the projects and we always conduct marketing and project cost control upfront in the process. We continue to maintain a good relationship with commercial banks in the PRC and Hong Kong and benefit from access to diversified funding sources, including bilateral loans, syndicated loans and the debt and equity capital markets. We also intend to explore more funding channels, further optimise the capital structure and lower the funding costs, enhance the ability to protect our resources and enhance our capacity to overcome risks. Through the Yuexiu REIT platform, we are able to enjoy stable dividend income as well as cash flows from the injection of our targeted commercial properties. We constantly monitor our current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate committed facilities to maintain our healthy and stable short-term and long-term liquidity position so as to adapt to a fast-changing business environment, support our business development activities and continue to maintain our investment-grade credit rating by Fitch. With respect to our investment management, we have implemented effective control measures from the commencement to the completion of our projects, including a real-time monitor system, which enables us to control development costs.

In light of the ongoing downturn in the real estate market, we have accelerated cash collection, with the cash collection rate of contracted sales rising to 87.0 per cent. for the year ended 31 December 2024, achieving net cash inflows from operating activities; on the other hand, we diversified financing channels and optimised our debt structure to further reduce the average financing cost year-on-year, and the Group's weighted average borrowing interest rate decreased by 33 basis points year-on-year to 3.5 per cent. per annum for the full year of 2024. We also strive to maintain effective domestic and overseas financing channels, and strengthen the overall management of onshore and offshore funds to increase efficiency in capital utilisation. To this end, we have been maintaining the balance between onshore and offshore financing, with onshore funding making up 84.7 per cent. and offshore funding making up the remaining 15.3 per cent. of our total funding as at 30 June 2025.

We also seek to keep our "Three Red Lines" indicators staying in "green lights". As at 30 June 2025, our total liabilities/total assets ratio[(1)] (excluding unearned revenue) was 64.6 per cent., net gearing ratio[(2)] was 53.2 per cent., and cash to short-term debt ratio[(3)] was 1.7 times, so our "Three Red Lines" indicators have remained in "green lights". As at the date of this Offering Circular, we continue to maintain our investment-grade credit rating of BBB- assigned by Fitch with outlook upgraded to stable in June 2025, and have obtained an investment-grade credit rating of BBB- assigned by S&P in August 2025, with stable outlook.

Our principal banks include Bank of China (Hong Kong) Limited, Industrial and Commercial Bank of China (Asia) Limited, OCBC Bank (Hong Kong) Limited, China Everbright Bank Company Limited (Hong Kong Branch), China Zheshang Bank Company Limited (Hong Kong Branch), Mizuho Bank Limited (Hong Kong Branch), China Construction Bank (Asia) Corporation Limited and Agricultural Bank of China Limited (Hong Kong Branch).

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(1) Total liabilities/total assets ratio = (Total liabilities - Contract liabilities) / (Total assets - Contract liabilities)

(2) Net gearing ratio = (Total Debt - Cash and bank balances - Current time deposits - Non-current time deposits and other restricted deposits) / Total equity. Total Debt equals current and non-current borrowings.

(3) Cash to short-term debt ratio = (Cash and bank balances + Current time deposits) / Current borrowings

Continuous Improvement in ESG Management

We attach great importance to ESG management and enhancement and make great effort for meeting the capital market's demand for higher standards of ESG management. We believe that the capability and performance of ESG management will be the core competitiveness of an enterprise in the future, and the improvement of ESG management standards will contribute to further releasing the development potential of an enterprise and enhancing corporate value. We are committed to maximising interests of various ESG stakeholders, and in 2024, the Group successfully launched Yuexiu iPARK Guangdong-Hong Kong Cloud Valley (越秀iPARK粵港雲穀), the first industrial park project in South China Region to obtain "Dual Zero" certification for zero carbon and zero energy consumption.

At the same time, we fulfil the ESG management and disclosure requirements of the Hong Kong Stock Exchange for listed companies. At the business management level, we have set up an ESG working team led by the general manager and composed of heads of relevant departments to be responsible for and supervise the progress of ESG management and information disclosure. In April 2025, in order to further promote the deep integration of the Company's strategy and its sustainable development, to lead the Company to achieve long-term sound development and to proactively promote the more comprehensive, widespread and in-depth influence of the Company in sustainable development, the Board has resolved that the Environmental, Social and Governance Committee be renamed as the Sustainability Committee and the terms of reference of the Committee be adjusted accordingly. We have released corporate social responsibility reports annually since 2010, and ESG reports annually from 2016 to present, covering important issues of concerns to shareholders, investors, tenants, suppliers, employees, government and other stakeholders. In addition, in September 2023, we officially launched the "Yuexiu Property ESG Management System" to enhance our ESG management level by digital means. During the year ended 31 December 2023, we also optimised and iterated the "Sustainability" section on our official website to version 3.0 and launched the "Sustainability" section on our WeChat official account respectively, providing more disclosure channels for stakeholders.

Our ESG efforts continued to empower our frontline operation, as evidenced by the release of the Green Office for Cost Reduction and Efficiency Enhancement Plan in June 2023, and the publication of the "Code of Conduct for Suppliers of Yuexiu Property" and the "Sustainable Procurement Policy of Yuexiu Property" on our procurement platform in July 2023 for suppliers to have a clear understanding of our requirements under the "Code of Conduct for Suppliers of Yuexiu Property". We are in the process of formulating and launching its own dual carbon strategies and plans, with an aim to build more high-standard green buildings, as well as low energy consumption and prefabricated buildings.

Experienced Management Team and Inspiring Corporate Culture

We are a pioneer among state-owned enterprise developers in applying project-level co-investment scheme and company-level share incentive scheme since 2016, including co-investment by project management teams which helped improve efficiency and control costs as well as share investment scheme which aligned management interest and improved return to shareholders. Our management team has extensive experience in the real estate industry and has been involved in property development or investment activities for an average of over 20 years. Our current management team delivered strong operational performance and efficiencies. In particular, our Chairman, Mr. LIN Zhaoyuan, with a bachelor's degree in economics and a master's degree in business administration of Sun Yat-Sen University and the qualification of mechanical engineer, also has relatively extensive work experience in corporate management, sound and efficient management, cost control and corporate restructuring and development, and is forward-looking and innovative in corporate operations and management. In addition, our general manager, Mr. ZHU Huisong, obtained a higher education certificate in financial accounting from Guangdong University of Petrochemical Technology (廣東石油化工高等專科學校) and a bachelor's degree in administrative management through correspondence learning from Guangdong Polytechnic Normal College (廣東技術師範學院) (currently known as Guangdong Polytechnic Normal University (廣東技術師範大學)). Mr. Zhu completed a postgraduate course in professional business management from the postgraduate school of Ocean University of China (中國海洋大學). Mr. Zhu obtained an executive master's degree in business administration from the University of Texas at Arlington. Mr. Zhu has also been a qualified intermediate economist specialising in commercial economy, and he has also qualified as a senior economist specialising in construction and real estate economics, with over 10 years of senior management experience in business operations of the Group. Our executive Director and co-general manager, Mr. JIANG Guoxiong, who obtained an undergraduate degree in accounting from Jinan University (暨南大學) in the PRC in June 2008 and the qualification of intermediate accountant in the PRC in May 2000, also has extensive senior management experience, having served as executive director, general manager, and chairman in various organisations, following a long career in finance and operations. Our management team's experience and in-depth knowledge of our industry and markets enables us to manage our operations efficiently and take advantage of market opportunities.

We have established an inspiring corporate culture within the Company focusing on the principles of responsibility, teamwork and passion. We have actively participated in charitable activities in Guangzhou and other cities where we have business, and encouraged our employees to engage in volunteer social services. In addition, we benefit from good relationships with our employees. We have established a career development plan that suits individual employees. The career plan covers fresh graduates, junior employees and employees at middle and senior levels. Meanwhile, we have built a comprehensive employee development system through various means, such as internal open competition for posts, talent reserve training projects, talent review, engagement survey, the Talent Development Platform.

Our Business Strategies

Our objective is to strengthen our position as one of the leading property developers in the PRC with balanced property development, investment and management capabilities while adhering to the theme of "good products, service, brand and team". We intend to implement the following business strategies:

Strategically Expanding our High-Quality Land Bank through Reinforcing the "6+1" Unique and Diversified Land Bank Growth Platform and Implementing Precise Investment Strategies

In terms of regional expansion layout, in 2024, we have also concentrated on and cultivated the Greater Bay Area, and focused on expanding our business in the Eastern China Region, Central and Western China Region and Northern China Region, especially the core cities in the Greater Bay Area and Eastern China and important provincial capitals. In particular, in 2024, in view of the continued differentiation of the land markets, we concentrate our investment on tier-1 and major tier-2 cities. We adopted a targeted investment strategy and seized the favourable window of land auctions to acquire a number of quality land parcels at low premiums. By doing so, the structure and quality of our land bank was constantly optimised and enhanced. For the year ended 31 December 2024, we acquired 24 land parcels in 8 cities through the prudent investment strategies of "targeted investments" and "investment based on sales cash inflows", with a total GFA of approximately 2.7 million sq.m.. Among these, we acquired a total of three premium land parcels in Beijing (approximately 0.5 million sq.m. of land bank), five premium land parcels in Shanghai(approximately 0.3 million sq.m. of land bank), and eight premium land parcels in Guangzhou (approximately 1.1 million sq.m. of land bank), so that we could continue to strengthen our leading position in the Beijing, Shanghai and Guangzhou markets. Furthermore, the Group repossessed three land parcels in Guangzhou of the Group in active response to the government's policy of revitalizing land stock, revitalising capital of approximately RMB13.5 billion in total, and further optimizing its land bank structure.

In the first half of 2025, our development strategy continued to focus on the Greater Bay Area and Eastern China and strengthening our presence in tier-1 cities and major tier-2 cities in the PRC. In particular, Eastern China contributed contracted sales value of RMB17.1 billion for the six months ended 30 June 2025, representing a period-to-period increase of 32.7 per cent.. In addition, our strategy of particularly focusing on Beijing has made remarkable progress, as we achieved Beijing contributed contracted sales value of RMB19.7 billion for the same period, representing significant period-to-period growth. As at 30 June 2025, our land bank is located in 28 cities in the Greater Bay Area, Eastern China Region, Central and Western China Region and Northern China Region. We have been strategic in selecting the cities for investment, exercising prudence and precision so as to allow us to select outstanding investment projects, all of which were in tier-1 cities and major tier-2 cities in the PRC.

Cooperation with SOEs continues, as the Group established or deepened its collaboration with well-known local SOEs such as Shanghai Lingang Group, Hangzhou Metro Group, Beijing Urban Construction Group and Qingdao Metro Group. Adhering to the investment philosophy of prudent investment and investment based on sales cash inflows, we continued to improve our “6+1” unique and diversified land acquisition platform with TOD, “city operation”, urban renewal, cooperation with SOEs, mergers and acquisitions, industry-driven acquisitions, open market auction and prioritising investments on projects in regions and cities with strengths of economy, industry and population net inflow in order to enhance our land acquisition ability.

As at 30 June 2025, we had a total land bank of approximately 20.43 million sq.m., representing a period-to-period decrease of 18.4 per cent. compared with the total land bank as at 30 June 2024, and out of which approximately 8.0 million sq.m. of land bank is located in 7 cities in the Greater Bay Area. We will continue to focus on high-quality development projects and strategically grow our operations nationwide. We will also continue to carefully evaluate and undertake full due diligence on potential new land sites before making any investment decision, while continuing to seek new opportunities for expansion in accordance with our corporate strategy.

We will continue to optimise our regional management and control model for expansion by leveraging on our unique advantages of being able to obtain resources via various means and channels. Specifically, we will adhere to the strategy of “active biddings, prudence on premiums and seeking for cooperation” to seize opportunities of land grant in the open market to increase quality land resources. By taking advantage of our parent company’s resources platform, our unique reserve injection model of “incubation by the parent — acquisition by the company” has become the normality to gain resources. In addition, we have introduced Guangzhou Metro as our strategic shareholder to substantiate our business strategy of “Railway + Property”. We believe this cooperation with Guangzhou Metro would place us in a good position despite the current uncertainties in the PRC property market.

By utilising the resources platform of the state-owned enterprises, we will continue to strengthen strategic cooperation with state-owned enterprises to explore quality land resources and further implement the “Residential + Government Projects” model to acquire quality lands at relative low costs. As an SOE, we will strengthen our cooperation with various types of SOEs to jointly develop our existing land bank. We will introduce internal and external industrial resources to strengthen our model of industry-driven land acquisitions.

We will also continue to reinforce and optimise the “6+1” unique and diversified land acquisition platform and increase premium land bank, laying a foundation for continuous and stable development. We will continue to deepen our strategic cooperation with Guangzhou Metro and continuously increase premium TOD projects in the Greater Bay Area. Meanwhile, we will also take the existing cooperation on TOD projects with Hangzhou Metro as an opportunity to continuously explore the TOD market in Eastern China, and continuously expand the nationwide layout of TOD.

We will also continue to step up our efforts in the expansion and layout of urban renewal projects, enhance cooperation with urban renewal platforms of governments to focus on the redevelopment of old villages. We will also continue to strengthen strategic cooperation with state-owned enterprises and closely monitor the opportunities of acquiring quality projects in the market of mergers and acquisitions at the same time.

In terms of obtaining auctioned land, we will fully study the trend of policies change, market and industry cycle, so as to strengthen market research, better understand rules and polices, optimise land reserve structure, and select the best projects among the outstanding ones for optimisation of our land bank portfolio.

Deepening the "Residential + Commercial" Model and Improving Commercial Property Operation Capabilities to Enhance Interaction Between the Company and Yuexiu REIT

The implementation of the "Residential + Commercial" model is one of our major development strategies. We will continue to enhance our operation and management capabilities with respect to commercial properties to increase commercial rental income and enhance the value of commercial properties, making commercial properties an important "stabiliser" for our business. We will keep strengthening the tenant acquisition and operation capabilities of commercial projects to create a new driver for our performance growth, with a focus on improving the occupancy rates of the office buildings, retail buildings, hotels & apartments, wholesale markets and other projects, while at the same time optimising tenant structure and quality to ensure a stable rental level. Meanwhile, we will promote the high-quality opening of 7 commercial projects, including Office Building T5 and hotels of Wuhan International Financial City and Xi'an ICC, to further drive brand upgrades and deliver steady growth in commercial operations.

We intend to continue to deepen our whole industry chain business model of "Development, Operation and Securitisation", enhance interaction with Yuexiu REIT and further explore the strategy of asset securitisation, so as to form an integrated operation model of "Investing — Financing — Building — Operating — Exiting" As the sponsor and single largest unitholder of Yuexiu REIT, our arrangement allows us to take advantage of natural synergies between the two entities, and maintain a sustainable balance between our growth and stability through the interaction between our property development activities and Yuexiu REIT's property investment activities. We will continue to leverage on the advantages and synergies offered by our unique platform to more effectively deploy capital to develop premium commercial projects and further improve our commercial operation capacity. We have developed and owned a number of premium commercial projects, such as Guangzhou ICC, Nansha IFC, the commercial portions of Wuhan International Financial City, and the commercial portions of Hangzhou Starry City. We intend to continue leveraging on our industry experience in the PRC and Hong Kong and our funding capabilities in the capital markets to continue to develop new projects to bolster our property portfolio, of which certain properties may be injected into Yuexiu REIT, in a manner consistent with regulatory, shareholder and unitholder approval requirements, including that such transactions are on normal commercial terms at arm's length and are fair and reasonable and in the interests of shareholders and unitholders as a whole.

Promoting Quality Development of New Business Segments to Achieve Further Diversification of Our Operations

We will steadily promote sound development of business segments related to real estate value chain. We will continue to secure the stable development of our property management and services business, comprehensively improve our service capabilities and further develop our four major business segments.

With respect to the services business, through leveraging on the opportunity from the listing of Yuexiu Services on the Hong Kong Stock Exchange, we will take the improvement of customer satisfaction as the foundation to accelerate the expansion in business scale and financial performance of property management, with a focus on the development of value-added services to non-property owners and community value-added services, so as to build an industry-leading property management company with a full value chain, a full range of business segment and services.

With respect to the elderly-care business, we will make full use of favourable national policy support for the elderly care sector. By building up an operation and service system of middle to high-end elderly care and medical care complex, with elderly care institutions, apartments and rehabilitation hospitals as the core products, we will enhance the planning and deployment of facilities for community elderly care, actively develop community elderly care services, increase the occupancy rate of projects in operation, and cultivate and enhance the operating capacity of elderly-care light assets, so as to maintain the Group's position in the elderly-care business that ranks first in Guangzhou and take a leading position in the Greater Bay Area market.

With respect to long-term rental apartment business, by taking the opportunity arising from increased supportive policies for long-term rental apartment implemented by the PRC Government, we will accelerate our apartment rental business through multi-platforms, multi-channels and multi-dimensions, particularly focusing on advancing the asset-light strategy for long-term rental apartments. Meanwhile, we will continue to strengthen the development of our "Properties +" business and continue to promote new business segments such as "+ Education", "+ Industries" and "+ Towns".

Deepening the Reform of Operation and Management Mechanism and Exploring New Approaches to Shorten Our Development Cycle

We continued to improve the organisational management and control system in light of the further growth toward a nationwide business presence, and optimised the 3.5-level operational management and control system, refined our headquarters, strengthened regions, and well managed our projects in various regions. We continue to enhance development efficiency, shorten development cycles reasonably, increase the concentration and efficiency of strategic procurement, and carry out lean management to improve quality and efficiency.

We strengthened the full-cycle operation management of its projects to accelerate our turnover, and optimized the cost management and cost allocation of our projects. We continued to improve our organisational structure by establishing an internal management advisory committee during the year to allow frontline business leaders to participate directly in operational decisions, set up a design centre in the Greater Bay Area to pool resources, strengthen product innovation, bring products closer to customers' needs and continuously improve customers' satisfaction with product quality; and establish a new commercial management company in Guangzhou to integrate and enhance commercial resources and operational capabilities. With the objective of fostering a culture of "Quality Product, Quality Services, Strong Brand, and Capable Service team" and cultivating both system development and service operation capability targeting "product competitiveness and service quality", we continued to optimise the human resource management system, strengthen external introduction and internal training for key talents and reinforce the buildup of a team of middle and senior professional managers to support the stable development of our Group. We continued to optimise the evaluation and incentive system, and strengthen performance evaluation and employee incentive measures, optimise our implementation of project co-investment mechanism and our share incentive scheme for key employees.

Continuing to Maintain Prudent Financial and Risk Management to Ensure Financial Safety and Liquidity Position

We plan to strengthen the management of capital liquidity risks, enhance the management of cash collection rate, and maintain net cash inflows from operating activities. We intend to reasonably adjust the scale of interest-bearing liabilities based on our business scale, continue to reduce financing costs, and maintain the smooth flow and channel diversification of domestic and overseas financing.

We also intend to strengthen the overall management of onshore and offshore funds to increase efficiency in capital utilisation, and continue to optimise our debt structure, including both domestic and overseas debt structure and debt maturity structure. This allows us to achieve effective allocation of financial resources and controllable risks, thereby ensuring sufficient and secure liquidity. We will also continue to improve our internal financial management processes and corporate governance standards and increase our utilisation efficiency of financial resources via our key performance indicator system, while strictly adhering to the principle of prudent financial and risk management, with a particular focus on ensuring that our spending is in line with our cash inflows. In addition, we will also continue to optimise our operational and financial risk monitoring system, strengthen the dynamic risk warning and prevent mechanism, focus on strengthening liquidity risk management and optimise cash collection processes. This ensures sustainable net cash inflows from operating activities.

In addition, we intend to continue to adhere to the prudent investment strategies of "targeted investment" and "investments based on sales cash inflows", support targeted investments by strengthening our investment research system, and concentrate on core cities and core locations for continuous in-depth cultivation. We aim to optimise our resources allocation, focusing on our investment in tier-1 cities and quality tier-2 cities. By strictly controlling the quality of investment, the Group expects to maintain a high level of investment standards, and focus more on projects with high certainty in profitability, and select the best among the outstanding ones.

Business Operations

We are principally engaged in the development, sale, management and long-term investment of residential and commercial properties in the PRC and Hong Kong. Over the past 40 years, we have developed numerous landmark properties, including commercial properties such as Guangzhou IFC, Yuexiu Financial Tower, Guangzhou ICC, White Horse Building, and residential properties such as Guangzhou Grand Mansion, Guangzhou Pazhou South TOD, Guangzhou Starry Haizhu Bay and Nansha Southern Le Sand.

We primarily derive our revenues from sale of properties, rental income and property management. Revenue is recorded net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The table below sets forth a breakdown of our revenue by business segment during the years indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB (in millions)			
Property development	75,216.4	80,618.9	32,796.3	44,027.3
Property management	2,324.1	2,966.0	1,428.4	1,607.5
Property investment	487.0	667.8	296.9	268.0
Others[(1)]	2,194.5	2,147.8	818.7	1,670.9
Total	**80,222.0**	**86,400.5**	**35,340.3**	**47,573.7**

(1) Others primarily include revenue from real estate agency and decoration services, etc.

For the years ended 31 December 2023 and 2024, our revenue was approximately RMB80,222.0 million and RMB86,400.5 million (representing a year-on-year increase of 7.7 per cent. compared to 2023), respectively.

For the six months ended 30 June 2025, our revenue was RMB47,573.7 million (representing an increase of 34.6 per cent. from RMB35,340.3 million for the six months ended 30 June 2024).

Land Bank

As at 30 June 2025, we had a land bank of approximately 20.4 million sq.m., 94.0 per cent. of which were located in tier-1 cities and tier-2 cities. In terms of regional composition, as at 30 June 2025, the GFA of land bank in the Greater Bay Area, Eastern China Region, Central and Western China Region and Northern China Region accounted for approximately 39.2 per cent., 18.8 per cent., 25.7 per cent., 15.8 per cent., respectively. The table below sets forth a breakdown of our land bank by geography and development stage as at 30 June 2025:

Location	Total GFA
	(sq.m.)
Greater Bay Area	8,005,800
Eastern China Region	3,838,700
Central and Western China Region	5,249,800
Northern China Region	3,236,400
Haikou	100,500
Total	**20,431,200**

The following table sets forth additional selected information of our land bank as at 30 June 2025:

No.	Project	Land bank GFA (sq.m.)	GFA of properties under development (sq.m.)	GFA of properties for Future development (sq.m.)
1	Guangzhou Tianhe Grand Mansion	185,500	185,500	—
2	Guangzhou Naturalistic Mansion	128,500	128,500	—
3	Guangzhou World Grand Land II	153,800	300	153,500
4	Guangzhou World Grand Land III	50,700	50,700	—
5	Guangzhou Guangzhou Avenue Central Land	29,900	—	29,900
6	Guangzhou Pazhou South TOD	261,400	261,400	—
7	Guangzhou Pazhou South TOD II	583,700	269,400	314,300
8	Guangzhou Pazhou Shade	69,400	69,400	—
9	Guangzhou Pazhou West Land	49,100	49,100	—
10	Guangzhou River Mansion	34,100	34,100	—
11	Guangzhou Osmanthus Mansion	94,100	94,100	—
12	Guangzhou Galaxy Bay	91,800	91,800	—
13	Guangzhou Jiangwan High Tide	93,000	—	93,000
14	Guangzhou Jiangwan Grand Mansion	189,400	189,400	—
15	Guangzhou Acme Mansion	64,900	64,900	—
16	Guangzhou Joy Cloud	108,200	108,200	—
17	Guangzhou Joy Lake	201,900	201,900	—
18	Guangzhou Joy Golden Sands	183,700	183,700	—
19	Guangzhou Baiyun Starry City	170,900	9,400	161,500
20	Guangzhou Baiyun Guanglong Land II	90,600	—	90,600
21	Guangzhou Oasis Mansion	93,500	93,500	—
22	Guangzhou Gemstone Mansion	43,200	43,200	—
23	Guangzhou Wonder City	136,500	103,100	33,400
24	Guangzhou University Grow-up City	311,300	205,000	106,300
25	Guangzhou University Town Starry City	60,800	60,800	—
26	Guangzhou University Town Grand Mansion	241,900	241,900	—
27	Guangzhou Voyage TOD	3,900	3,900	—
28	Guangzhou Mountain Living	131,300	131,300	—

No.	Project	Land bank GFA (sq.m.)	GFA of properties under development (sq.m.)	GFA of properties for Future development (sq.m.)
29	Nansha Southern Le Sand	438,700	21,600	417,100
30	Nansha Tianyu Square	53,300	53,300	—
31	Nansha Flourishing Bay	214,700	214,700	—
32	Nansha Ocean One	37,700	37,700	—
33	Nansha Golden Bay	120,500	120,500	—
34	Nansha Joy Bay	58,100	58,100	—
35	Nansha Bay City	491,100	225,000	266,100
36	Nansha Qingsheng Industrial Park	153,700	75,900	77,800
37	Nansha Hong Kong People's Community	478,200	80,000	398,200
38	Guangzhou Galaxy TOD	475,800	192,800	283,000
39	Zengcheng Joy Mountain	86,100	86,100	—
40	Conghua Glade Village	55,800	32,100	23,700
41	Nanhai Imperial Pearl	7,400	7,400	—
42	Dongguan Joy Bay	67,800	67,800	—
43	Jiangmen Starry Guanlan	185,600	185,600	—
44	Zhongshan Yuexiu Empyrean	44,700	44,700	—
45	Zhongshan Yuexiu Glamorous Mansion	197,500	197,500	—
46	Hong Kong Yau Tong Project	68,800	68,800	—
47	Haikou Simapo Island Project	100,500	—	100,500
	Subtotal (Greater Bay Area)	**7,193,000**	**4,644,100**	**2,548,900**
48	Shanghai Jing'an Yue	18,500	18,500	—
49	Shanghai Jing'an Tianyue (previous name: Shanghai Jing'an Zhongxing Land)	32,300	32,300	—
50	Shanghai Yue Bund (previous name: Shanghai Hongkou Land)	38,300	38,300	—
51	Shanghai Grand Mansion (previous name: Shanghai Putuo Land)	106,200	106,200	—
52	Shanghai Changning Land	39,200	—	39,200
53	Shanghai Pudong Yangsi Land	152,200	152,200	—
54	Shanghai City Gather	125,200	125,200	—
55	Shanghai Yangpu Tianyue (previous name: Shanghai Yangpu Land)	26,600	26,600	—
56	Shanghai Yangpu Changbai Land	50,100	50,100	—
57	Shanghai Ubran Prism	270,000	270,000	—
58	Hangzhou Starry City	196,100	—	196,100
59	Hangzhou Villa Layer	156,500	156,500	—
60	Hangzhou Celestial Ocean	236,600	236,600	—
61	Hangzhou River Inherit	90,200	90,200	—
62	Hangzhou View Emerald	131,200	131,200	—
63	Hangzhou Tide Joy City	258,000	258,000	—
64	Hangzhou Silk Villa	95,000	95,000	—
65	Hangzhou Jadeite	205,300	205,300	—
66	Hangzhou Infinite Island	405,100	405,100	—
67	Hangzhou Tingcui Mansion	194,100	194,100	—
68	Hangzhou Infinite Affluent	481,200	481,200	—
69	Hangzhou Twinkle Mansion	136,400	136,400	—
70	Hangzhou Joy Paragon	67,900	67,900	—
71	Hangzhou Joy Mansion	74,200	74,200	—
72	Suzhou Taicang Never Land	496,700	182,500	314,200

No.	Project	Land bank GFA (sq.m.)	GFA of properties under development (sq.m.)	GFA of properties for Future development (sq.m.)
73	Nantong Luminous Mansion	91,000	91,000	—
74	Nanjing Grand Mansion	89,100	89,100	—
75	Nanjing Art Cloud	69,300	69,300	—
76	Nanjing Art Times	40,300	40,300	—
77	Nanjing Wonderland	45,200	45,200	—
	Subtotal (Eastern China Region)	**4,418,000**	**3,868,500**	**549,500**
78	Wuhan International Financial City	165,900	165,900	—
79	Wuhan Yuexiu Literary Luxe	120,400	120,400	—
80	Wuhan Hanyang Starry Winking	277,100	—	277,100
81	Xiangyang Joy Cloud	142,500	142,500	—
82	Hefei Starry Junnan	113,600	113,600	—
83	Hefei Central Luxury	98,800	98,800	—
84	Hefei Naturalistic Mansion (previous name: Hefei Binhu Land)	55,000	55,000	—
85	Heifei Grand Mansion (previous name: Hefei Binhu Science City Land)	114,700	114,700	—
86	Hefei Joy Yunting	215,200	215,200	—
87	Hefei Joy Winking	112,400	112,400	—
88	Zhengzhou Yuexiu Future Mansion	207,200	207,200	—
89	Zhengzhou Joy Bay	544,900	228,800	316,100
90	Changsha Scenery Culture	117,600	117,600	—
91	Changsha Smart Science City	108,900	108,900	—
92	Changsha Mountain Mansion	134,400	134,400	—
93	Changsha Starry City	148,500	148,500	—
94	Changsha Joy Star	255,600	180,300	75,300
95	Chenzhou Starry City	676,600	159,600	517,000
96	Chongqing Avant Garde	103,900	103,900	—
97	Chongqing Galaxy Garden	289,400	35,900	253,500
98	Chengdu Abundant Mansion (previous name: Chengdu Wuhou Land)	77,900	77,900	—
99	Chengdu Joy Cloud	135,800	135,800	—
100	Chengdu Joy Gather (previous name: Chengdu Chenghua Land III)	49,900	49,900	—
101	Chengdu Casa Style	88,500	88,500	—
102	Chengdu Present Sands	51,600	—	51,600
103	Chengdu Lakeside Life	175,900	175,900	—
104	Xi'an Oriental Mansion	370,100	370,100	—
105	Xi'an ICC (previous name: Xi'an Gaoxin Land I)	162,800	162,800	—
106	Xi'an Citypark Mansion	187,300	187,300	—
107	Xi'an Goblet Shade (previous name: Xi'an Gaoxin Land III)	295,400	295,400	—
108	Xi'an Gemstone Joy	67,100	—	67,100
	Subtotal (Central and Western China Region)	**5,664,900**	**4,107,200**	**1,557,700**
109	Beijing Grand Mansion	143,500	—	143,500
110	Beijing Fragrant Shade	167,800	167,800	—
111	Beijing Yuexiu Melody	170,200	170,200	—
112	Beijing Shining Star	207,100	207,100	—

No.	Project	Land bank GFA (sq.m.)	GFA of properties under development (sq.m.)	GFA of properties for Future development (sq.m.)
113	Beijing Changping Xiaoshahe Land	184,900	—	184,900
114	Beijing Hill Mansion	125,800	125,800	—
115	Shenyang Hill Lake	506,900	47,800	459,100
116	Qingdao Grand Mansion	134,500	134,500	—
117	Qingdao Magnificent Bay	30,600	30,600	—
118	Qingdao Inner Peace	309,100	106,900	202,200
119	Qingdao Starry City	141,100	500	140,600
120	Qingdao Yuexiu Starry City (previous name: Qingdao Pingdu Southern New Town Land II)	268,900	—	268,900
121	Yantai Joy Mansion	41,100	41,100	—
	Subtotal (Northern China Region)	**2,431,500**	**1,032,300**	**1,399,200**
	Total	**19,707,400**	**13,652,100**	**6,055,300**

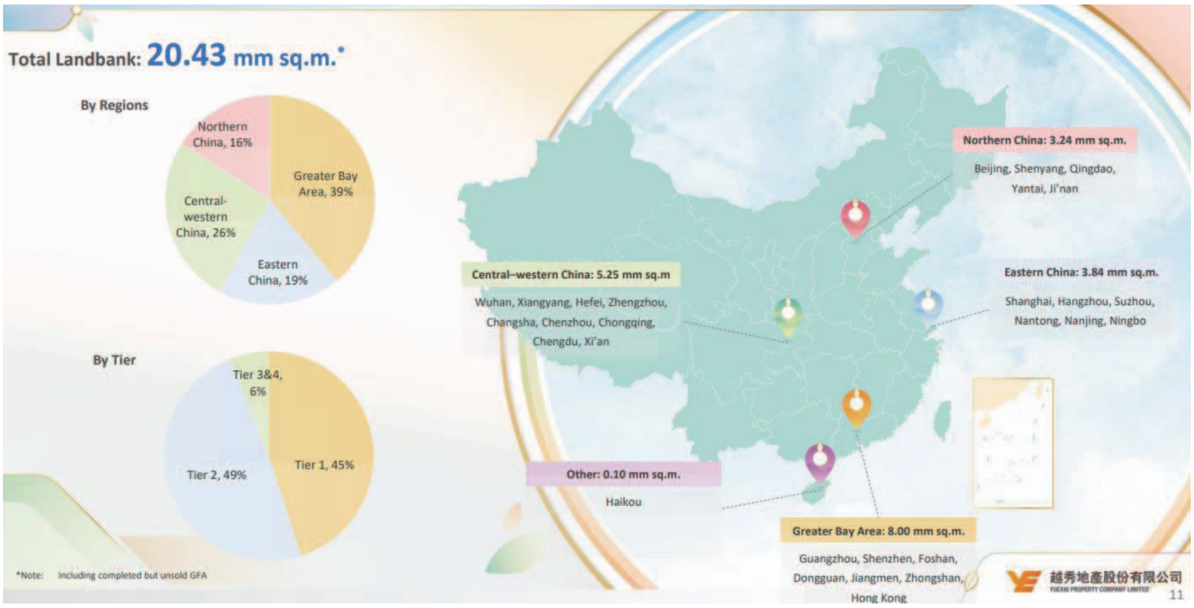
For the year ended 31 December 2024, we acquired 24 new land parcels in Beijing, Shanghai, Guangzhou, Hangzhou, Hefei, Chengdu, Xi'an and other cities, with a total GFA of approximately 2.7 million sq.m. (representing a decrease from approximately 4.9 million sq.m. in 2023).

For the six months ended 30 June 2025, we acquired 13 new land parcels located in Beijing, Shanghai, Guangzhou, Hangzhou, Xi'an and Foshan with total GFA of approximately 1.5 million sq.m.. In terms of the attributable interest to the Group, the attributable GFA was approximately 1.5 million sq.m..

The table below sets forth a breakdown of our land parcels newly acquired for the six months ended 30 June 2025:

No.	Project	Equity holding	Total GFA (sq.m.)
1.	Guangzhou Joy Riverside	52.51%	37,400
2.	Guangzhou Meta Mansion	27.77%	57,500
3.	Guangzhou Jiahewanggang Land	21.70%	103,900
4.	Guangzhou Wonder City II	51.39%	91,100
5.	Foshan Starry Lake	50.35%	84,000
6.	Shanghai Jade Joy Mansion II	48.45%	70,100
7.	Hangzhou Villa Opus	59.84%	50,600
8.	Hangzhou Influential Mansion	38.76%	86,500
9.	Hangzhou Gongshu Yunhe New Town Land	59.84%	49,700
10.	Xi'an Starry Cloud	46.55%	206,200
11.	Beijing Chaoyang Land	16.23%	407,000
12.	Beijing Grand Jade Mansion	49.59%	111,800
13.	Beijing Changping Life Science Park Land	28.64%	128,000
	Total		1,483,800

The following map shows the regional layout and details of our land bank resource as at 30 June 2025:



Property Development

In developing a project, we follow a process of planning and execution that is systematic in approach while being flexible enough to accommodate new developments in the fast-evolving business and regulatory environments of the PRC property market. Although the nature and sequence of specific planning and execution activities will vary among projects, we summarise below the core elements of our project development process.

Site Assessment

In conjunction with our ongoing market and design research, we identify and evaluate possible sites for new projects. We assess land parcels for use in possible projects based on, among other indicators, our analysis of their potential returns. The factors we take into account in our site assessment primarily include:

- size and location of the parcels;
- transportation access and infrastructure support;
- applicable zoning regulations; and
- existing and future surrounding developments.

Land and Project Acquisition

We generally acquire, and may in the future acquire, land through the following means:

- participating in public tender, auction and listing for sale;
- purchasing government-granted land from developers who may lack experience in developing office and retail properties;
- purchasing projects under development from developers who are less experienced than we are in marketing and sales by way of asset or equity transfers;

- following the requirements of a land reform policy in Guangdong Province, which allow a developer to change the nature of land in old towns, factories and villages to residential and commercial usage, under which the developer has an advantage in obtaining the land use rights in subsequent public bidding following such change;

- land asset injections from our parent company, Yuexiu Group; and

- acquiring and developing real estate in conjunction with other developers through joint ventures.

Permits and Certificates

Once we have obtained the development rights to a parcel of land, we are required to pay land grant fees in accordance with relevant laws and regulations. As part of the development process, a number of certificates, permits and licenses must be obtained from the PRC Government, including:

- land use rights certificate, which is a transferable certification of the right of a party to use a parcel of land;

- construction land planning permit, which is a permit authorizing a developer to begin with the survey, planning and design of a parcel of land;

- construction works planning permit, which is a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit;

- work commencement permit, which is a permit required for commencement of construction; and

- pre-sale permit, which is a permit authorizing a developer to start the pre-sale of property still under construction.

Design

We continually monitor and participate in dialogues on trends in architecture and real estate development, both in the PRC and Hong Kong. We regard our participation in discussions on the direction and prospects of our industry as critical for project planning purposes.

With a view to bringing innovative design perspectives to our projects and increasing our profile generally, with respect to our commercial projects, after purchasing a parcel of land for development, we typically invite three to five international architects (depending on the size of development) to tender via a concept-design competition. We analyse architectural concepts and ideas with a view to determining whether they can be transformed into commercially viable projects. We set out the design criteria in light of the market demand and the functional requirements, such as the ratio of office and retail space, in order to maximise return. The winner of the tender works closely with our in-house design team to translate the overall design concept into detailed design and engineering maps. At the same time, we select a domestic design institute that works with the outside architects to produce the documentation for implementing the design and engineering maps, which form a basis for bidding by contractors.

At the construction stage, our external architects and in-house design team work closely to assist our project engineers to provide continuous on-site supervision and project management. In addition, for a majority of our projects, our subsidiary, City Construction and Development Supervision and Management Company, supervises and manages the construction process. Our goal is to ensure that construction progresses according to design and remains on schedule, within budget and at a satisfactory level of quality.

Subcontracting

We acquire land for development through our project companies incorporated in the PRC and abroad. For each phase of a project which is undertaken by our domestic project company, we seek to encourage fair competition via a transparent bidding process where we invite contractors to tender bids according to their reputation for quality, track record and references in order to ensure both quality and cost competitiveness. We preselect a number of general contractors to bid for our contracts based on the quality of their bids. Subsequently, the winning bidder is selected based on both the quality and price quoted by the bidder. Upon selection, a general contractor enters into a construction contract with us, which are typically fixed-price contracts that provide for periodic payments during the construction process. The construction contracts typically include terms relating to the construction schedule and construction quality.

Under the terms of most of our construction contracts, construction contractors are responsible for the wages of construction workers and procuring basic construction materials for our property development. These construction contractors also bear the risk of fluctuations in wages and basic construction material prices during the term of the relevant contract.

Monitoring and Supervision

Time control. To monitor progress of the construction, our project management department compiles a master plan which sets out the scope and timing of each construction contract throughout the phases from land acquisition, planning, design and invitation to tender, sales, check and final acceptance. A weekly meeting is held during the construction period in which all our main contractors and their subcontractors would participate. The master plan is adjusted in light of any delay reported by the contractors with a view to ensuring the overall project can still be finished on time. We have consistently completed and delivered properties to our customers on or before the deadlines set out in the pre-sales contracts while maintaining the quality of the developments and keeping our construction costs within our budget by strictly complying with our project development procedures.

Quality control. Our development and technical department is generally responsible for preparing the technical standards for all our projects. We exercise on-site inspection and supervision on a day-to-day basis to ensure quality of materials and workmanship. As part of our strategic plan to collectively procure standardised materials, we are typically responsible for procuring specialised building materials, such as windows, doors and interior fixtures to ensure the quality, brands, prices and other specifications to meet customer demand, while the general contractors are responsible for procuring most basic building materials, such as cement and steel. The general contractors procure all equipment necessary for each project in accordance with specifications provided by us. We do not own construction equipment and do not maintain any inventory of building materials. The general contractors are required by law to provide us with warranties for any losses we incur as a result of the construction not being completed on schedule or not meeting contractually or statutorily specified quality standards.

In addition, we seek to ensure that our projects meet our design specifications. As a result of our efforts, none of our completed property developments has been found to have materially exceeded the amount of GFA originally authorised in the relevant land grant contracts or construction permit or to contain built-up areas that are not in conformity with the plan authorised by the construction permit. In rare cases where our completed properties were found to have minimally exceeded the authorised amount of GFA, we have paid for the margin in due course.

Cost control. For each project, our investment department prepares a master budget which requires approval by our general manager. We have built in a real-time working platform in our ERP system for cost management which gives a detailed analysis of the costs incurred for each project, including comparison with the master budget. We examine the costs incurred monthly and quarterly to ensure that the actual costs incurred conform with the master budget. If the master budget is likely to exceed the initial approved budget, prior approval from senior management must be obtained. Our cost control mechanism in selecting our general contractors is described in "— *Subcontracting*" above.

Marketing

In 2024, in response to the continued downward pressure in the market, we adopted a flexible and targeted approach to further implement the marketing strategy featuring "pinpoint project-based strategy". We also accelerated destocking and improved the destocking appraisal mechanism, with comprehensive efforts in digital marketing. Online marketing and offline marketing were organically integrated, and "Yuexiu Fangbao" (越秀房寶), a digital marketing platform, has played an important role in supporting marketing and promotion. Going forward, in response to the changes of the market, we will seek to achieve our full year sales target and cash collection rate by implementing the "pinpoint project-based strategy" targeted sales strategy and pricing strategy to facilitate sales and cash collections, enhancing the sell-through rate, deepening digital marketing, and continuing to integrate the aforementioned online and offline sales channels and digital marketing platform to increase the proportion of our own sales channels. We will continue to build up our product strength by building a full-cycle product operation system, adhering to the concept of "quality products" with a customer-centric principle, promote the "4×4 High-Quality Product Concept" and the standard manuals for the four major product lines, "Mansion", "Grand Mansion", "Tian" and "Starry". We will also improve the customer research system based on a customer-centric principle so as to gain insights into cities and customers and keep abreast of the mainstream market demand to design products that are more suitable for rigid and improved demands as well as buyers' requirements for product upgrades. We will also seek to achieve our annual sales target.

Our promotional and sales activities are conducted through the coordinated efforts of our public relations team and marketing and sales department. We have a dedicated team in the sales and marketing department that conducts detailed analysis of market conditions and formulates unit prices and pricing-related policies for our projects. In addition, as part of our efforts to manage our public profile, our public relations team and marketing and sales department oversee our communications to the media and produce specialised promotional materials.

In terms of product marketing, we organise advertising activities in order to attract media attention. For each new project, in addition to building showrooms prior to development, we typically organise a major launch party in Guangzhou and other cities where our projects are located, followed by a large number of launch events and roadshow activities in our targeted cities in the PRC.

With respect to certain commercial projects, we organise auctions for selling our properties from time to time, which serve two purposes. First, the auctions form part of our marketing campaign for the relevant project. Second, and more importantly, the auction outcome is an indicator of the prices of our properties, which helps us determine whether any adjustment to our asking prices is necessary and gives confidence to purchasers and potential customers as to the value of our properties. For our retail tenant customers, on the other hand, we normally meet with our targeted customers and negotiate directly on the terms of the lease or sales contracts.

With respect to our residential projects, the prices are determined taking into account market conditions, local competition and customer demand. We may also adjust the prices from time to time to reflect the market price fluctuations.

Properties Under Development

We are one of the leading property developers in the PRC with our operations primarily conducted in the PRC. Our property developments include residential, office, retail, commercial mixed-use and car parks. Certain of our property developments are carried out with joint venture partners, mainly other property developers, particularly for large acquisitions. For the year ended 31 December 2024, we had 109 projects under development, with a total GFA of approximately 13.7 million sq.m..

Contracted Sales

During the six months ended 30 June 2025, we recorded aggregate contracted sales of approximately RMB61.5 billion with aggregate contracted sales GFA of approximately 1.5 million sq.m., representing an increase of 11.0 per cent. from contracted sales of approximately RMB55.4 billion and a decrease of 22.3 per cent. from contracted sales GFA of approximately 1.88 million sq.m., respectively, over the six months ended 30 June 2024. During the year ended 31 December 2024, we recorded aggregate contracted sales of approximately RMB114.5 billion with aggregate contracted sales GFA of approximately 3.9 million sq.m., representing a decrease of 19.4 per cent. from contracted sales of approximately RMB142.0 billion and a decrease of 11.9 per cent. from contracted sales GFA of approximately 4.5 million sq.m., respectively, over the year 31 December 2023.

During the six months ended 30 June 2025, the average selling price was approximately RMB42,100.0 per sq.m., representing an increase of 42.7 per cent. from approximately RMB29,500.0 per sq.m. for the six months ended 30 June 2024. During the year ended 31 December 2024, the average selling price was approximately RMB29,200.0 per sq.m., representing a decrease of 8.5 per cent. from approximately RMB31,900.0 per sq.m. for the year ended 31 December 2023.

In terms of regional composition, contracted sales made in the Greater Bay Area, Eastern China Region, Central and Western China Region and Northern China Region accounted for approximately 27.3 per cent., 27.8 per cent. and 11.1 per cent., 33.8 per cent. of our aggregate contracted sales for the six months ended 30 June 2025, respectively.

Property Investment

Investment property, principally comprising leasehold and buildings, is property held for long-term rental yields or for capital appreciation or both, and not occupied by us. It also includes properties that are being constructed or developed for future use as investment properties.

Property Portfolio

As at 30 June 2025, we owned investment properties under lease with a total GFA of approximately 1.1 million sq.m., mainly comprising commercial properties and car parks.

For the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, we received rental income from investment properties of RMB487.0 million, RMB667.8 million (representing an increase of 37.1 per cent. compared to 2023), and RMB268.0 million (representing a decrease of 9.7 per cent. compared with the six months ended 30 June 2024), respectively.

Property Valuation

Our investment properties are measured initially at costs, including related transaction costs and, where applicable, borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, in accordance with HKFRSs, we value our investment properties annually on our balance sheet at their fair market value. The valuations are performed as at the balance sheet date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Any change in the valuation is charged or credited, as the case may be, to the income statement.

In 2023, we recorded net losses on revaluation of investment properties held for the year of approximately RMB1.5 billion, mainly including: losses on revaluation of the self-owned properties of the Guangzhou Luogang project and Chentougang project for the year of approximately RMB538.0 million and RMB828.0 million, respectively, as they are designated for affordable rental housing use; and net losses on revaluation of Wuhan International Financial City for the year of approximately RMB144.0 million due to the impact of the market environment. In 2024, we recorded net losses on revaluation of investment properties of approximately RMB727.4 million, mainly including: losses on revaluation of the self-owned properties in Luogang and Chentougang, Guangzhou for the year of approximately RMB236.0 million due to increased construction cost; net losses on revaluation of Wuhan International Financial City for the year of approximately RMB1.0 billion due to the impact of the market environment; and gains on revaluation of an industrial park in Nansha for the year of approximately RMB329.0 million and gains on revaluation of an office building in Nansha for the year of approximately RMB219.0 million.

In the first half of 2025, we recorded gains on revaluation of investment properties, net of approximately RMB99.0 million, which was mainly attributable to the gains on revaluation of an industrial park in Nansha, Guangzhou for the period of approximately RMB119.0 million due to the transfer of additional leased area to investment properties.

Tenant and Lease Profiles

We seek to maintain long-term relationships with our tenants and to maintain a good balance in our tenant composition. We believe that the implementation of our tenant strategy has helped us to retain our tenants and maintain the strength of our rental income base.

The rental amounts we receive under certain leases with commercial properties are based on our participation in the turnover of the businesses. We expect that the rental income from our investment portfolio will continue to provide a stable and recurring source of income to us.

Rents are typically set based on prevailing market rates. We regularly monitor the creditworthiness and payment history of the tenants of our commercial properties. We may elect not to renew the leases of commercial tenants whose creditworthiness is deteriorating or payment history is lagging.

Property Management

For the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, our revenue from property management was RMB2,324.1 million, RMB2,966.0 million and RMB1,607.5 million respectively.

Our Unitholding in Yuexiu REIT

As at 30 June 2025, we held 40.61 per cent. of the issued units of Yuexiu REIT, an associated entity which is a HKSE-listed REIT. As at 30 June 2025, the results of operations of Yuexiu REIT were not consolidated in our financial statements, and our share of Yuexiu REIT's results are reflected in our income statement as "share of profits/(losses) of associates." Corporate actions and decision-making, which include the decision to distribute dividends, is overseen by the independent manager of Yuexiu REIT and is subject to the relevant regulatory and unitholder approvals, including that such transactions are on normal commercial terms at arm's length and are fair and reasonable and in the interests of unitholders as a whole. See "*Risk Factors — Risks Relating to the Group and its Business — We face certain risks and uncertainties with our interaction with, and injection of properties into, Yuexiu REIT.* "

For the year ended 31 December 2024, Yuexiu REIT had total revenue of approximately RMB2,031.5 million (representing a decrease of approximately 2.7 per cent. compared with the year ended 31 December 2023), and for the six months ended 30 June 2025, it had a revenue of approximately RMB966.1 billion, representing a decrease of approximately 6.6 per cent. compared with the six months ended 30 June 2024. Yuexiu REIT also had total distributable income for the year ended 31 December 2024 and the six months ended 30 June 2025 of approximately RMB315 million (representing a decrease of approximately 23.2 per cent. compared with the year ended 31 December 2023), and RMB171 million (representing a decrease of approximately 7.6 per cent. compared with the six months ended 30 June 2024), respectively.

For the year ended 31 December 2024 and the six months ended 30 June 2025, the office assets of Yuexiu REIT also generally maintained steady operations despite the market downturn, with rental income of approximately RMB1.2 billion (representing a year-on-year decrease of 4.5 per cent.), and RMB0.5 billion (representing a period-to-period decrease of 8.6 per cent. compared to the six months ended 2024, respectively.

Investment Properties of Yuexiu REIT

As at 30 June 2025, the investment properties held by Yuexiu REIT include 10 high-quality commercial properties in prime locations in Guangzhou, Shanghai, Wuhan, Hangzhou and Hong Kong, which were either acquired from us or the market, with a relatively stable valuation.

Property	Type	Location	Year of Completion	Gross Floor Area (sq.m.)	Rentable Area (sq.m.)	Property Occupancy Rate[1]	Number of Lease[1]	Unit Rent[1] (RMB/sq.m./ month)
White Horse Building	Wholesale mall	Yuexiu District, Guangzhou	1990	50,199.3	50,128.9	95.0%	857	445.1
Fortune Plaza	Grade A office	Tianhe District, Guangzhou	2003	42,763.5	41,355.2[2]	88.0%	108	141.8
City Development Plaza	Grade A office	Tianhe District, Guangzhou	1997	44,501.7	42,397.4[3]	89.4%	79	133.3
Victory Plaza	Retail shopping mall	Tianhe District, Guangzhou	2003	27,698.1	27,262.3	96.2%	28	196.3
GZIFC	Commercial complex	Tianhe District, Guangzhou	2010	457,356.8	230,266.9	85.4%	239	214.8
Including:	Grade A office			267,804.4	183,539.6[4]	82.6%	183	229.6
	Retail shopping mall			46,989.2	46,727.3	96.4%	56	165.1
	Hotel			91,460.9[5]	N/A	N/A	N/A	N/A
	Serviced apartments			51,102.3	N/A	N/A	N/A	N/A
Shanghai Yue Xiu Tower	Grade A office	Pudong New District, Shanghai	2010	62,139.4	46,026.3[6]	87.2%	114	196.0
Wuhan Properties . .	Commercial complex	Qiaokou District, Wuhan		248,194.2	172,993.3	66.8%	205	63.4
Including:	Grade A office		2016	139,937.1	129,446.7[7]	61.5%	117	73.2
	Retail shopping mall		2015	45,471.4	43,546.6[8]	82.4%	88	41.5
	Commercial parking spaces		2015-2016	47,182.9	N/A	N/A	N/A	N/A
	Residential parking spaces		2014-2016	15,602.8	N/A	N/A	N/A	N/A
Hangzhou Victory . .	Grade A office	Shangcheng District, Hangzhou	2017	40,148.4	22,484.8[9]	88.7%	36	127.1
Yuexiu Financial Tower	Grade A office	Tianhe District, Guangzhou	2015	210,282.9	170,196.8[10]	82.1%	192	194.2
17th and 23rd Floors of Hong Kong Yue Xiu Building . . .	Office	Wanchai, Hong Kong	1985	872.2	872.2	100.0%	4	322.5
Total				**1,184,156.5**	**803,984.1**	**82.2%**	**1,862**	**187.5**

(1) As at 30 June 2025.
(2) Excluding 1,408.3 sq.m. of parking space.
(3) Excluding 2,104.3 sq.m. of parking space.
(4) Excluding 76,512.3 sq.m. of parking space and 7,752.5 sq.m. of other ancillary facilities area.
(5) Including 2,262.0 sq.m. of hotel ancillary facilities area and refuge floor area.
(6) Excluding 13,502.6 sq.m. of parking space and 2,610.4 sq.m. of specific purpose area (management office, owners' committee office, bicycle parking space and refuge floor).
(7) Excluding 10,490.3 sq.m. of common facilities area and refuge floor area.
(8) Excluding 1,924.8 sq.m. of common facilities area.
(9) Excluding 17,663.6 sq.m. of parking space.
(10) Excluding 10,289.1 sq.m. of parking space and 29,797.1 sq.m. of common facilities area.

Property Descriptions of Yuexiu REIT Properties

As at 30 June 2025, Yuexiu REIT had approximately 1,184,156.5 sq.m. of aggregate area of ownership. The following is a brief description of Yuexiu REIT's properties as at 30 June 2025.

Guangzhou IFC

Guangzhou IFC is a commercial complex located in Tianhe District, Guangzhou with a total area of ownership of approximately 457,356.8 sq.m.. This property was completed in 2010. Its net property income was RMB586.0 million for the year ended 31 December 2024. Guangzhou IFC was valued at RMB18.9 billion as at 30 June 2025.

Yuexiu Financial Tower

The property is a Grade A office space located in Tianhe District, Guangzhou. Total area of ownership of this property is approximately 210,282.9 sq.m. This property was completed in 2015 and its net property income was RMB302.3 million for the year ended 31 December 2024. The Yuexiu Financial Tower was valued at RMB8.0 billion as at 30 June 2025.

On 15 October 2025, Yuexiu REIT completed the disposal of 50% equity interests in the target companies holding Yuexiu Financial Tower. Following the completion of the disposal, Yuexiu REIT indirectly holds the remaining 50% equity interests in the target companies holding Yuexiu Financial Tower. For details, please refer to the circular of Yuexiu REIT dated 10 September 2025 and the announcement of Yuexiu REIT dated 15 October 2025, published on Hong Kong Stock Exchange.

Fortune Plaza

The property primarily consists of Grade A office space located in Tianhe District, Guangzhou. Total area of ownership of this property is approximately 42,763.5 sq.m.. This property was completed in 2003 and its net property income was RMB63.9 million for the year ended 31 December 2024. The Fortune Plaza was valued at RMB1.2 billion as at 30 June 2025.

City Development Plaza

The property is a Grade A office space located in Tianhe District, Guangzhou. Total area of ownership of this property is approximately 44,501.7 sq.m.. This property was completed in 1997 and its net property income was RMB59.1 million for the year ended 31 December 2024. The City Development Plaza was valued at RMB1.0 billion as at 30 June 2025.

Victory Plaza

The property is a retail shopping mall located in Tianhe District, Guangzhou. Total area of ownership of this property is approximately 27,698.1 sq.m.. This property was completed in 2003 and its net property income was RMB63.0 million for the year ended 31 December 2024. The Victory Plaza was valued at RMB1.0 billion as at 30 June 2025.

White Horse Building

The property primarily consists of a wholesale mall located in Yuexiu District, Guangzhou. Total area of ownership of this property is approximately 50,199.3 sq.m.. This property was completed in 1990 and its net property income was RMB175.2 million for the year ended 31 December 2024. The White Horse Building was valued at RMB4.8 billion as at 30 June 2025.

Shanghai Yue Xiu Tower

Acquired by Yuexiu REIT from market, the property is a Grade A office space located in Zhuyuan commercial district, Pudong, Shanghai. Total area of ownership of this property is approximately 62,139.4 sq.m.. This property was completed in 2010 and its net property income was RMB88.4 million for the year ended 31 December 2024. The Shanghai Yue Xiu Tower was valued at RMB2.9 billion as at 30 June 2025.

Wuhan Properties

The properties primarily consist of office building and shopping mall located in Qiaokou District in Wuhan. Total area of ownership of the properties is approximately 248,194.2 sq.m.. The properties were completed in 2016 and its net property income was RMB75.9 million for the year ended 31 December 2024. The Wuhan Properties was valued at RMB3.3 billion as at 30 June 2025.

Hangzhou Victory

The properties primarily consist of Grade A office space located in Shangcheng District, Hangzhou. Total area of ownership of the properties is approximately 40,148.4 sq.m.. The properties were completed in 2017 and its net property income was RMB28.0 million for the year ended 31 December 2024. Hangzhou Victory was valued at RMB626.0 million as at 30 June 2025.

Hong Kong Yue Xiu Building

The properties primarily consist of office space located in Wanchai, Hong Kong. Total area of ownership of the properties is approximately 872.2 sq.m.. The properties were completed in 1985 and their net property income was RMB3.1 million for the year ended 31 December 2024. Hong Kong Yue Xiu Building was valued at RMB88.0 million as at 30 June 2025.

Intellectual Property Rights

We have been using the trademarks, “ ” and “越秀 YUEXIU”, which have been registered by our parent company, Yuexiu Group, with the PRC Trademark Office under various categories relating to real estate, finance, advertising, investment management, printing and others. Yuexiu Group has permitted us to use these trademarks in our business operations.

We have also been using the trademark “ ” which has been registered by Yuexiu Group, with the Trademarks Registry in Hong Kong in Part A, classes 1, 3, 6, 9, 14, 16, 18, 25, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45. Yuexiu Group has permitted us to use this trademark in our business operations. We are also the owner of the domain name of www.yuexiuproperty.com, the contents of which do not form part of this Offering Circular.

Insurance

We maintain insurance policies with insurance companies in the PRC, which cover property damage due to natural hazards, including lightening, typhoons and other natural phenomena, and accidents, including fire and explosion, and general liability under property all risk insurance, construction all risk insurance and public liability insurance. There are, however, certain types of risks that are not covered by our insurance policies, including losses resulting from war, nuclear contamination, tsunami, pollution and acts of terrorism. As at 30 June 2025, we had not experienced any significant loss or damage to our properties. In addition, we maintain employer's liability insurance covering bodily injury, medical treatment and litigation expenses for our employees.

According to PRC laws, under certain circumstances, the owner or manager of properties under construction may bear civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. We take steps to prevent construction accidents and personal injuries, and as a result, we believe that we will generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us.

We believe that we have sufficient insurance coverage in place and that the terms of our insurance policies are in line with industry practice in the PRC. Nonetheless, there are risks that we do not have sufficient insurance coverage for some damage and liabilities that may arise from our business operations. See also "*Risk Factors — Risks Relating to the Group and its Business — We may suffer losses arising from uninsured risks*".

Competition

With respect to our development properties, we compete with a number of other property developers, principally for the acquisition of suitable development sites. The supply of land available for development in the PRC and Hong Kong is constrained by a number of factors, including topography and government land development policy.

With respect to our investment properties, we compete with other major property developers to attract residential, commercial and industrial tenants and to draw customers to the retail outlets, restaurants, car parks and hotels in our developments. We compete for tenants primarily based upon the quality and location of our buildings, our reputation as a building owner and the quality of our support services. See "*Risk Factors — Risks Relating to Our Industry — We face increasing competition in the PRC property market*".

Environmental Matters

As a developer of commercial and residential projects in the PRC, we are subject to various environmental laws and regulations set by various PRC government entities. These include regulations on project design and construction, air and noise pollution and discharge of waste and water into the environment.

As required by PRC law, we must, depending on the impact of the project on the environment, submit an environmental impact assessment report, an environmental impact analysis table or environmental impact registration form before the relevant authorities will grant approval for the commencement of construction of the project. The Company believes that we are generally in compliance with such requirements in respect of our projects under development and have never received any material fines or penalties associated therewith. However, as with all property developers and their properties, we are subject to numerous risks and uncertainties, some of which are beyond our control. See "*Risk Factors — Risks Relating to the Group and its Business — Potential liability for non-compliance with environmental laws and regulations could result in substantial costs and delays in construction schedule*".

In relation to environmental protection, we facilitate the research and development of green building technologies, actively promote the application of the research achievements, and formulate applicable guidelines on technological design, construction and operational management that are in line with our practical needs, so as to create a green value chain with its unique characteristics. As for planning and design, certain projects are designed in accordance with the national green building standards and the U.S. LEED certification and assessment standards. As for materials, products with high-quality, energy-saving, low-carbon and environmental-friendly features are purchased at first priority. As for construction, construction technologies that meet environmental standards are adopted to reduce pollution and damage to the environment caused by dust, noise, waste gas and waste water produced in the course of construction.

Facilities

Our registered office is located at 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong. Our registered office is owned by our controlling shareholder, YXE and staffed by management and office personnel. We also have offices on the 23rd Floor and 25th Floor of Yue Xiu Building staffed by management and office personnel.

In addition, we have offices at several floors in Guangzhou IFC, which is located at No. 5 Zhujiang Road West, Guangzhou. Our offices in Guangzhou IFC, which serve as our headquarters in the PRC, are staffed by personnel from various departments including project development and management, finance, legal, commercial and investment.

Employees

As at 30 June 2025, we had approximately 14,940 employees. We have not experienced any strikes or other disruptions due to labour disputes. We believe our relationships with our employees are good.

We offer our employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. The plan of co-investment by project management teams was fully promoted with the Group with an aim to share risks and profits to effectively motivate them. In order to provide strong and sound personnel support for company development, we promoted the implementation of systematic staff development plan, optimised the current training system for key staff members and actively recruited outstanding professional managers.

In the meantime, we provide our employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. We adopted the share incentive scheme on 2 December 2016 and the share award scheme on 17 March 2017 with a view to achieving the objective of aligning the interests of the selected senior management participants with those of the shareholders of the Company.

Sustainable Development

The Board attaches great importance to sustainability management. In accordance with the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, the Company has established an effective sustainability management system, improved the Group's sustainability governance structure and strengthened the supervision and participation of the Board in the Group's ESG affairs. The Board, as the highest governing body of the Group, takes the full responsibility for the ESG affairs of the Company. In March 2022, the Environmental, Social and Governance Committee (the "**ESG Committee**", renamed as the "**Sustainability Committee**") chaired by the Chairman of the Company and staffed by the general manager and independent directors of the Company was established. The Group established several working groups under the Sustainability Committee of the Board, such as Climate Change Response Working Group, Green Office Working Group, "Dual Carbon" Working Group and Green Supply Chain Working Group, to comprehensively promote the implementation of the ESG strategies of the Board. The Group is committed to achieving net-zero emissions along the value chain by 2060 and plans to reach its carbon peaking target by 2030, in active response to the "dual carbon" strategy of China. In the field of sustainable finance, the Group established a sustainable financing framework for the first time in 2024 and successfully issued its first green dim sum bonds in July with a term of three years and a coupon rate of 4.10 per cent., raising RMB1.69 billion. The green bonds also obtained the Green and Sustainable Finance Certification from the Hong Kong Quality Assurance Agency.

Legal Proceedings

From time to time, we have been involved in legal proceedings or other disputes in the ordinary course of our business which are primarily disputes with our tenants, contractors and employees, and we have not incurred significant legal costs and expenses in connection with these legal proceedings. As at the date of this Offering Circular, some of our PRC subsidiaries have been involved in litigations as defendants in relation to, among others, construction contract disputes and intellectual property disputes with third parties and such litigations are still ongoing, but we believe that the amount of such disputes and enforcement of judgments is minimal compared to the consolidated total assets of the Company, and thus we believe such claims should not have any material adverse effect on us or any of our relevant subsidiaries. Based on the foregoing, we have come to the conclusion that we are not involved in any material legal proceedings, claims or disputes currently existing or pending against us that may have a material adverse impact on our business, financial condition and results of operations.

MANAGEMENT

As at the date of this Offering Circular, the following table sets forth selected information of members of the board ("the **Board**") of directors ("**Director(s)** ") of the Company:

Name	Age	Position
Mr. LIN Zhaoyuan.	56	Chairman of the Board ("**Chairman**") and Executive Director
Mr. ZHU Huisong	50	Vice Chairman, Executive Director and General Manager
Mr. JIANG Guoxiong	53	Executive Director and Co-General Manager
Mr. HE Yuping	52	Executive Director
Ms. CHEN Jing	53	Executive Director
Ms. LIU Yan	46	Executive Director
Mr. ZHANG Yibing	58	Non-Executive Director
Mr. SU Junjie	56	Non-Executive Director
Mr. YU Lup Fat Joseph	77	Independent Non-Executive Director
Mr. LEE Ka Lun	70	Independent Non-Executive Director
Mr. LAU Hon Chuen, GBS, JP, *alias* Ambrose Lau	78	Independent Non-Executive Director
Mr. CHEUNG Kin Sang	67	Independent Non-Executive Director

Executive Directors

Mr. Lin Zhaoyuan, aged 56, was appointed as Chairman in August 2018. Mr. Lin has been an executive Director since November 2015. He had been the vice Chairman and the general manager of the Company. He is also a director, vice chairman and general manager of Yuexiu Group, the ultimate holding company of the Company, and Yue Xiu Enterprises (Holdings) Limited ("**YXE**") and chairman of the board of Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) ("**GCCD**") and a non-executive director of Chong Hing Bank Limited ("**Chong Hing Bank**").

Mr. Lin holds a bachelor's degree in economics and a master's degree in business administration of Sun Yat-sen University (中山大學) and the qualification of mechanical engineer. He had been chairman of the board of Guangzhou Paper Group Limited ("**Guangzhou Paper Group**"), an assistant to general manager and a deputy general manager of Yuexiu Group and YXE, chairman and a non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu REIT (Stock Code: 405), which is listed on the Hong Kong Stock Exchange) and chairman and a non-executive director of Yuexiu Financial Holdings Limited ("**YFHL**"). Mr. Lin has extensive experience in corporate management, sound and efficient management, cost control and corporate restructuring and development and is forward-looking and innovative in corporate operations and management.

Mr. Zhu Huisong, aged 50, was appointed as the vice Chairman and the general manager of the Company in December 2024. Mr. Zhu has been an executive Director since April 2023. He had been the co-general manager of the Company. He has over 10 years of senior management experience in business operations of the Group. From January 2008 to October 2009, Mr. Zhu served in GCCD and held the last position as the supervisor of the general office of GCCD. From October 2009 to September 2011, he served successively as the vice department head and the department head of the general department of Guangzhou Yuexiu City Construction International Finance Centre Co., Ltd.* (廣州越秀城建國際金融中心有限公司). From October 2011 to November 2012, he served as a senior manager of the general office of GCCD. From November 2012 to November 2018, he served in a number of regional companies of the Group in Shandong and held the last position as the general manager. From November 2018 to April 2020, he acted successively as the general manager of the regional companies of the Group in Northern China and Eastern China. From April 2020 to March

2023, he acted as the chairman of the regional companies of the Group in Northern China. From April 2020 to April 2024, he acted as the chairman of the board of directors of the regional companies of the Group in Eastern China. From April 2024 to May 2025, he acted as the chairman and non-executive director of Yuexiu Services (Stock Code: 6626) which is listed on the Hong Kong Stock Exchange. Mr. Zhu has also been acting as (i) a director and the co-general manager of GCCD; and (ii) the chairman of the board of directors of Guangzhou Yuexiu Xingye Property Agent Co. Ltd.* (廣州越秀興業地產代理有限公司) since April 2023 and May 2023, respectively. As an executive Director and the general manager of the Company, Mr. Zhu is responsible for overseeing the overall management, formulation and implementation of business strategies of the Group. Mr. Zhu obtained a higher education certificate in financial accounting from Guangdong University of Petrochemical Technology* (廣東石油化工高等專科學校) in the PRC in July 1996. He further obtained a bachelor's degree in administrative management through correspondence learning from Guangdong Polytechnic Normal College* (廣東技術師範學院) (currently known as Guangdong Polytechnic Normal University* (廣東技術師範大學)) in the PRC in January 2008. Mr. Zhu completed a postgraduate course in professional business management from the postgraduate school of Ocean University of China (中國海洋大學) in 2021. Mr. Zhu obtained an executive master's degree in business administration from the University of Texas at Arlington in May 2025. Since November 2003, Mr. Zhu has been a qualified intermediate economist specialising in commercial economy in the PRC. Mr. Zhu has also qualified as a senior economist specialising in construction and real estate economics in the PRC in 2023. Mr. Zhu has extensive experience in corporate investment decision-making, operational management, and real estate project operations.

Mr. Jiang Guoxiong, aged 53, was appointed as an executive Director and the co-general manager of the Company in December 2024. Mr. Jiang has been the deputy general manager of the Company since July 2021. He has been the deputy general manager and a director of GCCD since July 2021 and January 2022, respectively. Since February 2023, he has been serving as the chairman of the board of directors of the regional companies of the Group in Central and Western China. Since May 2025, he has been the chairman and non-executive director of Yuexiu Services (Stock Code: 6626), which is listed on the Hong Kong Stock Exchange and the chairman and non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu REIT (Stock Code: 405), which is listed on the Hong Kong Stock Exchange). From July 1991 to November 2015, Mr. Jiang served successively as a finance department accountant, deputy department head, department head and chief financial officer at Guangzhou Paper Mill (廣州造紙廠) (currently known as Guangzhou Paper Group Co., Ltd. (廣州造紙集團有限公司)) and the business director of the finance division of Guangzhou Paper Limited (廣州造紙有限公司) (currently known as Guangzhou Paper Co., Ltd. (廣州造紙股份有限公司)). From November 2015 to March 2023, he served successively as the general manager of the finance department, process information department, operations management centre, IT shared centre and digital intelligence development centre at GCCD. He joined the Company as the assistant to the general manager in March 2019 and also served as the assistant to the general manager at GCCD from April 2019 to July 2021. From November 2020 to December 2024, he successively served as the chairman of the board of directors and general manager of the regional companies of the Group in Central China, and Western and Southern China, as well as the general manager of the regional companies of the Group in Central and Western China. From April 2024 to April 2025, he served as the chairman of the board of directors of the regional companies of the Group in Eastern China and its commercial division. Mr. Jiang obtained an undergraduate degree in accounting from Jinan University (暨南大學) in the PRC in June 2008. He also obtained the qualification of intermediate accountant in the PRC in May 2000. As an executive director and the co-general manager of the Company, Mr. Jiang is responsible for overseeing the overall management, formulation and implementation of the business strategies of the Group. Mr. Jiang holds positions in various subsidiaries of the Group and has extensive experience in corporate investment decision-making, financial management, and operations management.

Mr. He Yuping, aged 52, was appointed as an executive Director in April 2023. He has over 15 years of senior management experience in business development, legal compliance and risk management of Yuexiu Group. From January 2003 to August 2003, Mr. He served in GCCD and held the last position as the senior supervisor of the enterprise management department. From August 2003 to April 2004, he served as a deputy general manager of the enterprise management (investment) department of Yuexiu Group. From April 2004 to November 2008, he practised as a lawyer in Guangdong Eastern Kunlun Law Firm* (廣東東方昆侖律師事務所). From July 2014 and January 2018 to August 2020, he acted as the general manager of the development department of Yuexiu Group and YXE, respectively. Since November 2008 and January 2018, Mr. He served as the general manager of the legal compliance and risk management department of Yuexiu Group and YXE, respectively. From July 2015 to December 2024, he served as the company secretary of the board of directors of Yuexiu Group. From February 2017, he has acted as the chief legal adviser of Yuexiu Group. Since October 2022, Mr. He has acted as the chief compliance officer of Yuexiu Group and YXE. Over the years, Mr. He has taken up senior management roles in the group of Yuexiu Group, including directorships in a number of subsidiaries of Yuexiu Group, responsible for overseeing the strategic planning and overall operations and management. Since May 2018, he has been a director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司) (formerly known as Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司) ("**GZYCHL**")), an associate (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of Yuexiu Group, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000987.SZ). Mr. He has also been acting as the chairman of the board of directors of Guangzhou Yuexiu Dairy Group Co., Ltd.* ("**Yuexiu Dairy**") (廣州越秀乳業集團有限公司) and Liaoning Yuexiu Huishan Holdings Co., Ltd.* ("**Liaoning Huishan**") (遼寧越秀輝山控股股份有限公司). As an executive director of the Company, Mr. He is responsible for overseeing the overall management, formulation and implementation of business strategies of the Group. Mr. He obtained a bachelor's degree in laws and a master's degree in laws both majoring in economic law from The Southwest University of Political Science & Law* (西南政法大學)in the PRC in July 1995 and July 1998, respectively. He further obtained a master of business administration programme from China Europe International Business School in October 2013.

Ms. Chen Jing, aged 53, was appointed as executive Director in July 2017. Ms. Chen is the chief financial officer of Yuexiu Group and YXE, a director of GCCD, a non-executive director of YFHL and Chong Hing Bank and an executive director of Yuexiu Transport (Stock Code: 1052), which is listed on the Hong Kong Stock Exchange, and a director of Guangzhou Yuexiu Agriculture and Animal Husbandry Food Technology Co., Ltd.. She is also a director of each of Bosworth International Limited, Greenwood Pacific Limited, Morrison Pacific Limited, Superb Master Ltd. and Goldstock International Limited, all being wholly-owned subsidiaries of YXE holding shares of the Company. Ms. Chen graduated from Xi'an Jiaotong University (西安交通大學) in audit studies, and holds a master of business administration degree of the School of Management and Economics of the Beijing Institute of Technology (北京理工大學) and the qualification of auditor and certified internal auditor. Ms. Chen joined Yuexiu Group in July 2004 and was the deputy general manager of the supervisory (audit) office, the general manager of the audit department, the chairman of the board of directors of Yue Xiu Securities Holdings Limited, general manager of the finance department of Yuexiu Group and YXE and a director of Yuexiu Dairy and the chief financial officer of the Company. Ms. Chen has participated in establishing systems to monitor the major risks and finance of Yuexiu Group. Ms. Chen is well versed in risk and internal control management, financial management of listed companies and has extensive experience in establishing a sound system for risk management and internal control, financial management for enterprises. Prior to joining Yuexiu Group, Ms. Chen worked in school of business of the Hubei University and Hisense Kelon Electrical Holdings Company Limited.

Ms. Liu Yan, aged 46, was appointed as executive Director in August 2018. Ms. Liu is the chief operating officer of Yuexiu Group and YXE. She is also a director of GCCD. Ms. Liu is also the chairman and an executive director of Yuexiu Transport (Stock Code: 1052), which is listed on the Hong Kong Stock Exchange. Ms. Liu graduated from Nankai University with a Master's degree in law and an Executive Master of business administration degree from Shanghai Jiao Tong University. She obtained the qualification of Intermediate Economics (Human Resources Management). Ms. Liu joined Yuexiu Group in July 2002 and was a director of GZYCHL, Guangzhou Yuexiu Capital Holdings Company Limited (廣州越秀資本控股集團有限公司) (formerly known as Guangzhou Yuexiu Financial Holdings Co., Ltd.* (廣州越秀金融控股集團有限公司)), Guangzhou Yuexiu Financial Leasing Co., Limited, Shanghai Yuexiu Finance Leasing Co., Limited, Yuexiu Dairy, Liaoning Huishan, Guangzhou Paper Group, the vice chairman of Guangzhou Yuexiu Shared Services Co., Ltd. (廣州越秀共享服務有限公司) and chief human resources officer and the director of human resources of Yuexiu Group and YXE. She has led the implementation of several major projects for Yuexiu Group on operation management, lean management, establishment of systems and regimes, as well as changes in human resources. She has extensive work experience in operation management, organisational management and human resources management, etc. in large business enterprises.

Non-executive Directors

Mr. Zhang Yibing, aged 58, was appointed as non-executive Director in March 2022. Mr. Zhang is currently the deputy general manager and the general counsel of Guangzhou Metro. Mr. Zhang holds a postgraduate qualification in Economics (Economic Management) of the Graduate School of the Party School of the Central Committee of the Communist Party of China. Mr. Zhang has held various positions, including the deputy director of the Social Development Department of Guangzhou Municipal Development and Reform Commission, the director of the Personnel Department of Guangzhou Municipal Development and Reform Commission, the director of the Urban Development Department of Guangzhou Municipal Development and Reform Commission (also the director of the Municipal Metro Capital Office), the director of the Rail Transportation Department of Guangzhou Municipal Development and Reform Commission (also the director of the Municipal Metro Capital Office), and the deputy general manager and director of Guangzhou Railways Investment Construction Group Co., Ltd.* (廣州鐵路投資建設集團有限公司). Mr. Zhang has excellent communication, co-ordination and business development capabilities as well as expertise in administration and capital management. He also has extensive experience in business management. Mr. Zhang is involved in the management of metro property business, with a focus on land resumption, project development and commercial property operation, and has strong overall co-ordination capability in real estate project development and management.

Mr. Su Junjie, aged 56, was appointed as non-executive Director in September 2024. Mr. Su is currently the chairman and the general manager of Guangzhou Asset Management Co., Ltd.*(廣州資產管理有限公司) ("**Guangzhou Asset Management**"), an indirect subsidiary of Guangzhou Yue Xiu. Mr. Su holds a Bachelor's degree in Economics majoring in Statistics and a Master's degree in Economics majoring in Finance from Dongbei University of Finance and Economics in China. Mr. Su joined Agricultural Bank of China Limited, Dalian Zhongshan Sub-Branch from August 1992 to February 2000 and his last positions were deputy director of sub-office and deputy manager of the marketing department. He joined China Great Wall Asset Management Co., Ltd.* (中國長城資產管理股份有限公司) (formerly known as China Great Wall Asset Management Corporation* (中國長城資產管理公司)) from February 2000 to February 2023 and had held various positions, including deputy director of the New Finance Research and Development Centre, assistant to general manager of the Strategic Development Department, deputy general manager of the Investment and Investment Banking Department, general manager of the Mergers and Acquisitions and Business Restructuring Department, deputy general manager of the Sichuan Branch and general manager of the Shanghai Branch. He joined Guangzhou Asset Management in May 2023 and has been the general manager since July 2023 and the chairman and general manager since February 2025, in charge of its overall management.

Independent Non-executive Directors

Mr. Yu Lup Fat Joseph, aged 77, has been an independent non-executive Director since 1992. He is also an independent non-executive director of YFHL and Chong Hing Bank. Mr. Yu holds a master's degree in applied finance from Macquarie University in Australia and a diploma of management studies from the University of Hong Kong. Mr. Yu has over 40 years of experience in investment, banking and finance.

Mr. Lee Ka Lun, aged 70, has been an independent non-executive Director since 2000. He is also an independent non-executive director of YFHL and Chong Hing Bank. He is an accountant by profession. Mr. Lee is a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and has over 20 years of experience in banking and auditing. He is an independent non-executive director of Chow Sang Sang Holdings International Limited (Stock Code: 116) and Ever Harvest Group Holdings Limited (Stock Code: 1549). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange. He served as an independent non-executive director of Medicskin Holdings Limited (Stock Code: 8307) and Best Mart 360 Holdings Limited (Stock Code: 2360) until 15 November 2022 and 28 September 2023 respectively.

Mr. Lau Hon Chuen, GBS, JP, *alias* **Ambrose Lau**, aged 78, has been an independent non-executive Director since 2004. He obtained a bachelor of laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr. Lau is the Senior Partner of Messrs. Chu & Lau, Solicitors & Notaries. Mr. Lau is currently an independent non-executive director of Glorious Sun Enterprises Limited (Stock Code: 393), Yuexiu Transport (Stock Code: 1052) and Joy City Property Limited (Stock Code: 207). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange. He is also a Director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, OCBC Wing Hang Bank Limited, Sun Hon Investment & Finance Limited, Wydoff Limited, Wytex Limited, Trillions Profit Nominee & Secretarial Services Limited, Helicoin Limited, Wyman Investments Limited and Cinda Financial Holdings Co., Limited. Mr. Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). He served as a Standing Committee Member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference.

Mr. Cheung Kin Sang, aged 67, was appointed as an independent non-executive Director in April 2023. He has over 40 years of corporate and commercial banking experience with diversified industry, product and institutional exposure. From July 2009 to December 2022, Mr. Cheung worked with DBS Bank Ltd, Hong Kong Branch and DBS Bank (Hong Kong) Limited (collectively, "**DBS**") where he served as the managing director and the head of institutional banking group in Hong Kong from June 2011 until his retirement in December 2022. He was also the alternate chief executive of DBS Bank (Hong Kong) Limited from December 2012 to December 2022. He had worked in DBS for over 13 years, during which he was responsible for growing DBS's franchise in the corporate and commercial banking businesses in Hong Kong. Prior to joining DBS, he was the regional general manager of North East Asia and the general manager of Hong Kong Branch of OCBC Bank. Prior to such appointments, he held senior positions in corporate commercial banking and risk management with major international banks including Citibank, ABN-AMRO and Rabobank. Mr. Cheung obtained a bachelor of social sciences degree from The University of Hong Kong in November 1981. Currently, Mr. Cheung is the chairman of the Board of Governors of World Green Organisation, a member of The Hong Kong Academy of Finance, and a member of the Advisory Committee on Accounting and Finance of The Hong Kong Polytechnic University. He was a member of the Advisory Board and the Investment Committee to Hong Kong Export Credit Insurance Corporation from January 2011 to December 2016 and a member of Industry Training Advisory Committee of the Hong Kong Qualifications Framework for the banking industry until December 2023. Mr. Cheung is an independent non-executive director of K. Wah International Holdings Limited (Stock Code: 173) and Dah Sing Banking Group Limited (Stock Code: 2356). The shares of the companies mentioned above are listed on the Hong Kong Stock Exchange. Mr. Cheung is also an independent non-executive director of Dah Sing Bank, Limited, a subsidiary of Dah Sing Banking Group Limited.

The Board

The overall management of the Group's business is vested in the Board, which assumes the responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs in the interests of the Group. The Board has delegated the supervision of the day-to-day management of the Group's business to the executive directorate, and focuses its attention on matters affecting the Group's overall strategic policies and finances, including: the approval and monitoring of all policy matters, overall business strategies and budgets, corporate governance, internal control and risk management systems, financial statements, dividend policy, major financial arrangements and major investments, treasury policies, appointment of directors and senior management and other significant financial and operational matters.

The Board attaches great importance to sustainability management, undertakes overall responsibility for the sustainability affairs of the Company and oversees the sustainability direction and strategies of the Company. It regularly discusses and reviews the Company's sustainability risks and opportunities. To further promote the deep integration of the Company's strategy and sustainable development, to lead the Company to achieve long-term sound development and proactively promote the more comprehensive, broad and in-depth influence of the Company in sustainable development, the Environmental, Social and Governance Committee was renamed as the Sustainability Committee with effect from 17 April 2025. The Sustainability Committee is responsible for managing and supervising the sustainability impact of the Company, and reports the sustainability-related performance to the Board on a regular basis. It updates the Company's sustainability issues every year and conducts materiality assessment of the sustainability issues through stakeholders study, questionnaire survey, expert assessment, discussion within the Board, etc. The Board has established, reviewed and discussed the relevant targets for greenhouse gas emissions, waste disposal, energy use and water resource utilization, and will continue to evaluate and pay attention to their progress.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary or external legal advisors, where appropriate, with a view to ensuring compliance of all Board procedures, applicable rules and regulations.

Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon request to the Board.

Board Committees

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee (formerly known as the Environmental, Social and Governance committee) for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The full terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website (www.yuexiuproperty.com) and the website of the Hong Kong Stock Exchange.

Audit Committee

The Audit Committee comprises four independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr. Yu Lup Fat Joseph is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

(a) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor;

(b) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditor before submission to the Board; and

(c) to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems, the internal audit function and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2024 to review the financial results and reports, financial reporting and compliance procedures, internal control system and risk management system and internal audit function and the re-appointment of the external auditors.

Remuneration Committee

The Remuneration Committee comprises four independent non-executive directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun, Mr. Lau Hon Chuen Ambrose and Mr. Cheung Kin Sang, and one executive director, namely Mr. Lin Zhaoyuan. The chairman of the committee is Mr. Yu Lup Fat Joseph.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure, and recommendations on the remuneration packages of the executive directors and the senior management, including benefits in kind, pension rights and compensation payments such as compensation payable for loss or termination of their office or appointment. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

One meeting was held in 2024 to review and make recommendations on the remuneration policy and structure of the Company and remuneration packages of the executive Directors and senior management for the year under review. During the year ended 31 December 2024, the Remuneration Committee also made recommendation to the Board on the respective remuneration packages of the new executive Director and non-executive Director.

Nomination Committee

The Board established the Nomination Committee on 1 March 2012. The Nomination Committee comprises two executive Directors, namely Mr. Lin Zhaoyuan and Mr. He Yuping and four independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun, Mr. Lau Hon Chuen Ambrose and Mr. Cheung Kin Sang. The committee is chaired by Mr. Lin Zhaoyuan.

The roles and functions of the Nomination Committee includes reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive directors and making recommendations on the selection of individuals nominated for directorship, the appointment or re-appointment of directors and succession planning for directors. In assessing the Board composition and the candidate proposed to the Nomination Committee for consideration, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Board members' appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. As at 31 December 2024, the Board comprises diversified members, including 12 Directors, two of whom are females. Six executive Directors are experienced in finance, accounting, capital operations, real estate development, human resource management and operation management, two non-executive Directors and the other four Directors, being the independent non-executive Directors, contribute extensive experiences in the legal and compliance, acquisition and mergers, capital operations as well as financial businesses to the Board. In order to ensure that the Board possesses experiences and skills relevant to its strategy and the ability and mindset to manage changes from time to time in new generation, the Nomination Committee formulates the following measurable objectives: gender, age, length of tenure, professional experience, skills and knowledge (e.g. legal, accounting, finance, real estate development and capital management, etc.), reviews the diversity of the Board and makes proposal to the Board if necessary. As at 31 December 2024, the male to female ratio in the workforce of the Group including senior management was approximately 9,199:5,985. The Board considers that the gender diversity in workforce is currently achieved.

In accordance with the strategic needs of the Board, suitable candidates are identified for consideration by the Nomination Committee. The Nomination Committee would consider such candidates based on various factors such as the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service set out in the Board Diversity Policy. Recommendation will be made to the Board based on meritocracy and objective criteria, having due regard to the benefits of diversity on the Board. The Board will ultimately decide on the merits of the candidate and their potential contributions to the Board. New directors so appointed shall be re-elected at the Company's general meeting as required by the articles of association of the Company.

The Nomination Committee held one meeting during the year ended 31 December 2024 to review the structure, size and composition of the Board. During the year ended 31 December 2024, the Nomination Committee also made recommendation to the Board on the respective appointments of the new executive Directors and non-executive Director.

Sustainability Committee

The Sustainability Committee (formerly known as the Environmental, Social and Governance Committee) was established on 10 March 2022. It currently comprises three executive Directors, namely Mr. Lin Zhaoyuan, Mr. Zhu Huisong, Mr. Jiang Guoxiong, and four independent non-executive Directors, namely Mr. Yu Lup Fat Joseph, Mr. Lee Ka Lun, Mr. Lau Hon Chuen Ambrose and Mr. Cheung Kin Sang. The committee is chaired by Mr. Lin Zhaoyuan.

The main duties of the Sustainability Committee include the following:

(a) to review, formulate and approve the Group's vision, goals, strategies and management policies regarding sustainability issues, and make recommendations to the Board on the relevant sustainability matters;

(b) to review and evaluate the adequacy and effectiveness of the management framework for sustainability matters at the Group level;

(c) to review and monitor the Group's policies on sustainability development to ensure compliance with legal and regulatory requirements; and

(d) to review and report to the Board on major international trends in legislation, regulation of corporate sustainable development, identify and assess the sustainability related risks and opportunities that have an impact on the Group's operation.

The Sustainability Committee shall report to the Board on their decisions or recommendations not less than once a year. The Sustainability Committee held two meetings during the year ended 31 December 2024 to review the progress of the sustainability issues and review the relevant sustainability report before submitting to the Board with recommendation for approval.

Directors' / Chief Executive's Interests

As at 30 June 2025, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**")), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") were as follows:

The Company

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate per cent. of interest[(4)]
Mr. Lin Zhaoyuan [(1)]	Beneficial owner/Beneficiary of a trust	1,194,560	0.02968
Mr. Zhu Huisong [(2)]	Beneficial owner/Beneficiary of a trust	167,437	0.00416
Mr. Jiang Guoxiong [(3)]	Beneficial owner/Beneficiary of a trust	1,900,238	0.04721
Ms. Liu Yan	Beneficial owner	3,400	0.00008
Mr. Yu Lup Fat Joseph	Beneficial owner	600,000	0.01491
Mr. Lee Ka Lun	Beneficial owner	858,000	0.02131
Mr. Lau Hon Chuen Ambrose	Beneficial owner	1,258,712	0.03127

(1) Mr. Lin Zhaoyuan is interested in 1,194,560 Shares, out of which 1,084,439 Shares are owned by him as beneficial owner, 110,121 Shares are held for him as a beneficiary of the "Yuexiu Property Company Limited Share Incentive Scheme Trust for Directors and Senior Management".

(2) Mr. Zhu Huisong is interested in 167,437 Shares, out of which 64,757 Shares are owned by him as beneficial owner, 102,680 Shares are held for him as a beneficiary of the "Yuexiu Property Company Limited Share Incentive Scheme Trust for Directors and Senior Management".

(3) Mr. Jiang Guoxiong is interested in 1,900,238 Shares, out of which 1,565,888 Shares are owned by him as beneficial owner, 204,537 Shares are held for him as a beneficiary of the "Yuexiu Property Company Limited Share Incentive Scheme Trust for Directors and Senior Management" and 129,813 Shares are held for him as a beneficiary under the "Yuexiu Property Company Limited Share Award Scheme Trust for Employees".

(4) The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2025 was used for the calculation of the approximate percentage.

Yuexiu Transport

Long positions in shares of Yuexiu Transport:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate per cent. of interest[(1)]
Mr. Lin Zhaoyuan	Beneficial owner	120	0.00001
Ms. Liu Yan	Beneficial owner	485	0.00003
Mr. Lau Hon Chuen Ambrose	Beneficial owner	195,720	0.012

(1) The total number of 1,673,162,295 shares of Yuexiu Transport in issue as at 30 June 2025 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 30 June 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as disclosed herein, at no time during the six months ended 30 June 2025 was the Company or a subsidiary a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Discloseable Interests of Shareholders

As at 30 June 2025, the following persons (other than the Directors and the chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares held	Approximate per cent. of interest[(3)]
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited)[(1)]	Interests of controlled corporations	1,825,106,198 (Long position)	45.34
YXE	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.)[(2)]	Interests of controlled corporations	801,053,190 (Long position)	19.90

(1) To the best knowledge, information and belief of the Company having made all reasonable enquiries, pursuant to the SFO as at 30 June 2025, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in 1,825,106,198 shares in the Company as a result of its indirect holding of such shares through its subsidiaries, details of which were as follows:

Name	Long positions in shares
YXE	1,746,724,198
Superb Master Ltd. ("**Superb**")[(i)]	104,517,301
Bosworth International Limited ("**Bosworth**")[(i)]	1,238,030,690
Novena Pacific Limited ("**Novena**")[(i)]	254,297,135
Morrison Pacific Limited ("**Morrison**")[(i)]	71,049,347
Greenwood Pacific Limited ("**Greenwood**")[(i)]	61,019,210
Goldstock International Limited ("**Goldstock**")[(i)]	15,838,713
Yue Xiu Finance Company Limited ("**Yue Xiu Finance**")[(i)]	1,971,802
廣州資產管理有限公司 (Guangzhou Asset Management Co., Ltd.)[(ii)]	78,382,000

(i) Superb, Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance are wholly-owned by YXE.

(ii) 廣州資產管理有限公司 (Guangzhou Asset Management Co., Ltd.) is an indirect subsidiary of 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited).

(2) Pursuant to the SFO, as at 30 June 2025, 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) was deemed to be interested in 801,053,190 shares of the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, details of which were as follows:

Name	**Long positions in shares**
Guangzhou Metro Investment Finance (HK) Limited [i]	801,053,190

(i) To the best knowledge, information and belief of the Company having made all reasonable enquiries, Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.), subscribed for all of its *pro rata* Rights Shares in respect of the Rights Issue of the Company conducted in 2023, increasing its interests to 801,053,190 shares of the Company. Please refer to the prospectus of the Company dated 11 May 2023 and the announcement of the Company on the Hong Kong Stock Exchange dated 2 June 2023 in relation to the Rights Issue for further details.

(3) The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2025 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 30 June 2025, the Company had not been notified of any other persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

The following discussion summarises certain aspects of PRC laws and regulations that are relevant to our operations and business. These include laws relating to land, real estate development, foreign invested enterprises and foreign exchange controls. For a description of the legal risks relating to government regulations of our business, and in particular the land system in China, see "Risk Factors".

The Foreign Investment Law and its Implementation Regulations

The Foreign Investment Law (中華人民共和國外商投資法) and the Implementation Regulations on the Foreign Investment Law (中華人民共和國外商投資法實施條例) came into effect on 1 January 2020 and simultaneously replaced the Law on Sino-Foreign Equity joint ventures (中華人民共和國中外合資經營企業法), the Law on Sino-Foreign Contractual Joint Ventures (中華人民共和國中外合作經營企業法) and the Wholly Foreign-owned Enterprise Law (中華人民共和國外資企業法), to become the general law applicable for foreign investment within the PRC. For discrepancies between any provisions on foreign investment developed before 1 January 2020 and the Foreign Investment Law with its implementation regulations, the latter shall prevail.

The Foreign Investment Law specifically stipulates the following forms of investment activities as "foreign investments", namely, (a) establishment of a foreign-invested enterprise in the PRC by a foreign investor, either individually or collectively with any other investor, (b) obtaining shares, equities, assets interests or any other similar rights or interests of an enterprise in the PRC by a foreign investor, (c) investment in any new construction project in the PRC by a foreign investor, either individually or collectively with any other investor, and (d) investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council.

The Foreign Investment Law establishes the administration systems for foreign investment, which mainly consists of pre-establishment national treatment plus negative list, foreign investment information report system and security review system. The said systems, together with other administrative measures stipulated under the Foreign Investment Law, constitute the framework of foreign investment administration. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

Establishment of Foreign-invested Real Estate Enterprises

According to the Law of the People's Republic of China on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**"), promulgated by the Standing Committee of the NPC on 5 July 1994 and effective on 1 January 1995, and amended on 30 August 2007, 27 August 2009 and 26 August 2019 respectively by the Standing Committee of the NPC, a property developer is defined as an enterprise which engages in the development and operation of property for the purpose of making profits. Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) (the "**Development and Operation Regulations**"), promulgated and implemented by the State Council on 20 July 1998 and amended by the State Council on 8 January 2011, 24 March 2019, 27 March 2020 and 29 November 2020, an enterprise which is to engage in property development shall satisfy the following requirements: (i) its registered capital shall be RMB1 million or more; and (ii) have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a property developer.

Under the Notice to Adjust and Promote the System of Capital Fund for Investment Projects in Fixed Assets (關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on 9 September 2015, the minimum portion of capital fund for affordable housing and ordinary housing is 20 per cent., while for other real estate development project, the minimum capital portion is 25 per cent.

To establish a property development enterprise, the developer should apply for registration with the Administration for Industry and Commerce above county level according to the Development and Operation Regulations. The property developer must also report its establishment to the government authority in the jurisdiction where the registration authority is located, within 30 days of the receipt of its Business License. Where a foreign-invested enterprise is to be established to engage in the development and sale of property, the relevant requirements of the laws and administrative regulations regarding foreign-invested enterprises must also be observed and relevant examination and approvals be administered and received.

Under the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) promulgated by the MOFCOM and the NDRC in November 2004, effective as at 1 January 2005, foreign investment in the development and construction of ordinary residential units is encouraged, whereas foreign investment in the development of a whole land lot which shall be operated only by a Sino-foreign equity joint venture or a Sino-foreign co-operative joint venture, and the construction and operation of high-end hotels, villas, premium office buildings, international conference and exhibition centres and large theme parks, are subject to restrictions, and foreign investment in other property development is permitted. Under the new Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄(2007年修訂)) jointly issued by the MOFCOM and the NDRC on 31 October 2007, effective as at 1 December 2007, foreign investment in the development and construction of ordinary units falls in the permitted category, whereas foreign investment in secondary market transactions in the real estate sector, the businesses of real estate intermediaries or agents and golf courses are the newly-added restricted areas for foreign investment in the real estate sector.

On 24 December 2011, the NDRC and the MOFCOM jointly issued the new Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄(2011年修訂)), effective as at 30 January 2012, pursuant to which foreign investment in the construction and operation of villas was moved from the restricted category to the prohibited category.

On 10 March 2015, the NDRC and the MOFCOM jointly issued the new Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄(2015年修訂)), effective as at 10 April 2015. Under the new foreign investment guidance catalogue, several changes have been introduced in relation to the real estate industry. For example, foreign investment in the development of a whole land lot, foreign investment in the construction and operation of high-end hotels, premium office buildings, international conference and/or exhibition centres, foreign investment in secondary market transactions, foreign investment in real estate intermediaries or agents now fall in the permitted category, whereas foreign investment in construction and operation of large theme parks is still subject to restrictions and foreign investors are prohibited from developing villas and golf courses.

On 28 June 2017, the NDRC and the MOFCOM jointly issued the new Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄 (2017年修訂)), effective as at 28 July 2017. Under the new foreign investment guidance catalogue, foreign investment in the construction and operation of the large theme parks, golf courses and villas are deleted from the restricted category and/or prohibited category.

The Foreign Investment Industrial Guidance Catalogue was partly replaced by Special Administrative Measures (Negative List) for Foreign Investment Access (外商投資准入特別管理措施 (負面清單)), promulgated by the MOFCOM and the NDRC, effective on 28 July 2018, and amended on 30 June 2019 and was partly replaced by Industry Guidelines on Encouraged Foreign Investment (Year of 2019) (鼓勵外商投資產業目錄 (2019年版)), promulgated by the MOFCOM and the NDRC, effective on 30 July 2019.

On 30 June 2020, the NDRC and MOFCOM promulgated the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2020 version) (外商投資准入特別管理措施 (負面清單) (2020年版)) (the "**2020 Negative List**") with effect from 23 July 2020. The 2020 Negative List sets out the areas where foreign investment is prohibited and the areas where foreign investment is allowed only on certain conditions. Unless provided in other laws, foreign investment in areas not listed on the 2020 Negative List is permitted and treated equally with domestic investment. On 27 December 2021, the NDRC and MOFCOM promulgated the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021 version) (外商投資准入特別管理措施(負面清單) (2021年版)) with effect from 1 January 2022. On 6 September 2024, the NDRC and MOFCOM promulgated the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 version) (外商投資准入特別管理措施(負面清單) (2024年版)) with effect from 1 November 2024.

On 11 July 2006, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, State Administration for Industry and Commerce of the People's Republic of China (the "**SAIC**") and SAFE promulgated and implemented the Opinion on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見). Under such opinion, when a foreign investor establishes a property development enterprise in China where the total investment amount is US$10 million or more, such enterprise's registered capital must not be less than 50 per cent. of its total investment amount. Foreign institutions which have no branches or representative offices in the PRC and foreign individuals who work or study in the PRC for less than one year are prohibited from purchasing any real property in the PRC. Furthermore, the admittance and administration of foreign capital in the property market must comply with the following requirements:

- foreign institutions or individuals who buy property not for their own use in China should follow the principle of Commerce Existence and apply for the establishment of a foreign-invested enterprise, pursuant to the regulations of foreign investment in property. After obtaining approval from the relevant authorities and upon completion of the relevant registrations, foreign institutions and individuals can then carry on their business pursuant to their approved business scope;

- where the total investment amount of a foreign-invested property enterprise is US$10 million or more, its registered capital shall be no less than 50 per cent. of the total investment amount; where the total investment amount is less than US$10 million, its registered capital shall follow the requirements of the existing regulations;

- for establishment of a foreign-invested property enterprise, the commerce authorities and the administration for industry and commerce take charge of the approval and registration of the foreign-invested property enterprise and the issuance of the Approval Certificate for a Foreign-Invested Enterprise and a Business License which are both valid for one year. Upon full payment of the land premium, the foreign-invested property enterprise should apply for a "Certificate of Land Use Rights". With a Certificate of Land Use Rights, it can obtain a formal Approval Certificate for a Foreign-Invested Enterprise from the commerce authorities, and an updated Business License which will have the same approved business period with the formal Approval Certificate for Foreign-Invested Enterprise from the administration for industry and commerce;

- transfers of projects or shares in foreign-invested property enterprises or acquisitions of domestic property enterprises by foreign investors should strictly follow the relevant laws, regulations and policies and obtain the relevant approvals. The investor should submit: (i) a written undertaking of fulfilment of the "Contract for the State-owned Land Use Rights Grant", the "Construction Land Planning Permit" and the "Construction Works Planning Permit", (ii) a "Certificate of Land Use Rights", (iii) documents evidencing the filing for modification with the construction authorities, and (iv) documents from the relevant tax authorities evidencing the payment of tax; and

- when acquiring domestic property enterprises by way of share transfer or otherwise, or purchasing shares from Chinese parties in Sino-foreign equity joint ventures, foreign investors should make proper arrangements for the employees, settle the arrangement of the debts of the banks and pay the transfer price in a lump sum and with its own capital. Foreign investors with bad records shall not be allowed to undertake the aforementioned activities in the PRC.

On 14 August 2006, the General Office of the MOFCOM enacted the Notice on Relevant Issues Concerning the Carrying Out the Opinion on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (商務部辦公廳關於貫徹落實(關於規範房地產市場外資准入和管理的意見)有關問題的通知). According to the Notice, if the total investment of a foreign-invested property development enterprise exceeds US$3 million, the registered capital must not be less than 50 per cent. of the total estimated investment; if the total investment is less than or equal to US$3 million, the registered capital must not be less than 70 per cent. of the total estimated investment. When a foreign investor merges with a domestic property development enterprise by transferring equity or other means, the original employees of the merged companies must be settled down properly, bank debts must be settled and the entire consideration for the transfer must be paid off at one time with its own capital within three months after the issue of the business license. When a foreign investor purchases the equity from other Chinese shareholders of a foreign-invested property development enterprise, the original employees of the merged companies must be settled down properly, bank debts must be settled and the entire consideration for the transfer must be paid off at one time with its own capital within three months after the effective date of the equity transfer agreement.

On 19 August 2015, the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and SAFE promulgated Circular on Adjusting Policies Concerning the Access and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知). Under such circular, some policies in the Opinions on Regulating the Access to and Administration of Foreign Investment in the Real Estate Market concerning foreign-invested real estate enterprises and the purchase of real estate by foreign institutions and individuals shall be adjusted as follows:

- the proportion of the registered capital to the total amount of investment of a foreign-funded real estate enterprise shall be determined in accordance with the Interim Provisions of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定);

- the requirement that a foreign-invested real estate enterprise must pay up its registered capital in full before applying for a domestic loan, overseas loan and settlement of foreign exchange loan shall be cancelled;

- branches and representative offices of overseas institutions (except for enterprises approved to engage in real estate business) established within the territory of the PRC and overseas individuals that work or study within the territory of the PRC may purchase commodity housing that meets their actual needs for their own use or living. In cities where housing purchase restriction policies are implemented, overseas individuals shall comply with the local policies when purchasing housing; and

- foreign-invested real estate enterprises may, in accordance with the relevant provisions on foreign exchange administration, directly apply for and complete the relevant foreign exchange registration under the item of foreign direct investment with the banks.

On 23 May 2007, the MOFCOM and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in the Real Estate Sector in the PRC (商務部、國家外匯管理局關於進一步加強、規範外商直接投資房地產業審批和監管的通知), which was amended on 28 October 2015, stipulates the following requirements for the approval and supervision of foreign investment in real estate:

- foreign investment in the PRC real estate sector relating to high-grade properties should be strictly controlled;

- before obtaining approval for the setup of real estate entities with foreign investment, (i) both the land use rights certificates and housing ownership right certificates should be obtained or, (ii) contracts for obtaining land use rights or housing ownership rights should be entered into;

- entities which have been set up with foreign investment need to obtain approval prior to the expansion of their business operations into the real estate sector, and entities which have been set up for the purpose of real estate development operation need to obtain new approvals, in case they expand their real estate business operations;

- acquisitions of real estate entities and foreign investment in the real estate sector by way of round-trip investment should be strictly regulated. Foreign investors should not avoid approval procedures by changing actual controlling persons;

- parties to real estate entities with foreign investment should not in any way guarantee a fixed investment return;

- registration shall be immediately effected according to applicable laws with the MOFCOM regarding the setup of real estate entities with foreign investment approved by local PRC governmental authorities;

- foreign exchange administration authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those who fail to file with the MOFCOM; and

- for those real estate entities who are wrongfully approved by local authorities for their setups, the MOFCOM should carry out investigations and order punishment and corrections, and foreign exchange administrative authorities should not carry out foreign exchange registrations for them.

On 10 July 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the MOFCOM (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), which was repealed by Notice of State Administration of Foreign Exchange on Promulgation of the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors and Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知), promulgated by SAFE (國家外匯管理局), effective on 13 May 2013, and amended on 10 October 2018 and 30 December 2019. The afore-said regulation restricted the ability of foreign-invested real estate companies to raise funds offshore for the purposes of injecting such funds into the companies by way of shareholder loans. The notice stipulates, among other things, that:

- SAFE shall no longer process foreign debt registration or applications for purchase of foreign exchange to serve foreign debts for real estate enterprises with foreign investment who obtained authorisation certificates from and registered with the MOFCOM on or after 1 June 2007; and

- SAFE shall no longer process foreign exchange registrations (or change of such registrations) or applications for the sale and purchase of foreign exchange submitted by real estate enterprises with foreign investment who obtained approval certificates from local government commerce departments on or after 1 June 2007 but who had not registered with the MOFCOM.

On 6 April 2010, the State Council issued the Opinions on Further Enhancing the Utilisation of Foreign Investment (國務院關於進一步做好利用外資工作的若干意見), which provide that, the projects with total investment (including capital increase) less than US$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalogue of Guidance on Industries for Foreign Investment, may be approved by local governments, except for those required to be approved by relevant departments of the State Council under the Catalogue of Investment Projects Approved by the Government.

According to the Administrative Measures for Approval and Record-filing of Foreign Investment Projects (外商投資項目核准和備案管理辦法) promulgated by the NDRC on 17 May 2014 and further revised on 27 December 2014, approval of the NDRC is required for foreign investment projects within the category of encouraged foreign investments with total investment amounting to US$300 million or above, and projects within the category of foreign investments subject to restrictions (excluding real estate projects) with total investment amounting to US$50 million or above. Real estate projects falling into the restricted category and other restricted projects with total investment (including capital increase) less than US$50 million, as listed in the Foreign Investment Industrial Guidance Catalogue shall be approved by the provincial government. The encouraged projects requiring the PRC company holding (including relative shareholding) with total investment (including capital increase) less than US$300 million, as listed in the catalogue for the guidance of foreign investment industries, shall be approved by the local government. The foreign investment projects other than those stated above shall be filed with the competent investment department of the local government for the record.

On 22 November 2010, the General Office of the MOFCOM issued the Notice on Strengthening Administration of Approval and Record of Foreign-invested Real Estate Industry (商務部辦公廳關於加強外商投資房地產業審批備案管理的通知), which aims to implement the relevant rules promulgated by the State Council and to ensure the sound effect of controls on the real estate industry. The MOFCOM addresses the following issues in that notice:

- the local department of commerce shall strengthen the supervision on the property projects with an inflow of foreign exchange. When reviewing the record materials, the local department of commerce shall focus on the re-check on the integrity of the documents relating to the land, including the materials to prove the transfer of land use right, such as the land use right transfer contract, and the land use right certificate;

- the local department of commerce shall, together with the local relevant authorities, strengthen the supervision on cross-border investment and financing activities, prevention of the risks arising from real estate market and control on the speculative investments. The PRC property enterprises established with offshore capital shall not conduct interest arbitrage activities by purchase or sale of the real estate property which is under construction or completed; and

- the local department of commerce shall further strengthen the approval, supervision and statistics verification of the establishment and/or capital increase of real estate enterprises by way of merger and acquisition, investment by equity and so on.

Foreign entities must establish foreign invested enterprises in the PRC as project companies to develop property. The typical scope of business of such project companies includes development, construction, sales, leasing and property management of commodity properties and ancillary facilities on the specific land as approved by the government. The term of the property development company may or may not be the same as the term of grant of the land use rights in question.

Establishment of a foreign-invested project company is subject to the approval by the relevant departments of the PRC Government in accordance with the following procedures. First, a project application report is submitted to the central or local development and reform commission for verification and approval. If the development and reform commission considers the proposed property development project to be consistent with the prevailing national and local economic plans and foreign investment regulations, it will grant an approval to the applicant in respect of the project.

Once the project application report has been verified and approved, a joint feasibility study report is prepared that reflects the investor's assessment of the overall economic viability of the proposed project company. The feasibility study report and/or articles of association may then be submitted to the MOFCOM, or its local counterpart, as the case may be, for approval. If the MOFCOM or its local counterpart finds the application documents to be in compliance with PRC law, it will issue an approval certificate for the establishment of the project company. With this approval certificate, the investor can apply to the local administration for industry and commerce for a foreign invested enterprise business license for the project company.

On 19 August 2015, MOHURD and other authorities jointly promulgated the Circular on Adjusting Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知), which removed the special requirement of ratio of registered capital to total investment imposed on foreign invested real estate enterprise ("**FIREE**"). The Circular further removed the requirement that the registered capital of FIREEs shall be paid in full before such FIREE may apply for domestic loans or offshore loans.

The Provisional Measures for Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), which was promulgated by the MOFCOM on 8 October 2016, and amended on 30 July 2017 and 29 June 2018, further detailed the relevant filing procedures.

On 30 December 2019, MOFCOM and State Administration for Market Regulation promulgated Measures on Reporting of Foreign Investment Information(外商投資信息報告辦法), effective on 1 January 2020, replaced the Provisional Measures for Filing Administration of Establishment and Changes of Foreign-Invested Enterprises (外商投資企業設立及變更備案管理暫行辦法).

Qualifications of a Real Estate Development Enterprise

Under the Provisions on Administration of Qualifications of Property Developers (房地產開發企業資質管理規定) (the "**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction on 1 December and amended on 29 March 2000 and 4 May 2015 and 2 March 2022, a property developer shall apply for registration of its qualifications. An enterprise may not engage in development and sale of property without a qualification classification certificate for property development. The construction authority under the State Council oversees the qualifications of property developers throughout the country, and the property development authority under a local government on or above the county level shall oversee the qualifications of local property developers.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into two classes. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to preliminary examination by the housing and urban-rural development authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the housing and urban-rural development authority under the State Council. The class 2 qualifications shall be subject to examination and approval by the housing and urban-rural development authority under the government of the relevant province, autonomous region or municipality directly under the central government or the administrative departments in charge of property development of the people's governments at the level of city divided into districts designated by the aforesaid authorities. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

Under the Development and Operation Regulations, the property development authorities shall examine applications for registration of qualifications of a property developer when it reports its establishment, by considering its assets, professional personnel and business results. A property developer shall only undertake property development projects in compliance with the approved qualification registration.

A developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is limited to another classification. A class 1 property developer is not restricted as to the scale of property project to be developed. A class 2 property developer may undertake a project with a GFA of less than 250,000 sq.m..

The Land System of the PRC Overview

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas of a city is state-owned, and all land in the rural and suburban areas is, unless otherwise specified by law, collectively-owned. The state has the right to resume its ownership of land or the right to use land in accordance with law if required for the public interest. Although all land in the PRC is owned by the state or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purposes or transfer their interests to other parties. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

Grants of Land Use Rights

National and Local Legislation

On 12 April 1988, the Constitution of the PRC (中華人民共和國憲法) was amended by the NPC to allow for the transfer of land use rights for value. On 29 December 1988, the Land Administration Law (中華人民共和國土地管理法) of the PRC (the "**Land Administration Law**") was amended to permit the transfer of land use rights for value. On 19 May 1990, the State Council enacted the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Urban Land Regulations**"). These regulations, generally referred to as the Urban Land Regulations, formalised the process of the grant and transfer of land use rights. The Urban Land Regulations prescribe different maximum periods of grant for different uses of land as follows:

Use of land	Maximum period (years)
Commercial, tourism and entertainment	40
Residential	70
Industrial	50
Educational, scientific, cultural, public health and sports	50
Comprehensive utilisation or others	50

Under the Urban Land Regulations, domestic and foreign enterprises are permitted to acquire land use rights unless the relevant laws provide otherwise. The State may not resume possession of lawfully-granted land use rights prior to expiration of the term of grant. If the public interest requires the resumption of possession by the State under special circumstances during the term of corresponding grant, compensation may be paid by the State. Subject to compliance with the terms of the land grant contract, a holder of land use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease.

Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for issuance of the land use rights certificate. Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a new land grant fee. If the term of the grant is not renewed, the land use rights and ownership of any buildings on the land will revert to the State without compensation.

The Civil Code of the People's Republic of China(中華人民共和國民法典, the "**Civil Code**"), adopted by the NPC on 28 May 2020 and effective as at 1 January 2021, further clarified land use rights in the PRC with the following rules:

- land use rights for residences will be automatically renewed upon expiry;
- car parking spaces and garages within residential buildings must first be used to meet the needs of the owners who live in the building;
- the construction of buildings must comply with relevant laws and regulations and must not affect the ventilation or lighting of neighbouring buildings; and
- where the land use rights for construction use are transferred, exchanged, used as a capital contribution, donated to others or mortgaged, an application for modification registration must be filed with the registration department.

In addition to the general framework for transactions relating to land use rights set out in the Urban Land Regulations, local legislation provides for additional requirements, including those applicable to specific transactions within specific areas relating to the grant and transfer of land use rights. These local regulations are numerous and some of them are inconsistent with national legislation. Under PRC law, national laws and regulations prevail to the extent of such inconsistencies.

Methods of Land Grant

There are two methods by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

The MLR has required since 1 July 2002 in the Regulations on Assignment of State-owned Land Use Right through Bidding, Auction and Quotation (招標拍賣掛牌出讓國有土地使用權規定) promulgated on 9 May 2002, which was subsequently amended by the Regulations on Assignment of State-owned Construction Land Use Right through Bidding, Auction and Quotation (招標拍賣掛牌出讓國有建設用地使用權規定) effective on 1 November 2007 issued by the MLR, that the grant of land use rights must be made pursuant to public tenders, auctions or listings for sale on a land exchange and that no land use rights for commercial uses could be granted by way of private agreement. PRC laws and regulations specifically provide that land to be used for commercial purposes, except land for mining, must be granted by way of competitive processes. A number of measures are provided by PRC laws and regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval by the city or provincial government. In addition, the announcement of a public tender, auction or listing for sale at a land exchange must be made 20 days prior to the date of beginning such competitive processes. Furthermore, it is also stipulated that for listing at a land exchange, the time period for accepting bids must not be less than 10 days.

When land use rights are granted by way of tender, a bid evaluation committee consisting of not fewer than five members (including a representative of the grantor and other experts) formed by the land bureau is responsible for evaluating the bids and the tenderee is responsible for deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land-grant fee before obtaining the State land use rights certificate and the land bureau effecting registration of the successful bidder as the holder of land use rights for the land. See "— *Documents of Title and Registration of Property Interests*". The land bureau will consider the following factors: if the invitation to tender only requires a bid from the bidder, whoever offers the highest bid will be the successful bidder; or if the invitation to tender requires the bidder to submit planning proposals in addition to the bid, then details of the proposals will be considered. If the relevant land bureau considers that none of the bids is satisfactory, the land bureau has the right to reject all the bids.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period.

Where land use rights are granted by way of listing at a land exchange administered by the local government, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period.

On 1 April 2017, MOHURD and the MLR jointly issued the Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply (關於加強近期住房及用地供應管理和調控有關工作的通知), which provides, among others, that local authorities should adopt examination and approval procedure to ensure that property developers use legitimate self-owned funds to acquire lands.

Model Land Grant Contract

To standardise a land grant contract, on 29 April 2008, the MLR and the SAIC re-issued a model land grant contract (the "**land grant contract**") in the Notice on Publishing the Model Text of the Land Grant Contract (關於發佈《國有建設用地使用權出讓合同》示範文本的通知), upon which many local governments have formulated their respective local form of land grant contracts to suit their specific local circumstances. The new model land grant contract contains terms such as serial number of land, location of land, area of land, use of land, conditions of land upon delivery, term of grant, land grant fee and its payment schedule, registration of land, intensity of land investment, land use conditions and restrictions (including GFA, building plot ratio, greenbelt ratio and height and density limitations), construction of public facilities, auxiliary construction, deadline for commencement of construction, deadline for completion of construction, payment of idle fees, application for extension of the stipulated construction period, restrictions on transfer, rent and mortgage of land use rights, application of renewal, force majeure, breach of contract and dispute resolution.

For the land grant contracts for residential properties, the development terms in principle must not exceed three years. If the developer fails to launch or complete the construction projects within the dates specified in the land grant contracts or the dates otherwise agreed upon for the delayed construction, for each postponed day, they must pay penalties. In addition, the developer must use the land in line with the land usage and plot ratios specified in the land grant contracts.

If a land user wishes to change the specified use of land after the execution of a land grant contract, approvals must first be obtained from the relevant land bureau and the relevant urban planning department, and a supplemental agreement or a new land grant contract may have to be signed and the land grant fee may have to be adjusted to reflect the added value of the new terms of use. Registration procedures must be carried out after payment of the added value.

Idle Land

According to the Urban Real Estate Law, where a real property development is carried out on land for which the land use rights are acquired by means of grant, the land must be developed in line with the specified use for the land and the deadline for commencement of development set out in the land grant contract. Where the development does not commence within one year from the specified date set out in the land grant contract, an idle land fee may be charged at a rate equivalent to not more than 20 per cent. of the relevant land premium. Where the development does not commence within two years from the specified date, the relevant land use rights may be withdrawn without compensation, except where the commencement of construction is delayed due to force majeure, an act of the government or relevant government departments, or delays in preliminary work necessary for the commencement of development.

According to the Measures on Disposing of Idle Land (閒置土地處置辦法) promulgated and implemented by the MLR on 28 April 1999, and as amended on 1 June 2012, a parcel of land can be defined as idle land under any of the following circumstances:

- the development of and construction on the land have not begun after a period of one year from the construction commencement date stipulated in the contract on compensatory usage of "State-owned construction land", or in the "Approval Letter on Land Allocation"; or

- the development of and construction on the land has begun, but the area under construction is less than one third of the total area to be developed or the invested amount is less than 25 per cent. of the total amount of investment; and the development and construction have been continuously suspended for more than one year.

The municipality or county-level municipality administrative authority shall, with regard to an identified piece of idle land, give notice to the land user containing proposals on dealing with the idle land, including, (1) extending the time period for development and construction (provided that it shall not be longer than one year); (2) changing the use and planning conditions of the land, and require the land user to fulfil the relevant procedures for the new use or planning; (3) arranging for temporary use for a period not longer than two years; (4) reaching a buy-back agreement with the land user; (5) arranging for replacement land for the land user if the delay of construction is due to planning changes by the administrative authority or (6) other measures proposed and implemented by the municipality or county-level municipality administrative authority based on the particular situation.

With respect to land which is obtained by assignment and which is within the scope of city planning, if the construction work has not yet started after one year after the date stipulated in the assignment contract, a fine for idle land equivalent to 20 per cent. of the assignment price may be imposed on the land user. If the construction work has not yet begun after two years, the right to use the land may be forfeited by the State without any compensation. However, the above sanctions will not apply when the delay in commencement of construction is caused by force majeure or non-performance by the government or military control or preservation of cultural relics or other acts of government.

On 8 September 2007, the MLR promulgated the Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) providing that the land subject to transfer shall be made ready for development before its transfer. The notice also prescribes that the State-owned land use rights certificate shall not be issued before the land grant premium has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

The Notice to Enhance the Economical and Intensive Use of Land (關於促進節約集約用地的通知) promulgated by the State Council on 3 January 2008 urges the full and effective use of existing construction land and the preservation of farming land and emphasises the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20 per cent. of the land grant premium, as well as for land left idle for more than two years, with such idle land forfeited without compensation.

Pursuant to the Notice on Resolutely Curbing the Rapid Rising of Housing Prices in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知) promulgated by the State Council on 17 April 2010 which became effective on the same date, commercial banks shall not grant loans to real estate development enterprises that idle land or speculate in land for the development of new projects, and the securities regulatory departments may suspend the approvals of listing, refinancing or significant asset restructuring of such enterprises.

Termination

Pursuant to the Civil Code, when the term of the right to use land for construction of dwelling houses expires, it shall be renewed automatically. The term of the right to use land not for construction of dwelling houses shall be handled in accordance with laws.

The State generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it shall offer proper compensation to the houses and other realties on such land, and corresponding land grant fees shall be returned back, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the land user.

If the land not for dwelling houses is expired and the land user has not applied for extension or, the application for extension has not been approved, the land use right and ownership of the related buildings erected on the land and other attachments will be acquired by the state without compensation. The land user will take steps to surrender the land use rights certificate and cancel the registration of the certificate in accordance with relevant regulations.

The land user may apply for renewal of the land use rights at least one year before expiry of the term and, if the application is granted, the land user is required to enter into a new land grant contract, pay a land grant fee and effect appropriate registration for the renewed land grant.

Land Transfers from Current Land Users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract or a joint venture development agreement with the land user. The assignment contract or joint venture development agreement must be registered with the relevant local land bureau at the municipal or county level. Upon a transfer of land use rights, all rights and obligations contained in the land grant contract are deemed incorporated as part of the terms and conditions of such transfer. Certain domestic PRC individuals or entities enjoy the right to use land allocated by the State without payment of any consideration for an indefinite period of time. This type of land use rights is generally referred to as an allocated land use right. The Urban Land Regulations state that assignment, lease or mortgage of allocated land use rights in urban areas and any buildings or attachments situated on the land is subject to the approval of the relevant land and real estate administrative departments. The conditions for approval include the following:

- the existing land user must be an individual or a company, enterprise or other economic organisation;

- the existing land user must hold a State land use rights certificate and the relevant ownership certificates for the buildings and attachments;

- a formal land grant contract must be entered into with the relevant land department; and

- the land grant fee must be paid or such payment may be made from the proceeds of such assignment, lease and mortgage.

The assignment contract or the joint venture development agreement is subject to terms and conditions specified in the land grant contract. For residential construction projects, PRC law requires that at least 25 per cent. of total construction costs have been expended before assignment can take place. A higher minimum construction and investment fee may be provided in land grant contracts entered into between the local land administration bureau and the land user. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. The relevant local government has the pre-emptive right to acquire the land use rights to be assigned if the assignment price is significantly lower than the market price. The State shall not withdraw before the expiration of the term of use the right to the use of the land which the land user acquired in accordance with the law. Under special circumstances, the State may, based on the requirements of social public interests, withdraw the right before the expiration of the term of use in line with the relevant legal procedures and shall, based on the number of years in which the land user has used the land and actual state of affairs with respect to the development and utilisation of the land, offer corresponding compensation.

Relocation of Original Residents

On 30 August 2007, the Standing Committee of NPC promulgated the revised Urban Real Estate Law which took effect on the same day, amended on 27 August 2009 and 26 August 2019. The law stipulates that the State, for public benefit, can take back state-owned land and/or the premises, owned by enterprises or individuals, built on state-owned land. The local PRC Government will provide the enterprises or individuals with compensation for the return of the state-owned land and/or the demolition. Where the land to be developed comprises land on which buildings have been erected and/or is occupied, we are required to compensate and relocate original residents before demolition and site clearance can be carried out. As specified in our land grant contracts, either the land authorities or our project companies are responsible for relocating existing residents and demolishing existing structures on the project sites. In cases where we are responsible for relocation, we are required to compensate the owners or residents of existing buildings on land to be developed for relocation in accordance with the Regulation on the Dismantlement of Urban Houses (城市房屋拆遷管理條例) implemented on 1 November 2001 by the State Council. But these administration rules have been abolished in compliance with the Building on State-owned Land Expropriation and Compensation Regulation (國有土地上房屋徵收與補償條例) (the "**Expropriation and Compensation Regulation**") promulgated by the State Council on 21 January 2011.

The Expropriation and Compensation Regulation is formulated for purposes of regulating the expropriation of buildings on state-owned land and corresponding compensation, maintaining public interests and protecting the legitimate rights and interests of owners of the buildings to be expropriated, and it provides that, among other things:

- where a building of any entity or individual on state-owned land is expropriated for public interest, the owner of the expropriated building (the "**owner**") shall be fairly compensated, and the principle of "democratic decision-making, due process and open results" shall be followed in the building expropriation and compensation;

- a building of any entity or individual on state-owned land can only be expropriated under the certain circumstances for public interest, and the governmental authorities are the sole entities who can be in charge of resettlement activities; the real estate developers are prohibited from being involved in the relevant procedures for building demolition and relocation;

- the compensation to the owner shall be paid before the resettlement, and cannot be less than the market value of similar properties at the time of expropriation. The market values of properties shall be assessed by qualified real estate assessment agencies according to the assessment rules for property expropriation. The owner who disagree with the assessed value of property can apply for a re-assessment; and

- neither violence nor coercion may be used to force the owner to leave the property sites, nor can certain measures, such as illegally cutting off water and/or power supplies, be used in demolition and relocation procedures.

The Measures of Expropriation and Evaluation of Properties on State-owned (國有土地上房屋徵收評估辦法)), which was promulgated by MOHURD and implemented on 3 June 2011, provides that, among other things:

- the value of the expropriated property is the sum would have been reached by informed and willing parties in arm's length transaction, excluding factors such as lease, pledge and seizure;

- the market value of the property for exchanging the expropriated property shall be determined by evaluation. The benchmark date of evaluation of the expropriated property is the date when the property expropriation decision is posted; and

- the evaluation of expropriated property shall consider location, property use, construction structure, condition, building area, floor area, land use right and other factors that might affect the value of the property. The value of interior decoration, relocation fee for machinery equipment and materials and compensation for halting the production and business through negotiation by relevant parties; if the parties fail to reach such an agreement, the value may be determined by evaluation conducted by a real estate evaluation institution appointed by the parties.

Documents of Title and Registration of Property Interests

A land use rights certificate is the evidentiary legal document to demonstrate that the registered land user has the lawful right to use the land during the term stated in the land use rights certificate. Upon the completion of construction of a building (including passing the acceptance tests by various government departments), a building ownership certificate will be issued to the owner of the building. The holder of a land use right who is issued a building ownership certificate holds the land use rights and owns the building erected on the land. All holders of land use rights, and other rights with respect to the land, such as the right to buildings erected on the land, must register all their lawful state-owned land use rights, as well as ownership rights to the buildings. In this regard, real estate registries have been established in all cities in China. In most cities, there are separate registries for land use rights and buildings. In places where there are separate registries, the holder of a land use right will be issued a building ownership certificate for its ownership of the building and a land use rights certificate for its land use rights in the underlying land. According to the Land Registration Regulations (國家土地管理局土地登記規則) promulgated by the State Land Administration Bureau (國家土地管理局) on 18 December 1995 and implemented on 1 February 1996, the Civil Code and the Land Administration Law, land use rights and building ownership rights which are duly registered are protected by law.

Whether the registered land user can assign, mortgage or lease the land use rights will be subject to conditions stipulated in the original land grant contract. In addition to the requirement to register land use rights, there is also a requirement to register a mortgage of a land use right in local land registration departments. See "— *Mortgage and Guarantee*".

The Interim Regulations on Real Estate Registration (不動產登記暫行條例) was promulgated by the State Council on 24 November 2014 and came into effect on 1 March 2015, latest amended on 10 March 2024 and came into effect on 1 May 2024. The MLR promulgated the Notice of the Ministry of Land and Resources on Implementing the Interim Regulations on Real Estate Registration (國土資源部關於貫徹實施《不動產登記暫行條例的通知》) on 29 December 2014. The new rules require the establishment of a unified registration system for real estate and creation of an information platform to manage the data. In addition to buildings, the new rules also cover land, maritime property and forests. The MLR is responsible for monitoring property registration overall, while local governments will set up institutions to implement the process. In places where the institutional integration has not been completed, the original documents of title will be issued until the authorizing institutions complete the integration. No PRC government agencies may compel a real estate owner which has obtained the original document of title to apply for the new document of title and the original document of title will remain valid during its validity period.

Mortgage and Guarantee

The mortgage of real property in the PRC is governed by the Civil Code, Interpretation of the Supreme People's Court of the Application of the Relevant Guarantee System of the Civil Code of the People's Republic of China (最高人民法院關於適用《中華人民共和國民法典》有關擔保制度的解釋), the Measures for Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法) promulgated by the Ministry of Construction on 9 May 1997 and amended on 15 August 2001 and 30 March 2021, and other relevant real estate-related laws and regulations. A real property mortgage agreement must be in writing and must contain specific provisions including (i) the type and amount of the indebtedness secured, (ii) the period of the obligation by the debtor, (iii) the name or quantity of the mortgaged property, and (iv) the scope of security. Pursuant to the Civil Code, buildings newly-erected on a piece of urban land after a mortgage contract has been entered into shall not constitute mortgaged property. If the mortgaged property is auctioned off, the new buildings added on the land may be auctioned together with the mortgaged property, but the mortgagee shall not be entitled to priority compensation from the proceeds of the auction of the new buildings.

Pursuant to the above mentioned laws and regulations, a real property mortgage contract becomes effective on the date of registration with the local real property department. When carrying out mortgaged property registration, the loan contract and the mortgage contract as well as the land use rights certificate or the building ownership certificate with respect to the mortgaged property must be submitted to the registration authority. Where the obligor fails to pay its/his due debts or any circumstance for realizing the mortgage right as stipulated by the parties concerned happens, the mortgagee may, upon agreement with the mortgagor, convert the mortgaged property into money or seek preferred payments from the money generated from the auction or sale of the mortgaged property. Where the said agreement harms the interests of any other obligee, the obligee may petition the People's Court for cancellation of such agreement. Where no agreement on the means of realizing the mortgage right is reached between the mortgagee and the mortgagor, the mortgagee may petition the People's Court for auction or sale of the mortgaged property. When converting into money or selling off the mortgaged property, its market price shall be referred to.

The Civil Code also contains comprehensive provisions dealing with guarantees. Under the Civil Code, guarantees may be in two forms: (i) general guarantees whereby the guarantor bears the liability when the debtor fails to perform the payment obligation; and (ii) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and, unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

Property Development

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale or leasing of units. Large tract development projects consist of the comprehensive development of large areas and the construction of necessary infrastructure such as water, electricity, road and communications facilities in order to create the conditions for industrial or other construction purposes. Thereafter, the developer may either assign the land use rights of the developed area or construct buildings on the land itself and sell or lease the buildings erected on it.

According to the PRC Urban-rural Planning Law (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of the NPC on 28 October 2007 and implemented on 1 January 2008, and last amended on 23 April 2019, the Measures on the Planning of Grant of State-owned Urban Land Use Rights (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction on

4 December 1992 and implemented on 1 January 1993 and amended on 26 January 2011, real estate developers shall apply for the construction land planning permit from the relevant municipality or county urban-rural planning authority by submitting the contract of grant of state-owned land use rights, the approval and registration certificates after signing the contract of grant of state-owned land use rights. A construction enterprise or individual shall apply for the construction land planning permit at the relevant municipality or county urban-rural planning authority before commencing the construction of buildings, structures, roads, pipes or other construction works. According to the Measures on Permission of Construction Works (建築工程施工許可管理辦法) promulgated by MOHURD on 25 June 2014, and last amended on 30 March 2021, which supersedes the original regulations issued by the Ministry of Construction on 15 October 1999 and amended and implemented on 4 July 2001, after obtaining the construction land planning permit the real estate developer shall apply for and obtain the construction land works permit at the relevant construction authority of the government above the county level, except for the construction projects with the investment below CNY300,000 or GFA below 300 sq.m.. The local counterpart of MOHURD may adjust the above-listed criteria based on the local circumstance. Failure to obtain the construction land works permit for any real property project as required by law will result in prohibition of commencement of the construction work.

A property project developed by a property developer shall comply with the relevant laws and other statutes, requirements on construction quality, safety standards and technical guidance on survey, design and construction work, as well as provisions of the relevant contract. After completion of works for a project, the property developer shall organise a "four-party" inspection, request and receive inspections from the competent planning, fire-prevention, environmental, public security, construction and other authorities, and request and receive inspection on construction completion (竣工備案) from the local construction committee according to the Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例) promulgated and implemented by State Council on 30 January 2000 and amended on 23 April 2019, and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD on 2 December 2013, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction on 7 April 2000 and as amended on 19 October 2009 and other relevant Chinese laws and regulations. A property development project may only be delivered after passing fire, quality and other the necessary inspections, and may not be delivered before the relevant certificates have been obtained following such inspections. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, an acceptance examination may be carried out for each completed phase.

Environmental Protection

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law (中華人民共和國環境保護法) promulgated by the Standing Committee of the NPC and effective on 26 December 1989 and amended on 24 April 2014, the Prevention and Control of Noise Pollution Law (中華人民共和國噪聲污染防治法) promulgated by the Standing Committee of the NPC on 24 December 2021 and effective on 5 June 2022, the Environmental Impact Assessment Law (中華人民 共和國環境影響評價法) promulgated by the Standing Committee of the NPC on 28 October 2002 and effective 1 September 2003 and amended on 2 July 2016 and 29 December 2018, and the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例) promulgated by the State Council and effective on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017.

Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact statement or an environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Pre-sales and Sales

Commodity premises can be sold before or after their completion. These sales are regulated and conducted in accordance with the provisions of the Regulations for the Administration of Sale of Commodity Premises (商品房銷售管理辦法) (the "**Sales Regulations**") promulgated by the Ministry of Construction on 4 April 2001, the Measures for the Administration of Pre-sale of Commodity Premises (城市商品房預售管理辦法), promulgated, implemented on and amended by the Ministry of Construction on 15 November 1994, 15 August 2001 and 20 July 2004, respectively, and in accordance with the Development and Operation Regulations.

For units of a commodity building sold before completion (a "**Pre-sale**") to occur under the Pre-sale Measures, a developer must make the necessary pre-sale registration with the real estate development authority of the relevant city or county and obtain a pre-sale permit. A Pre-sale will take place if:

- the premium fee in respect of the land use rights has been paid in full and the land use rights certificate has been obtained;
- the construction works planning permit and the construction project commencement permit have been obtained;
- at least 25 per cent. of the total amount of the project investment fund has been injected into the development of the project and the progress of construction and the expected completion date of the project has been ascertained; and
- the pre-sale permit has been obtained.

On 13 April 2010, MOHURD issued the Notice on Further Strengthening on Real Estate Market Supervision and Improvement of the Commercial Housing Pre-sale System (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It stipulates that:

- property developers shall not charge the purchaser earnest or advance money in forms of subscription, order or grant of VIP card in relation to the project for which it has not obtained the pre-sale permits;
- property developers shall disclose all housing that is permitted to be sold at one time and the price of each housing unit within 10 days after obtaining the pre-sale permits;
- pre-sale permits can only be issued to entire buildings, in addition, pre-sale permit shall not be issued to individual floors or units;
- property developers shall conduct commercial housing pre-sale programs and sell the commercial housing in accordance with such programs. The programs shall include basic information on the project, such as construction schedule, number of pre-sale housing, predicted size, the areas of public space and public facilities, sale prices and the range of changes in sale prices and the monitory system for pre-sale proceeds. The pre-sale programme and all material changes to such programme shall be reported to the relevant authorities for record and be published;
- all pre-sale proceeds shall be deposited into accounts under monitoring to ensure the legitimate use for project construction; and

- property developers shall take primary responsibility for the quality of properties developed, while enterprises in the business of survey, design, construction or supervision shall also take the respective responsibilities accordingly.

Various local governments have enacted local regulations to supplement the national requirements.

According to the Guangdong Province, Administration of Pre-sale of Commodity Premises Regulations (廣東省商品房預售管理條例) promulgated by the Standing Committee of the Guangdong Provincial People's Government on 22 August 1998, most recently revised on 25 September 2014, the following conditions must be fulfilled for the pre-sale of commodity premises in the Guangdong Province:

- the pre-seller has already obtained a real property development qualification certificate and a business licence;

- the land grant fee has been paid in accordance with the relevant provisions of the land administration department and a land use right certificate has already been obtained;

- a construction planning licence and construction works licence are held and the construction quality and safety monitoring procedures have been carried out;

- the work schedule, time of completion and time of delivery for use have been set;

- the foundations and structure of commodity premises of not more than three storeys have been completed. In the case of commodity premises of not less than four storeys, if the premises have a basement, the foundations and first storey structure have been completed; if the premises do not have a basement, the foundations and structure of four storeys have been completed;

- a special property pre-sale account has been opened with a commercial bank in the place where the project is located;

- the commodity premises pre-sale project and its leaseholds are free from third party rights; and

- any other conditions stipulated in laws and regulations.

Pursuant to the Pre-sale Measures, pre-sale proceeds shall only be applied towards settlement of the related construction cost. The specific measures for the supervision of the pre-sale proceeds may be formulated by the local real estate administration authorities. In Beijing, Wuhan, Guangdong Province, Shandong Province and certain other cities, the local real estate administration authorities have formulated, in accordance with the Pre-sale Measures, their own rules with respect to the supervision of the use of pre-sale proceeds. Under these local rules, the developer shall open an escrow account of pre-sale proceeds in a commercial bank of the same locality as the commodity building, to ensure that all pre-sale proceeds are used to the related construction expenses.

The buyer of a pre-sale commodity premises is prohibited from conducting any further transfer of such premises if the building is still under construction. A real name system for pre-sale must be applied and on-line pre-sale contract registration must be carried out.

Under the Sales Regulations, commodity premises may be put to post-completion sale only when the following preconditions have been satisfied: (a) the real estate development enterprise offering to sell the post-completion buildings shall have an enterprise legal person business license and a qualification certificate of a real estate developer; (b) the enterprise has obtained a land use right certificate or other approval documents of land use; (c) the enterprise has the permit for construction project planning and the permit for construction; (d) the commodity premises have been completed and been inspected and accepted as qualified; (e) the relocation of the original residents has been well settled; (f) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; and (g) the property management plan has been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real Estate Development Project Manual and other documents showing that the preconditions for post-completion sale have been fulfilled to the real estate development authority for making a record.

On 16 March 2011, the NDRC promulgated the Regulations on Clearly Marking Price in the Sale of Commodity Houses (商品房銷售明碼標價規定), according to which the sale of commodity housing shall mark prices on a per unit basis, and show to the public the collection of handling fees and property management charges. A commodity house operator shall not charge any additional fees other than those clearly marked during the property sale. After the price of a commodity house is clearly marked, the developer may reduce the price or provide discounts, however, any increase in price shall be re-filed with the competent authority for record. These regulations also apply to the selling of second hand property by real estate agents.

According to Notice on Conducting Special Inspections of the Sale of Commodity Houses with Marked Prices (關於開展商品房銷售明碼標價專項檢查的通知) promulgated by the General Office of the NDRC and implemented on 11 May 2011, real estate developers who failed to mark a price on each unit in accordance with relevant regulations will be imposed a fine of CNY5,000 for each unit sold. If the real estate developers are found to have committed in price fraud, order of correction, confiscation of illegal gains and fine will be imposed; in serious cases, the real estate developers will be ordered to suspend business.

Leasing

Both the Urban Land Regulations and the Interim Regulation of People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例), promulgated on 19 May 1990 and amended on 29 November 2020, permit leasing of granted land use rights and the buildings or properties constructed on the land. The Administrative Measures for the Urban House Leasing (城市房屋租賃管理辦法) were promulgated by the Ministry of Construction in May 1995 in accordance with the Real Property Law in order to strengthen the administration of the leasing of urban buildings, which was subsequently replaced by the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) (the "**Leasing Measures**") promulgated by MOHURD on 1 December 2010 and came into effect as at 1 February 2011. According to the Leasing Measures, the parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent real estate authorities of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant real estate authorities are authorised to impose a fine below RMB1,000 on individuals, and a fine from RMB1,000 to RMB10,000 on other violators who are not natural persons and fail to comply with the regulations within the specified time limit.

The term of a contract for leasing of premises and the underlying land use rights must not exceed a maximum term of 20 years.

Real Estate Financing

Financial Restrictions

The PRC Government has introduced a number of measures and regulations to restrict the ability of property developers to raise capital through external financing and other methods since 2003. For example, the Circular on Further Strengthening the Management of Property Loans (中國人民銀行關於進一步加強房地產信貸業務管理的通知) issued by the PBOC on 5 June 2003 stipulates that commercial banks may not grant loans to property developers for the purposes of paying for land grant fees. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit. In addition, a developer applying for real estate development loans shall have at least 35 per cent. of capital funds required for the development. Furthermore, the Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilising Housing Prices (國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知) issued by the Ministry of Construction and other Departments on 24 May 2006 and the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的通知) promulgated and implemented jointly by the PBOC and the CBRC on 27 September 2007 (the "**2007 Notice**"), stipulate that commercial banks may not grant loans to developers of projects where: (1) the capital funds (owner's equity) constitutes less than 35 per cent.; (2) projects without a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit; and (3) property development enterprises that have been classified by the relevant government authorities as hoarding land and housing resources. Furthermore, commercial banks are not permitted to accept commodity premises with a vacancy exceeding three years as collateral for a loan, and may not grant property development enterprises any loans for the payment of relevant land grant fee. The 2007 Notice further stipulates requirements that strengthen the processes for loan management, including the implementation of credit checks, monitoring of real estate loans and risk management.

On 5 December 2007, the PBOC and the CBRC jointly issued the Supplemental Notice on Strengthening the Administration of Commercial Real-estate Credit Loans (中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的補充通知), which clarifies that the times of property mortgage loans should be calculated on a family basis, including the borrower and his spouse and minor child.

On 21 September 2010, the MLR and MOHURD announced the Notice Relating to Enhancing Housing Property Land and Construction Management Restriction (國土資源部、住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知), requiring a strict management to housing land sales, and a strict examination to the land bidders. For breaching the following requirements, the MLR will forbid the land bidder and its controlling shareholders to bid land: (i) forging documents and land speculation; (ii) illegal transfer of land use rights; (iii) letting land being idle for more than a year; and (iv) breaching of the conditions prescribed by the contract of assignment of the land.

On 29 September 2010, the PBOC and the CBRC issued the Notice on Relevant Issues Relating to the Improvement of Differential Housing Loan Policy (中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as (i) holding idle land; changing the land use; (iii) changing the land nature; (iv) delaying the commencement and completion of development; and (v) intentionally holding properties for future sale, for the purpose of new property development.

Additional Loan Policies

Pursuant to Guidelines for Risk Management Real Estate Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on 30 August 2004, any property development enterprise applying for property development loans must have at least 35 per cent. of the capital required to fund the development of the property.

Property Services Management

According to the Catalogue of Guidance on Industries for Foreign Investment, property management falls within the category of permitted foreign invested industries. Before the SAIC registers a foreign-invested-enterprise as a foreign invested real estate management enterprise, the foreign-invested real estate management enterprise should obtain an approval from the relevant department of commerce and receive a "foreign-invested enterprise approval certificate".

According to the Regulation on Property Management (物業管理條例) enacted by the State Council on 8 June 2003 and implemented on 1 September 2003, as further amended on 26 August 2007 and 6 February 2016, and became effective on 6 February 2016, and amended on 19 March 2018, the general meeting of owners in a property can appoint and dismiss the property management enterprise with affirmative votes of owners holding more than half of the voting rights. Before the formal appointment of a property management enterprise by the general meeting of the owners, a written temporary service contract should be signed by the construction institutions (for example, a developer) and a property management enterprise.

According to the Rules on Property Management Service Fees (物業服務收費管理辦法) jointly promulgated by the NDRC and the Ministry of Construction on 13 November 2003, the amount of property management fees payable to a property management enterprise as remuneration may be set between the owners and property management enterprises by reference to a fixed management fee or a percentage based management fee. The property management enterprise may collect a fixed management fee from the property owners to cover all operating costs incurred for property management and shall account for any shortfall and retain any surplus. Or, management fees may be charged by reference to a fixed percentage of the total management fees collected. The balance of the fees will be used for covering the operating cost incurred for property management, and the property owners shall account for any shortfall and retain any surplus.

Insurance

There is no mandatory provision under PRC laws and regulations requiring a property developer to obtain insurance policies for its property under construction. According to the common practice of the real estate industry in Guangdong, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies are required to pay for the insurance premiums at their own costs and obtain insurance to cover their liabilities, such as third-party liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all the aforementioned risks ceases immediately after the completion and acceptance upon inspection of construction. According to the Rules of Guangdong Province for Implementing the PRC Fire Control Law (廣東省實施《中華人民共和國消防法》辦法) revised in 2022, public gathering places, such as hotels and shopping malls, must carry public liability insurance for fire accidents.

Recent Macro-economic Control Measures

The General Office of the State Council enacted the Circular on Stabilising Housing Prices (關於切實穩定住房價格的通知) with effect on 26 March 2005, requiring measures to be taken to restrain the housing price from increasing too fast and to promote the healthy development of the real estate market.

On 26 May 2005, the Ministry of Construction, the NDRC, Ministry of Finance, the MLR, the PBOC, the SAT and the CBRC jointly issued the Opinion of Stabilising Housing Prices (關於做好穩定住房價格工作的意見) with effect on the same date, followed by a set of new measures. As a result:

- beginning 1 June 2005, a business tax was levied on property sales proceeds subject to the length of the period for which the property has been held and type of property concerned;

- transfer of uncompleted properties has been banned;

- planning review of residential properties which fail to commence construction within two years, which are not in compliance with their respective planning permits will be revoked; and

- land provision for villa construction was banned and land provision for high-end residential property construction was restricted.

On 24 May 2006, the General Office of the State Council further issued a Notice on the Opinions on Adjusting the Housing Supply Structure and Stabilising the Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provided for six broad measures including but not limited to the following specific directives to (i) encourage mass-market residential developments and to curb the development of high-end residential properties; (ii) enforce the collection of business taxes on property sales (business taxes will be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties); (iii) restrict housing mortgage loans to not more than 70 per cent. of the total property price (for houses purchased for self-residential purposes and with an area of less than 90 sq.m., the owners are still able to apply for housing mortgage up to an amount representing 80 per cent. of the total property price); (iv) halt land supply for villas projects and restrict land supply for high-end, low density residential projects; (v) moderate the progress and scale of demolition of old properties for redevelopment; (vi) local governments are also required to ensure that at least 70 per cent. of the total development and construction area also must consists of units of less than 90 sq.m. in size (with any exceptions requiring the approval of the Ministry of Construction); and (vii) banks are not permitted to provide loans to a property developer whose total capital fund is less than 35 per cent. of the total investment amount in an intended development project. On 31 August 2006, the State Council published the Notice by the State Council on Strengthening the Regulation and Control of the Land (關於加強土地調控有關問題的通知), which regulates the management of land in the PRC and the protection of cultivated land. According to the notice, land designated for industrial purposes shall be granted by way of tender, auction and invitation for bidding, but in any event shall not be sold below the reserve price.

On 30 September 2007, the MLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties of Urban Low-income Families and Further Strengthening Macro-control of Land Supply (關於認真貫徹國務院《關於解決城市低收入家庭住房困難的若干意見》進一步加強土地供應調控的通知), amended on 3 December 2010, pursuant to which, at least 70 per cent. of the land supply arranged by the relevant land administration authority at municipality or county level for residential property development for any given year must be used for developing low-to-medium-cost and small-to-medium-size units, low-cost rental properties and affordable housing.

On 27 September 2007, Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知), promulgated by the PBOC and the CBRC, further tightened mortgage lending by PRC banks, by increasing the amount of down payment a property purchaser must make before seeking mortgage financing.

On 28 September 2007, the MLR issued the Regulations on Assignment of State-owned Construction Land Use Right through Bidding, Auction and Quotation (招標拍賣掛牌出讓國有建設用地使用權規定) effective on 1 November 2007, which reiterated that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and/or commence development on the land. On 3 January 2008, the State Council issued the Notice to Enhance the Economical and Intensive Use of Land (關於促進節約集約用地的通知) with effect on the same date, which requires full utilisation of the market's fundamental efforts in promoting land resources distribution, and aims to improve the mechanisms for economical and intensive usage of land by: (i) strictly enforcing the bid tender, auction and listing transfer system for industrial and operative land and requiring, for industrial usage land and operative land of commercial, traveling, entertainment and commodity housing etc. (including land usage for ancillary business operations, research and training), and for the same land lot with two or more intending land users, an open transfer by bid tender, auction and listing; (ii) enhancing the contract system for land usage; and (iii) continuing to suspend land supply for villas development of houses, requiring that not less than 70 per cent. of the residential land supply is used for construction of low rent housing, economical housing, fixed-price housing and medium and small sized housing, in order to prevent large sized housing to occupy excessive land.

On 20 December 2008, the General Office of the State Council issued the Certain Opinions on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見) effective on the same date, which changed the period of the business tax levied on the full amount of the sale proceeds on conveyance of residential properties from five years from the date of purchase to two years from the date of purchase. If an individual sells his non-ordinary apartment after two or more years from the date of purchase, the business tax will be levied on the balance between the selling price and the purchase price. This policy was in place temporarily until 31 December 2009.

On 18 November 2009, the Ministry of Finance, the MLR, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). This notice raises the minimum down-payment for land premium to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

On 7 January 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) effective on the same date, which is also aimed at dampening speculation in the property market and slowing the rate of price increases. The notice, among other things, provides that the minimum down payment for the purchase of a second residential property by any household with mortgage on its first residential property shall be 40 per cent. of the purchase price.

On 8 March 2010, the MLR issued the Notice on Relevant Issues relating to Strengthening the Supply and Supervision of Land Use for Real Estate Property (關於加強房地產用地供應和監管有關問題的通知) effective on the same date. The notice, among other things, provides that: (i) land resource authorities shall strictly control the land supply for large-sized apartments and prohibit the land supply for villas; and (ii) the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50 per cent. of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount to be paid no later than one year after the execution of the land use rights grant contract.

On 17 April 2010, the State Council issued the Notice on Resolutely Curbing the Rapid Rising of Housing Prices in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知) effective on the same date, according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things: (i) for first-time family buyers (including the borrower, his/her spouse and his/her underage children) of apartments larger than 90 square metres, a minimum 30 per cent. down payment must be paid; (ii) the down payment requirement on second-home mortgages was raised to at least 50 per cent. from 40 per cent. and also reiterated that an extra 10 per cent. should be adopted on the interest rates for housing loans granted to such buyers; and (iii) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks can suspend housing loans to buyers who own two or more housing units in places where housing prices are rising too rapidly and are too high, and housing supply is insufficient.

Three authorities, including MOHURD, the PBOC and the CBRC, jointly released the Notice on Regulating the Standards for Identifying the Second Set of Housing in Commercial Individual Housing Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知) on 26 May 2010, so as to regulate recognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the notice, the number of houses owned by a family in applications for commercial housing loans for individuals shall be calculated according to number of sets of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plans to purchase a house. The notice also stipulates that house purchasers shall check the house registration records of the family via the house registration system, and shall provide the results in writing. The loan applicant shall provide the credit guarantee in writing to prove the actual number of houses owned by his/her family.

On 29 September 2010, the PBOC and the CBRC issued the Notice on Relevant Issues Relating to the Improvement of Differential Housing Loan Policy (關於完善差別化住房信貸政策有關問題的通知) effective on the same date, which, among other things:

- prohibits commercial banks from providing housing mortgage temporarily to any members of a family unit purchasing the third or the subsequent residential housing or non-local residents who fail to provide local one-year or longer tax payment certificates or social insurance payment certificates;

- prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as: (i) holding idle land; (ii) changing the land use; (iii) delaying the commencement and completion of development; (iv) intentionally holding properties for future sale, for the purpose of new property development; and

- increase the minimum down payment to at least 30 per cent. of the purchase price of the property.

On 2 November 2010, the Ministry of Finance, MOHURD, the CBRC and the PBOC jointly issued the Notice on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20 per cent.; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30 per cent. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50 per cent., and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loans for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On 26 January 2011, the General Office of the State Council promulgated the Circular on Issues Concerning Further Works of Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) effective on the same date, as a general rule, municipalities, provincial capitals and cities with high housing prices shall make purchase restrictions for a specified period. In principle: (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one house (whether a new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

Base on the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macro-economic Control of Real Property Market (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知), which was jointly promulgated by the MLR and MOHURD and effective on 19 July 2012, all local governments shall strictly enforce the macro-economic policy on real property market. The grant of real property land shall not exceed the upper limit of area and the grant of two or more bundled parcels of lands or uncleared lands is prohibited. The plot ratio of residential land shall not be less than one. Residential construction projects shall be commenced within one year from the land title delivery date which stipulated in the land allocation decision or land grant contract, and shall be completed within three years from the date of commencement. Inspection of land bidders' qualification shall be strictly implemented to preclude bank loans from being used to pay for the land premium. The competent authority of land and resources shall forbid the land users from participating the land bidding for a certain period if the land users: (i) fail to pay land premium in time; (ii) leave the land idle; (iii) reserve lands for future development or speculation; (iv) commit to a construction scale beyond its actual development capacity; or (v) fail to perform land use contract.

On 26 February 2013, the General Office of the State Council issued the Circular on Further Promoting Real Estate Market Regulation (國務院辦公廳關於繼續做好房地產市場調控工作的通知), requesting its subordinate governments to implement the existing policies strictly to regulate the property market. In addition, pursuant to this circular, the individual income tax rate of 20 per cent. shall be levied on the difference of the purchase and sale prices of the properties in question.

On 29 September 2014, the PBOC and the CBRC issued the Notice on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知). The notice requires that: (i) for the first ordinary owner-occupied residential property, a 30 per cent. minimum down payment must be paid and the loan interest rate shall not be less than 0.7 times the benchmark lending rate; (ii) where a family that owns an existing property for which the property purchase loan has been paid up applies for a new loan to purchase the second set of ordinary owner-occupied residential property, banks shall adopt the lending policies applicable to the first ordinary owner-occupied property; (iii) in the cities where the residential property purchase restrictions have been cancelled or are not implemented, if a family that owns two or more properties for which the property purchase loans have been paid up applies for a new loan to purchase additional new property, banks shall determine the down payment ratio and the loan interest rate in a prudent manner based on the borrower's repayment capability, credit standing and other factors.

On 30 March 2015, the PBOC, MOHURD and the CBRC issued the Circular on Issues Concerning Policies on Personal Housing Loan (中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知). Pursuant to the circular, where the commercial personal housing loan is used to buy the second ordinary self-use house for promoting the living conditions and in the meanwhile the loan used to buy the first self-use house has not been fully repaid, the down-payment proportion shall be no lower than 40 per cent.; where the personal housing provident fund loan is used to buy the first ordinary self-use house, the down-payment shall be no lower than 20 per cent.; where the personal housing provident fund loan is applied to buy second house by who possess one house and has fully repaid the loan, the down-payment shall be no lower than 30 per cent.

On 30 March 2015, the Ministry of Finance issued the Notice concerning Adjustment of Business Tax Policies Applied on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知), pursuant to which for the sale of an ordinary housing unit more than two years after the original purchase date, it shall be exempted from business tax.

On 1 April 2017, the MOHURD and the MLR issued the Circular of the MOHURD and the MLR on Strengthening the Administration and Regulation of Recent Housing and Land Supply (住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知), pursuant to the notice, in cities that have prominent contradictions between housing supply and demand or that face overheating markets, the supply of residential land, in particular the land for ordinary commercial houses, shall be increased reasonably. In cities with heavy workloads of destock housing inventory, the supply of residential land shall be reduced or even suspended. All the local authorities shall build an inspection system to ensure that the real estate developers are using their own legal funds to purchase land.

The MOHURD, PBOC and NAFR issued the Notice on Optimising the Standards for Identifying the Number of Housing Units in Connection with Individual Housing Loans (住房城鄉建設部中國人民銀行金融監管總局關於優化個人住房貸款中住房套數認定標準的通知) which was effective from 18 August 2023 (which has also been included in the policy toolkit under the "one city, one policy" arrangement), pursuant to which banking financial institutions shall implement relevant housing credit policies for first-time home buyers where a member of the relevant household (including the borrower, the borrower's spouse and minor children) is applying for a loan to finance the purchase of residential housing and where the relevant family member does not own a housing unit under his/her name in the locality (but regardless of whether or not he/she has already purchased a housing unit with a loan). Further, according to the Notice on Adjusting and Optimising Differentiated Housing Credit Policies (中國人民銀行國家金融監督管理總局關於調整優化差別化住房信貸政策的通知) issued by PBOC and NAFR and effective from 31 August 2023, the minimum down payment ratio for individuals' commercial housing mortgages for first-time and second-time home purchases will be adjusted to be not lower than 20 per cent. and 30 per cent., respectively, nationwide. In addition, the interest rate floors for commercial personal mortgage loans issued to first-time home buyers shall still be governed by existing policies, while the interest rate floors for such loans to second-time home buyers shall be adjusted to levels no lower than the loan prime rates (LPRs) for loans with the corresponding maturities plus 20 basis points. In line with the above changes, local governments can change related housing credit policies in a city-specific manner.

Regulation of Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Regulations of the PRC on Foreign Exchange (中華人民共和國外匯管理條例, the "**Foreign Exchange Regulations**"), promulgated by the State Council on 29 January 1996, as amended and effective on 5 August 2008. Under the Foreign Exchange Regulations, a domestic institution or individual makes direct investment or issues or trades negotiable securities or derivative products overseas shall register based on the registration formalities at SAFE. If the relevant state provisions require it to get the approval of the competent department or archive the issue with the competent department, it shall do so before such registration. The State shall implement the scale management of foreign debts. Any institution borrowing foreign debts shall abide by the relevant State provisions and register based on the foreign debt registration formalities at a foreign exchange administrative organ. SAFE shall take charge of collecting statistical data about and monitoring the foreign debts of the whole nation, and publish the foreign debt situations on a regular basis.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). On 4 July 2014, SAFE promulgated the Circular on the Relevant Matters Concerning Foreign Exchange Administration on Outbound Investment/Financing and Round-Tripping Investment through Special Purpose Companies by Domestic Residents (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知, hereinafter referred to as "**Circular 37**"). Circular 37 supersedes all prior SAFE regulations on round-tripping investments, including the afore-said notice of 2005. According to Circular 37, "special purpose vehicle" refers to an offshore company directly established or indirectly controlled by PRC residents (including PRC entities or PRC individuals) using the assets or rights and interests which they lawfully own in a company in China, or the assets or rights and interests which they lawfully own offshore, for the purpose of engaging in investment or financing activities. The definition of "round-tripping investment" under Circular 37 is broad as it refers to the direct investment activities conducted by PRC residents through a SPV, either directly or indirectly, including establishing foreign invested enterprises or projects in the PRC by way of new establishment, merger and acquisition and so forth, and obtaining rights and interests therein such as ownership, control, operating and management rights and so forth. Previously, SAFE registration was required for each level of overseas entities established by the domestic residents. Under Circular 37, only the top-level special purpose vehicle that is directly established by the domestic resident needs to be registered with SAFE and there is no longer a need to disclose to SAFE the other levels of overseas entities set up under the umbrella of the top-level entity. This simplifies the registration process.

On 1 September 2006, the Ministry of Construction and SAFE promulgated the Notice on the Issues Concerning the Regulation of Foreign Exchange Administration of the Real Estate Market (關於規範

房地產市場外匯管理有關問題的通知) and became effective on the same day, and amended on 4 May 2015. This notice states that: (i) where foreign exchange is remitted for a real estate purchase, the foreign purchaser shall be subject to examination by the designated foreign exchange bank. The remitted funds shall be directly remitted by the bank to the CNY account of the real estate development enterprise and no payment remitted from abroad by the purchasers shall be kept in the foreign exchange current account of the real estate development enterprises; (ii) where the real estate purchase fails to complete and the foreign purchaser intends to remit the purchase price in CNY back to foreign currencies, the foreign purchaser shall be subject to examination by the designated foreign exchange bank; (iii) when selling real estates in China and the purchase price received in CNY is remitted to foreign currencies, the foreign purchaser shall be subject to examination by the local branch of SAFE; and (iv) if its land use right certificate has not been obtained or the paid-in capital is less than 35 per cent. of the total investment amount of the project, the FIREE is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans.

On 1 June 2015, the Notice of the State Administration of Foreign Exchange Regarding the Reform of the Administration of Foreign Exchange Registered Capital Settlement for Foreign-Invested Enterprises (Huifa (2015) No. 19) (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**") became effective, which replaced the Notice on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) issued by SAFE on 29 August 2008, Circular 19 was amended on 30 December 2019 and 23 March 2023.

Under Circular 19, foreign invested enterprises will be able to convert their foreign exchange capital to Renminbi whenever they see fit. 100 per cent. of such foreign exchange capital can be converted to RMB on this basis. By contrast, under the previous policy foreign invested enterprises were permitted to convert foreign exchange registered capital into Renminbi only when they have actual Renminbi payment needs. It is also important to note that conversion to Renminbi currency in capital accounts remains strictly prohibited under Circular 19 for certain usages, including, without limitation, expenditure beyond business scope or state laws/regulations, investing in securities (unless currently existing laws or regulations state otherwise), granting entrusted RMB loans (unless permitted in the business scope), repaying loans (including the third-party advances) between enterprises and repaying RMB bank loans that have been relent to a third party, purchasing real estate not for the company's use (unless the company deals in real estate as part of its business activities).

The Foreign Exchange Administrative Rules on Cross-border Guarantees (跨境擔保外匯管理規定) was issued by SAFE on 12 May 2014 and became effective on 1 June 2014. The Implementing Rules of the Administration of Foreign Security by Domestic Institutions (境內機構對外擔保管理辦法實施細則) and the Notice on Administration of Foreign Security by Domestic Institutions (國家外匯管理局關於境內機構對外擔保管理問題的通知) as mentioned above were abolished at the same time.

Under such new rules, cross-border guarantees are classified into three categories: (i) onshore guarantee and offshore lending (內保外貸); (ii) offshore guarantee and onshore lending (外保內貸); and (iii) other cross-border guarantees.

The onshore guarantee and offshore lending (內保外貸) arrangement refers to a circumstance where the guarantor is a PRC entity and the beneficiary and guaranteed party are offshore entities. In respect of such arrangement, the new rules set forth that:

- PRC financial institutions, non-financial institutions and individuals may provide onshore guarantees to support offshore lending. They need only to file with or report to SAFE (instead of prior approval).

- The funds so raised shall not be used by the borrower or the guaranteed party to engage in businesses outside its normal business scope. Such funds may not be repatriated for domestic use directly or indirectly by means of equity, debt, other investments, etc.

Under an offshore guarantee and onshore lending (外保內貸) arrangement, the guarantor is an offshore entity and the beneficiary and the guaranteed party are both PRC entities. According to the new rules, a PRC company may obtain a guarantee from an offshore entity for its onshore debts only if the lender of the onshore debt is a PRC financial institution.

The new rules provide that, in respect of other cross-border guarantees which are in compliance with applicable laws and the new rules, no filings with or reporting to SAFE are necessary unless otherwise expressly required by SAFE.

Dividend Distribution and Remittance

The Law of the People's Republic of China on Wholly Foreign-owned Enterprises and relevant implementing regulations had been abolished and replaced by the Foreign Investment Laws and Implementing Regulations. Under the new rules, the organization form, institutional framework and standard of conduct of a foreign-invested enterprise shall be subject to the provisions of the Company Law of the People's Republic of China (中華人民共和國公司法) (the "**Company Law**"), which requires that shareholders may draw dividends in proportion to their actual capital contributions unless otherwise agreed by the shareholders. Under the Company Law, companies in China may only pay dividends out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a company in China is required to draw 10 per cent. of its profits as the company's statutory common reserve, provided that a company with an aggregate common reserve of more than 50 per cent. of the company's registered capital may not to draw statutory common reserve. Where any company has drawn a statutory common reserve from its after-tax profits, it may, subject to a resolution of the board of shareholders or the general meeting, draw a discretionary common reserve from its after-tax profits. Where the board of shareholders, general meeting or board of directors distributes profits before losses are covered and the statutory common reserve is drawn, the profits distributed must be returned to the company. No profit may be distributed for shares held by the company itself.

Shareholder Loan and Foreign Debt

A shareholder loan made by foreign investors as shareholders to foreign invested enterprises such as cooperative joint ventures, equity joint ventures and foreign invested enterprises is regarded as foreign debt in China, which is subject to a number of PRC laws and regulations, including the Foreign Exchange Regulations (中華人民共和國外匯管理條例) promulgated by the State Council on 29 January 1996, as amended and effective on 5 August 2008; the Statistical Monitoring of Foreign Debts Tentative Provisions (外債統計監測暫行規定) promulgated by SAFE and effective on 27 August 1987, as amended and effective on 29 November 2020; the Regulations of Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the PBOC on 20 June 1996 and effective on 1 July 1996; and Administrative Measures for the Registration of Foreign Debt and the Operational Guidelines for the Registration of Foreign Debt (外債登記管理辦法和外債登記管理操作指引, hereinafter collectively referred to as "**New Foreign Debt Rules**") issued by SAFE on 28 April 2013, effective on 13 May 2013, and amended on 4 May 2015.

Under these regulations, a shareholder loan of a foreign debt nature made to cooperative joint ventures, equity joint ventures and foreign invested enterprises does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branch in accordance with relevant PRC laws and regulations. The New Foreign Debt Rules require the first round of capital investment be paid before a foreign invested enterprise is permitted to obtain foreign debts. Foreign debts obtained by foreign invested enterprises are capped at the percentage of foreign capital injected multiplied by the difference between their respective amounts of "total investment" and "registered capital" as approved by the MOFCOM or its local counterparts. "Total investment" is the projected amount of funds necessary for a foreign-invested enterprise to attain the production or operational capacity set out in its joint venture contract and/or articles of association, whereas, "registered capital" refers to the equity or capital contributions to be paid in full by the foreign investors and their Chinese partners (if any).

Within 15 days after formal execution of a shareholder loan agreement, foreign invested companies shall present relevant documents to SAFE or its local branches, complete registration procedures and collect a completed Form with Information on Execution of Foreign Debt Agreement which shall be affixed with the seal of the relevant foreign exchange authority. Foreign invested enterprises as borrowers may open accounts for withdrawal and repayment of foreign debts as long as the debt has been registered with SAFE or its local branch. The designated foreign exchange banks can now verify repayment of foreign debt directly.

The New Foreign Debt Rules have abolished the application procedures for foreign currency settlement for foreign debts. Designated foreign exchange banks are now authorised to examine such settlements, and foreign invested enterprises can now directly apply for foreign currency settlements with designated foreign exchange banks by submitting the relevant supporting documentation. The New Foreign Debt Rules confirm that proceeds of foreign debts obtained by foreign invested enterprises may be applied towards trade and services within its business scope and that if the foreign proceeds will be used towards refinancing existing debt, such proceeds cannot be converted into Renminbi.

However, it is notable that, the New Foreign Debt Rules have imposed certain restrictions on obtaining of foreign debts by foreign-invested real estate enterprises. According to the New Foreign Debt Rules, SAFE will not accept registration of foreign debts obtained by a FIREE if: (a) the FIREE as borrowers was duly incorporated after June 1, 2007; or (b) the FIREE has not obtained the relevant Sate-owned Land Use Right Certificate; or (c) the portion of capital fund is less than 35 per cent. of the total investment amount of the relevant project developed by such FIREE.

In addition, the NDRC issued the Order 56 on 5 January 2023, which came into effect on 10 February 2023 and repealed the NDRC Circular on the same day. According to the Order 56, an enterprise shall undergo formalities for approval and registration procedure managed by the NDRC to obtain the Certificate of Review and Registration. Without prior approval and registration, no foreign debt may be borrowed. The Order 56 further (i) tightens requirements on the condition of enterprises for borrowing foreign debt; (ii) clarifies the penalties and legal liability of non-compliant enterprises, relevant intermediaries and responsible persons; (iii) broadens the scope of responsibility of such enterprises, intermediary or person; and (iv) increases the legal consequences for non-compliant entities. The Order 56 also prohibit foreign debt proceeds from being used to threaten information and data security, to increase local government's hidden debts, or for speculative purposes. Under the Order 56, an enterprise shall, (i) within 10 working days after the borrowing of each foreign debt, submit the information on the borrowed foreign debt to the NDRC, (ii) within 10 working days after the expiration of the Certificate of Review and Registration, file a report with the NDRC on the status of the borrowed foreign debt, and (iii) within five working days prior to the end of January and end of July each year, file a report with the NDRC detailing the deployment of proceeds as of the applicable period, the status of payment obligations, as well as material information pertaining to the issuer's (or the guarantor's, as the case may be) operations. Where a material development which may affect the issuer's (or the guarantor's, as the case may be) ability to perform its obligation to repay its debt securities has happened, or upon the occurrence of any material development, the enterprise shall file a report with the NDRC in a timely manner.

Furthermore, on 11 January 2017, the PBOC issued the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Fully-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular 9**"). Under the PBOC Circular 9, non-financial institutions and financial institutions with legal person status incorporated in the PRC are permitted to incur foreign debts, provided that their cross-border financings risk-weighted balances (跨境融資風險加權餘額) do not exceed their individually calculated cross-border financing risk-weighted balance ceiling (跨境融資風險加權餘額上限). Pursuant to the PBOC Circular 9, foreign invested enterprises (excluding foreign invested real estate enterprises) and foreign financial institutions are granted a one-year transitional period from the date of issuance of the PBOC Circular 9, during which they may either: (i) opt into the foreign debt quota system under the PBOC Circular 9; or (ii) stick to the current regime. Upon expiration of the transitional period, the PBOC Circular 9 shall apply to foreign financial institutions automatically, whilst the applicable regime of cross-border financing on foreign invested enterprises will be decided by the PBOC and SAFE after evaluation of the roll out of the new regime. However, according to the PBOC Circular 9, it is not applicable to government financing platforms and real estate enterprises.

PRC Taxation

Enterprise Income Tax

According to the EIT Law, a uniform income tax rate of 25 per cent. is applied equally to domestic enterprises, as well as foreign invested enterprises. Pursuant to the EIT Law, dividends and interests payable to a foreign investor are subject to a 20 per cent. withholding tax unless the jurisdiction of incorporation for the foreign investor has a tax treaty with China that provides for a different withholding arrangement.

According to the Implementation Rules of the PRC on the Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on 6 December 2007 and effective on 1 January 2008, and last amended on 6 December 2024 and effective on 20 January 2025, a reduced income tax rate of 10 per cent. is applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises. The EIT Law also provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the new tax law and which were entitled to a preferential lower income tax rate under the then effective tax laws or regulations. The income tax rate of such enterprises will gradually be transiting to the uniform tax rate within the transition period in accordance with implementing rules issued by the State Council. On 26 December 2007, the State Council issued the Circular to Implement the Transitional Preferential Policies for the Enterprise Income Tax (關於實施企業所得稅過渡優惠政策的通知) with effect on the same date, under which, for those enterprises then entitled to a preferential income tax rate of 15 per cent. and established before 16 March 2007, the transition income tax rate should be 22 per cent., 24 per cent. and 25 per cent., respectively, in 2010, 2011 and 2012.

According to the Avoidance of Double Taxation Agreement promulgated by the SAT on 6 January 2011 with retrospective effect from 20 December 2010, dividend payments to shareholders in Hong Kong would be withheld at a rate of 5 per cent. subject to approval by the relevant tax authorities if their investment ratio in invested entities in China is above 25 per cent., or 10 per cent. if their investment ratio in invested entities in China is below 25 per cent.

On 6 March 2009, the SAT promulgated the Management Measures on Income Tax for Real Estate Development Enterprises (房地產開發經營業務企業所得稅處理辦法), which took effect on 1 January 2008, and amended on 16 July 2014 and 15 June 2018. These measures explicitly stipulate the rules on tax treatment costs, tax treatment of costs deduction, calculation of taxation costs and tax treatment of other special matters.

On 12 May 2010, the SAT promulgated the Notice on the Confirmation of Completion Conditions of Development Projects of Real Estate Development Enterprises (關於房地產開發企業開發品完工條件確認問題的通知), which stipulates that a real estate project shall be deemed as completed when the delivery procedures (or check-in procedures) of the real property is started, or the real property has been put on actual use. The real property developer shall settle the account on time and calculate the amount of enterprise income tax of the same year.

Value Added Tax ("VAT")

On 30 March 2015, the Ministry of Finance issued the Notice concerning Adjustment of Business Tax Policies Applied on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知(2015)), pursuant to which for the sale of an ordinary housing unit more than two years after the original purchase date, it shall be exempted from business tax.

Pursuant to the Circular 36, PRC tax authorities have started imposing VAT on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with value added tax for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of value added tax on revenues from construction, real estate, financial services and lifestyle services.

Pursuant to the Interim measures on the Management of Value Added Tax of Self-developed Real Estate Project by the Sale of Real Estate Developers (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on 31 March 2016 and effective on 1 May 2016 by SAT, and amended on 15 June 2018, "self-development" means infrastructure facilities and building erected on the land with land use rights which are developed by a real estate development company ("**taxpayer**"). These measures are also applicable to a development completed by a taxpayer after such project is taken over. The applicable rate of VAT is 11 per cent. Nevertheless, for taxpayers conducting old real estate projects and who have chosen to apply the simplified tax method, the simplified rate of 5 per cent. will be applied in calculating the prepaid VAT. Once the simplified tax method is chosen, it will be applicable for 36 months. "Old real estate projects" generally refer to real estate projects with commencement dates of construction stated in the construction permits prior to 30 April 2016.

Based on the Decision of the State Council to Repeal the Interim Regulation of the People's Republic of China on Business Tax and Amend the Interim Regulation of the People's Republic of China on Value-Added Tax (國務院關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定), issued by the State Council on 19 November 2017, the Business Tax is no longer applicable, and the VAT rate would be 11 per cent. for taxpayers providing transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovable or transferring the rights to use land, among other things. On 28 March 2018, Premier Li Keqiang presided over an executive meeting of State Council which decided that, among others, the VAT rate for taxpayers providing transportation, construction, basic telecommunication and other services will be further reduced from 11 per cent. to 10 per cent. from 1 May 2018. Detailed rules in respect of such reform are yet to be issued by competent government authorities.

Land Appreciation Tax

Under the PRC Provisional Regulations on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the "**LAT Regulations**") which was promulgated on 13 December 1993 and amended in January 2011, LAT applies to both domestic and foreign investors in real properties in Mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payment made to acquire land use rights;
- costs and charges incurred in connection with land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;

- taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and

- other items allowed by the Ministry of Finance.

After the enactment of the LAT Regulations and the implementation rules in 1994 and 1995 respectively, due to the long period of time typically required for real estate developments and their transfers, many government authorities, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did for other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, SAT, Ministry of Construction and the State Land Administration Bureau (the predecessor of the MLR) separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities of the place where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership title certificates.

On 2 March 2006, the SAT and the Ministry of Finance issued the Circular on Land Appreciation Tax (財政部、國家稅務總局關於土地增值稅若干問題的通知) which became effective on the same date and was amended on 1 January 2015. The circular stipulated the following:

- Taxpayers constructing both ordinary residential properties and other commodity houses should calculate the appreciation value of the land separately, and declare the tax to the local tax authorities where the properties are located.

- Local authorities shall determine, and adjust as appropriate, the provisional LAT, or LAT rates considering the relevant real property market, the type of buildings constructed and any other applicable factors.

- A taxpayer who fails to prepay the LAT within the stipulated time frame may be liable to a penalty under the "Administrative Law of the People's Republic of China on the Levying and Collection of Taxes" (中華人民共和國稅收徵收管理法) promulgated by the Standing Committee of the NPC on 4 September 1992 and amended on 28 April 2001, 29 June 2013 and 24 April 2015.

- In relation to completed property projects, if 85 per cent. or more of the saleable GFA has been assigned or transferred, then the local tax authority may require the taxpayer to pay tax on the income from the assigned or transferred property.

On 28 December 2006, the SAT issued the Circular on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on 1 February 2007 and amended on 15 June 2018. Pursuant to the circular, a property developer shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT tax rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if: (i) the property development project has been completed and fully sold; (ii) the property developer transfers the whole incomplete development project; or (iii) the land-use rights with respect to the project is transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if any of the following criteria is met: (i) for completed property development projects, the transferred GFA represents more than 85 per cent. of total salable GFA, or the proportion represented is less than 85 per cent., but the remaining saleable GFA has been leased out or used by the developer; (ii) the project has not been sold out for more than three years after obtaining the sale or pre-sale permit; (iii) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (iv) other conditions stipulated by the provincial tax authorities.

The circular also indicated that if a property developer satisfies any of the following circumstances, the tax authorities shall levy and collect LAT as per the levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (i) failure to maintain account book required by law or administrative regulation; (ii) destroying the account book without authorisation or refusing to provide taxation information; (iii) the accounts are in a state of mess or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or amount of deductible items; (iv) failure to go through LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; (v) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situation.

The SAT issued the Administrative Rules for the Liquidation of Land Appreciation Tax (關於印發《土地增值稅清算管理規程》的通知) effective from 1 June 2009. The SAT reiterated the above requirements in the new rules.

On 19 May 2010, the SAT issued the Circular on Relevant Issues of the Settlement of Land Appreciation Tax (國家稅務總局關於土地增值稅清算有關問題的通知) effective on the same date, which details the relevant issues concerning the income verification about the settlement of LAT, and the calculation about exemption issues under certain circumstances.

On 25 May 2010, the SAT promulgated the Notice on Strengthening the Collection of Land Appreciation Tax (國家稅務總局關於加強土地增值稅徵管工作的通知) effective on the same date and imposed further requirements on the collection of LAT. This notice provides that, except for indemnificatory housing, the minimum LAT prepayment rate shall be no less than 2 per cent. for properties in the eastern region of the PRC, no less than 1.5 per cent. for properties in the central or northeast region of the PRC and no less than 1 per cent. for properties in the western region of the PRC. The LAT prepayment rates will be determined by the local authorities based on the different types of properties in the locality.

According to Article 3 of the Notice on Adjustments to Taxation Policies on the Links of Real Estate Deals (財政部、國家稅務總局關於調整房地產交易環節稅收政策的通知) promulgated by the Ministry of Finance and the SAT and implemented on 1 November 2008 and amended on 1 October 2010, the selling of houses by individuals is exempted from paying the LAT for the time being.

Deed Tax

Pursuant to the Deed Tax Law of the People's Republic of China (中華人民共和國契稅法) promulgated by the Standing Committee of the NPC on 11 August 2020, effective on 1 September 2021, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be responsible for the payment of deed tax. The rate of deed tax is 3 per cent. to 5 per cent. of the purchase price. The governments of provinces, autonomous regions and municipalities may, within the foresaid range, determine and report their effective tax rates to the Ministry of Finance and the SAT for the record.

On 22 October 2008, the Ministry of Finance, and the SAT jointly announced the Circular on Adjusting the Tax Expenses of Housing Transactions (關於調整房地產交易環節稅收政策的通知) effective 1 November 2008 and amended on 29 September 2010. The Ministry of Finance and the SAT temporarily exempt stamp duty and LAT for purchase or sales of housing by individuals, as applicable.

On 29 September 2010, Ministry of Finance, the SAT and MOHURD jointly announced the Circular on Adjusting the Preferential Policies for Deed Tax and Individual Income Tax Relating to Real Property Transactions (關於調整房地產交易環節契稅、個人所得稅優惠政策的通知), which became effective on 1 October 2010 and was amended on 1 September 2021 and stipulated that deed tax shall be levied at half the applicable rate on an individual who purchases an ordinary residential property that is the only housing belonging to the family (members include the purchaser, his/her spouse and their minor children, the same below), and shall be levied at a reduced rate of 1 per cent. on an individual who purchases an ordinary residential property of no larger than 90 sq.m. that is the only housing belonging to the family. Individuals shall not enjoy the aforesaid preferential policies where the ordinary residential property they purchase fails to meet the above requirements.

Urban Land Use Tax

Pursuant to the Interim Regulations of the People's Republic of China On Land Use Tax with respect to Urban Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on 27 September 1988 and as amended on 31 December 2006, 8 January 2011, 7 December 2013 and 2 March 2019, the land use tax with respect to urban land is levied according to the area of relevant land. As at 1 January 2007, land use tax shall be collected from domestic enterprises and individuals, foreign companies and foreign-invested enterprises, which enjoy land use rights in respect of land in cities, county towns, administrative towns and industrial and mining districts. The annual tax on every sq.m. of urban land shall be from RMB0.6 to RMB30.0. The specific rates will be determined by the local authorities, depending on the size of their locations, taking into account the local economies and property prices.

Stamp Duty

Under the Stamp Duty Law of the People's Republic of China (中華人民共和國印花稅法) promulgated by the Standing Committee of the NPC on 10 June 2021 and came into effect on 1 July 2022, for building property transfer instruments, including those with respect to property ownership transfer, the duty rate shall be 0.05 per cent. of the amount stated therein; for building leases, the duty rates is 0.1 per cent. of the rental.

According to the Notice on Adjustments to Taxation Policies on the Links of Real Estate Deals (財政部、國家稅務總局關於調整房地產交易環節稅收政策的通知) promulgated by the Ministry of Finance and the SAT and implemented on 1 November 2008 and partly repealed on 1 October 2010, the selling or purchase of houses by individuals is exempted from paying stamp duty.

Real Estate Tax

In pursuance of the Provisional Regulations of the PRC on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on 15 September 1986 and amended with effect on 8 January 2011, the real estate tax is imposed on the owner of property at a rate of 1.2 per cent. if it is calculated on basis of the residual value of a building and 12 per cent. if it is calculated on the basis of the rental value. This tax presently applies to Chinese legal entities and certain groups of home purchasers in Shanghai and Chongqing. It has been reported in media that the State Council of China plans to include more cities to levy real estate tax on home purchasers after Shanghai and Chongqing were selected as the first pilot cities in 2011.

Municipal Maintenance Tax

Under the Municipal Maintenance Tax Law of the PRC (中華人民共和國城市維護建設稅法) ("**Municipal Maintenance Tax Law**") promulgated by the Standing Committee of the NPC on 11 August 2020 and came into effect on 1 September 2021, taxpayer, whether an individual or otherwise, of product tax, VAT or business tax are required to pay municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7 per cent. for a taxpayer whose domicile is in an urban area, 5 per cent. for a taxpayer whose domicile is in a county or a town, and 1 per cent. for a taxpayer whose domicile is not in any urban area or county or town.

Foreign invested enterprises, foreign companies and individuals were exempted from such tax before 1 December 2010. On 18 October 2010, the State Council issued the Notice on Unifying the System of Municipal Maintenance Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的

通知), which provides that from 1 December 2010, the PRC Interim Regulations on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated in 1985 and further revised in 2011 (which was replaced by the Municipal Maintenance Tax Law) shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on municipal maintenance tax promulgated by the State Council and the competent finance and tax authorities under the State Council since 1985 shall also be applicable to foreign invested enterprises, foreign enterprises and individual foreigners.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定), promulgated by the State Council on 28 April 1986 and amended on 7 June 1990, 20 August 2005 and 8 January 2011, any taxpayer, whether an individual or otherwise, of VAT, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知) promulgated and effective on 13 December 1984. The Education Surcharge rate is 3 per cent. calculated on the basis of consumption tax, VAT and business tax.

Foreign invested enterprises, foreign companies and individuals were exempted from such surcharge before 1 December 2010. On 18 October 2010, the State Council issued the Notice on Unifying the System of Municipal Maintenance Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), which provides that from 1 December 2010, the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated in 1986 and further revised in 2011 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on the education surcharge promulgated by the State Council and the competent finance and tax authorities under the State Council since 1986 shall also be applicable to foreign invested enterprises, foreign enterprises and individual foreigners.

Local Educational Surcharge

Under the Notice of the Ministry of Finance to Unify the Relevant Issues on Policies of Levying Local Educational Surcharge (財政部關於統一地方教育附加政策有關問題的通知), similar to education surcharge, local educational surcharge is applicable to taxpayers (including foreign invested enterprises, foreign enterprises and foreign individuals) and is calculated and levied at 2 per cent. on the basis of consumption tax, VAT and business tax.

PRC CURRENCY CONTROLS

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Item

Under the applicable PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and out of the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became legally permissible nationwide as from July 2011.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified, further, since June 2015, trades through e-commerce can also be settled under in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

The PBOC also permits enterprises in the China (Shanghai) Pilot Free Trade Zone to establish an additional cash pool in the local scheme in the China (Shanghai) Pilot Free Trade Zone, but each onshore company within the group may only elect to participate in one cash pooling programme. In November 2016, PBOC Shanghai Headquarters further allowed banks in Shanghai to provide multinational enterprise groups with services of full-function onshore cash pooling, which will enable broader scope for utilising pooled cash.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Item

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, was generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted to use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "**cross-border security**"). Under current rules promulgated by SAFE and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, the PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the China (Shanghai) Pilot Free Trade Zone may establish another cash pool under the China (Shanghai) Pilot Free Trade Zone rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

The securities markets, specifically the RQFII regime and the China Interbank Bond Market ("**CIBM**"), have been further liberalised for foreign investors. The PBOC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them or any other persons involved in the offering and sale of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

British Virgin Islands

No stamp duties or similar documentary taxes imposed by or in the British Virgin Islands are payable by the Issuer in connection with the Notes. The Issuer will not be required by any laws of the British Virgin Islands to make any deduction or withholding from any payment it may make in connection with the Notes.

Notwithstanding any provision of the Income Tax Act of the British Virgin Islands, (a) the Issuer; (b) all dividends, interest, rents, royalties, compensations and other amounts paid by the Issuer; and (c) capital gains realised with respect to any shares, debt obligations or other securities of the Issuer, are exempt from all provisions of the Income Tax Act of the British Virgin Islands. The British Virgin Islands currently levies no estate, inheritance, succession or gift tax with respect to any shares, debt obligations or other securities of the Issuer.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax.

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax. Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer or the Guarantor is within the territory of the PRC, the Issuer or the Guarantor may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC. As at the date of this Offering Circular, the Issuer and the Guarantor have not been notified or informed by the PRC tax authorities that they are considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer or the Guarantor will not be treated as PRC tax resident enterprises under the EIT Law and related implementation regulations in the future.

Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or whose income has no actual connection to its establishment inside the PRC shall pay enterprise income tax at the rate of 10 per cent. on the income sourced inside the

PRC, and pursuant to the Individual Income Tax Law of the PRC and its implementation regulations, any non-resident individual shall pay individual income tax at the rate of 20 per cent. on the income sourced inside the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident is established and the PRC, and such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer or the Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor (in the case where the Guarantor performs its obligation under the guarantee) shall withhold income tax from the payments of interest in respect of the Notes for any non-PRC enterprise Noteholder. However, despite the withholding or deduction of PRC tax by the Issuer or the Guarantor, the Issuer or the Guarantor, as the case may be, has agreed to increase the amounts paid by it to the extent required, so that the net amount received by Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required, as further set out in the "*Terms and Conditions of the Notes*".

Non-PRC Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside the PRC between non-PRC Noteholders, except however, if the Issuer or as the case may be, the Guarantor is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future, any gain realised by the non-PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. of PRC withholding tax unless decreased or exempted by an applicable tax treaty. Further, non-PRC individual Noteholders may be subject to individual income tax at the rate of 20 per cent. on the capital gains, which may be decreased or exempted by an applicable tax treaty.

Value Added Tax

Pursuant to the Circular 36 by the Ministry of Finance and SAT, the Interim Value-Added Tax Regulations of the People's Republic of China (中華人民共和國增值稅暫行條例) promulgated by the State Council, and revised and effective on 19 November 2017, and other supplemental and relevant rules and regulations, PRC tax authorities have started imposing VAT on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. Based on the Decision of the State Council to Repeal the Interim Regulation of the PRC on Business Tax and Amend the Interim Regulation of the PRC on Value-Added Tax (國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定) issued by the State Council on 19 November 2017, the business tax is no longer applicable.

The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services which are subject to the VAT include the provision of financial services which refers to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments. "Loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon and among others, the interest (principal-guaranteed gains, remunerations, fund occupation fees and compensations, which refer to investment returns whose principal can be fully recovered upon maturity as explicitly committed under the relevant contract) obtained during the holding period (including upon maturity) of financial products shall be treated as interest income related to loan processing and thus shall be subject to the VAT while such gains, remunerations, fund occupation fees and compensations obtained during the holding period (including upon maturity) of financial products shall not be treated as interest income or income in the nature of interest related to loan processing if their principal is not guaranteed and shall thus not be subject to VAT. The VAT Law are relatively new and there is uncertainty as to whether the VAT will be applicable to the payments of interest and other income in the nature of interest on the Notes by the Issuer and/or the Guarantor who are incorporated outside the PRC to investors who are located outside of the PRC as this will depend on how the PRC tax authorities interpret, apply or enforce the VAT Law. If the issuance and/or holding of the Notes is treated as provision of financial services in the PRC to the Issuer or the Guarantor by the holders of the Notes, and if the interest income or other income in the nature of interest from or in connection with the Notes is regarded as "principal-guaranteed gains", in each case by relevant tax authorities in the PRC for the purpose of the VAT Law, the interest income and other income in the nature of interest received by a non-PRC resident holder of the Notes may be subject to withholding of the VAT at a rate of 6 per cent.

In addition, as far as we know, the VAT is unlikely to apply to gains realised upon any transfer of Notes between holders or investors located outside of the PRC, but there is uncertainty as to the applicability of the VAT if either the seller or buyer of the Notes is or deemed to be located inside the PRC by PRC tax authorities for the purpose of the VAT Law.

As Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding or deduction of the PRC tax by the Issuer or the Guarantor, the Issuer or the Guarantor, as the case may be, has agreed to increase the amounts paid by it to the extent required, so that the net amount received by Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required, as further set out in "*Terms and Conditions of the Notes*".

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside of the PRC and the issuance and the sale of the Notes is made outside of the PRC.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA ("FATCA"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with CLSA Limited, DBS Bank Ltd., Yue Xiu Securities Company Limited, Chong Hing Bank Limited, China Securities (International) Corporate Finance Company Limited, BOB International Asset Management Company Limited, China International Capital Corporation Hong Kong Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CMB International Capital Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, ICBC International Securities Limited, J.P. Morgan Securities (Asia Pacific) Limited and Luso International Banking Limited as the Joint Lead Managers dated 24 October 2025 (the "**Subscription Agreement**"), pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to issue, the Guarantor has agreed to guarantee and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Notes in the principal amounts set forth opposite their respective name below.

Joint Lead Managers	**Principal amount of the Notes to be subscribed**
CLSA Limited	CNY600,000,000
DBS Bank Ltd.	CNY600,000,000
Yue Xiu Securities Company Limited	CNY350,000,000
Chong Hing Bank Limited	CNY350,000,000
China Securities (International) Corporate Finance Company Limited	CNY350,000,000
BOB International Asset Management Company Limited	CNY50,000,000
China International Capital Corporation Hong Kong Securities Limited	CNY50,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	CNY50,000,000
CMB International Capital Limited	CNY50,000,000
CMBC Securities Company Limited	CNY50,000,000
CNCB (Hong Kong) Capital Limited	CNY50,000,000
Guotai Junan Securities (Hong Kong) Limited	CNY50,000,000
Haitong International Securities Company Limited	CNY50,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	CNY50,000,000
ICBC International Securities Limited	CNY50,000,000
J.P. Morgan Securities (Asia Pacific) Limited	CNY50,000,000
Luso International Banking Limited	CNY50,000,000
Total	CNY2,850,000,000

The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances at any time prior to payment of the subscription monies for the Notes to the Issuer. The Subscription Agreement provides that each of the Issuer and the Guarantor will jointly and severally indemnify each Joint Lead Manager and its affiliates against certain liabilities in connection with the offer and sale of the Notes.

The Issuer (failing whom the Guarantor) has agreed to pay the Joint Lead Managers a combined management and underwriting commission in connection with the offering and will reimburse the Joint Lead Managers for certain fees and expenses incurred in connection with the offering.

In connection with the issue of the Notes, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) may, to the extent permitted by applicable laws and directives, over-allot the Notes and effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) will undertake stabilisation action. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Joint Lead Managers.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trading of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Guarantor.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and

- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: projectjoylake2025@clsa.com; ficcsyndicate@citicclsa.com; DCMOmnibus@dbs.com; dcm@yxsh.hk; dcm@yxsh.com.cn; DCM_HK@csci.hk; dcm@bobintl.com; dcm_hk@czbank.com; dcm.execution2@gtjas.com.hk; dcm@htisec.com; dcm@hxb.com.cn and investor.info.hk.oc.bond.deals@jpmorgan.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

United States

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Notes and the Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each of the Joint Lead Managers has represented and warranted that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Notes and the Guarantee, except with its affiliates or with the prior written consent of the Issuer. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Guarantee, an offer or sale of the Notes or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (A) to "professional investors" as defined in the SFO and any rules made under the SFO; or (B) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong Special Administrative Region or Macao Special Administrative Region or Taiwan), except as permitted by applicable laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Macau

The Notes have not been and will not be promoted, distributed, sold or delivered in Macau, and any document relating to the Notes have not been and will not be distributed or circulated in Macau, except under the terms of and in compliance with the Financial System Act of Macau and any other laws in Macau that may apply to the offer and sale of the Notes in Macau. The Notes have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Financial System Act of Macau and upon their communication to the Macau Monetary Authority and the Chongwa (Macao) Financial Asset Exchange Co., Ltd., in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

British Virgin Islands

Each Joint Lead Manager has represented, warranted and agreed that it has not made and will not make any invitation to the public or any member of the public in the British Virgin Islands to purchase the Notes and the Notes may not be offered or sold, directly or indirectly, in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing of the Notes:** The Notes have been accepted for clearance through CMU under the CMU Instrument Number KWHKFN25040 and an ISIN HK0001201950 and a Common Code 319873686.

2. **Authorisations:** Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the entry into, issue and performance of their respective obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by the resolution of the board of directors of the Issuer dated 23 October 2025. The giving of the Guarantee was authorised by the resolution of the board of directors of the Guarantor dated 23 October 2025.

3. **Registrations and Filings:** The Guarantor's controlling shareholder, Yuexiu Group, has registered the Notes with the NDRC and has received the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (發改辦外債2025[302]號) dated 11 July 2025 from the NDRC with respect to the Pre-Issuance Registration, which remains valid and in full force and effect as at the date of this Offering Circular. The Guarantor will be required to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes within the relevant prescribed timeframes after the Issue Date, in accordance with the Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time, including but not limited to, the filing with the NDRC the offering information and the issue details of the Notes within ten PRC Business Days (as defined in the Terms and Conditions) after the Issue Date, and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

4. **No Material Adverse Change:** Since 30 June 2025, save as disclosed in this Offering Circular, there has been no material adverse change or development or event involving a prospective change, in the condition (financial or otherwise), prospects, results of operations or general affairs of the Issuer, the Guarantor or the Group.

5. **Legal and Arbitration Proceedings:** From time to time, the Issuer, the Guarantor and the other members of the Group may be involved in litigation that arise during the ordinary course of business. However, none of the Issuer, the Guarantor or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial condition or profitability of the Issuer, the Guarantor or the Group.

6. **Available Documents:** Copies of the Trust Deed and the Agency Agreement relating to the Notes are available for inspection by the holders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday other than a public holiday) at the principal office of the Trustee (being as at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of the CMU Lodging and Paying Agent following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the CMU Lodging and Paying Agent and (ii) electronically from the CMU Lodging and Paying Agent, following prior written request and provision of proof of holding and identity to the satisfaction of the CMU Lodging and Paying Agent.

7. **Group's Financial Statements:** Ernst & Young, the Guarantor's independent auditor, has audited the Group's consolidated financial statements as at and for the years ended 31 December 2023 and 2024 in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and rendered unqualified audit opinions thereon. Ernst & Young has also reviewed the Group's consolidated financial statements as at and for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and rendered an unqualified review conclusion thereon.

8. **Listing of Notes:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes, by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Notes on the Hong Kong Stock Exchange will become effective on 4 November 2025.

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Note:

(1) The Independent Review Report on the condensed consolidated financial statements of the Group for the six months ended 30 June 2025 set out therein is reproduced from the interim report of the Group for the six months ended 30 June 2025. Page reference referred to in the condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and the Independent Review Report refers to pages set out in such interim report.

(2) The Independent Auditor's Reports on the consolidated financial statements of the Group as at and for the years ended 31 December 2023 and 2024 set out therein are reproduced from the annual reports of the Group for the years ended 31 December 2023 and 2024. Page reference referred to in the consolidated financial statements and the Independent Auditor's Reports refers to pages set out in the annual reports of the Group for the years ended 31 December 2023 and 2024.

INDEPENDENT REVIEW REPORT

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To the board of directors of Yuexiu Property Company Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 60, which comprises the condensed consolidated statement of financial position of Yuexiu Property Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

26 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	**2025 (Unaudited) RMB'000**	2024 (Unaudited) RMB'000
REVENUE	5	**47,573,703**	35,340,264
Cost of sales		**(42,510,795)**	(30,492,905)
Gross profit		**5,062,908**	4,847,359
Other gains and losses	6	**135,710**	91,216
Selling and marketing expenses		**(1,479,049)**	(1,091,707)
Administrative expenses		**(618,862)**	(578,900)
Operating profit		**3,100,707**	3,267,968
Finance income	7	**269,997**	336,622
Finance costs	8	**(480,552)**	(241,832)
Share of (losses)/profits of			
– joint ventures		**(83,566)**	69,576
– associates		**1,347,611**	391,407
PROFIT BEFORE TAXATION		**4,154,197**	3,823,741
Taxation	10	**(1,178,581)**	(1,261,510)
PROFIT FOR THE PERIOD		**2,975,616**	2,562,231
Attributable to:			
Equity holders of the Company		**1,369,652**	1,831,427
Non-controlling interests		**1,605,964**	730,804
		2,975,616	2,562,231
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	12	**0.3403**	0.4550

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**2,975,616**	2,562,231
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(45,092)**	7,689
Cash flow hedges	**49,341**	25,137
Share of other comprehensive income/(loss) of an associate accounted for using the equity method	**38,057**	(43,946)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**42,306**	(11,120)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	**864**	2,116
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**43,170**	(9,004)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,018,786**	2,553,227
Attributable to:		
Equity holders of the Company	**1,412,536**	1,822,267
Non-controlling interests	**1,606,250**	730,960
	3,018,786	2,553,227

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**3,028,248**	3,159,869
Right-of-use assets	14	**1,984,522**	1,829,855
Investment properties	15	**17,182,214**	17,029,312
Intangible assets	16	**343,370**	339,265
Properties under development		**7,881,746**	7,855,936
Interests in joint ventures		**6,217,184**	5,183,730
Interests in associates		**32,178,185**	26,251,482
Financial assets at fair value through other comprehensive income ("FVOCI")		**968,237**	967,085
Derivative financial instruments		**—**	121,037
Other receivables, prepayments and deposits		**196,044**	165,478
Time deposits and other restricted deposits	17	**2,272,625**	2,293,280
Deferred tax assets		**4,690,016**	4,464,790
Total non-current assets		**76,942,391**	69,661,119
CURRENT ASSETS			
Properties under development		**149,275,823**	179,813,083
Properties held for sale		**51,691,121**	45,139,394
Contract costs		**1,141,168**	1,445,157
Prepayments for land use rights		**140,791**	5,207,807
Trade and notes receivables	18	**1,841,268**	1,307,480
Other receivables, prepayments and deposits		**51,497,215**	52,904,540
Derivative financial instruments		**30,732**	—
Prepaid taxation		**8,742,390**	7,218,435
Time deposits	17	**117,859**	467,260
Cash and bank balances	17	**42,253,342**	47,288,709
Total current assets		**306,731,709**	340,791,865
CURRENT LIABILITIES			
Trade and notes payables	19	**2,269,377**	1,559,766
Contract liabilities		**69,799,333**	83,841,916
Other payables and accruals		**86,728,854**	106,075,477
Borrowings	20	**25,389,533**	23,268,833
Lease liabilities		**206,654**	225,687
Derivative financial instruments		**14,543**	—
Taxation payable		**4,498,550**	5,542,978
Total current liabilities		**188,906,844**	220,514,657
NET CURRENT ASSETS		**117,824,865**	120,277,208
TOTAL ASSETS LESS CURRENT LIABILITIES		**194,767,256**	189,938,327

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	**30 June 2025 (Unaudited) RMB'000**	31 December 2024 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Borrowings	20	**78,472,151**	80,619,909
Lease liabilities		**572,728**	562,024
Deferred tax liabilities		**3,994,154**	4,006,453
Deferred income		**54,651**	54,584
Derivative financial instruments		**39,720**	9,038
Other payables and accruals		**397,515**	607,151
Total non-current liabilities		**83,530,919**	85,859,159
Net assets		**111,236,337**	104,079,168
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	21	**25,545,008**	25,545,008
Shares held under share award scheme		**(54,337)**	(54,337)
Other reserves	22	**2,720,522**	2,619,419
Retained earnings	22	**28,462,409**	27,150,976
		56,673,602	55,261,066
Non-controlling interests		**54,562,735**	48,818,102
Total equity		**111,236,337**	104,079,168

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2024 (audited)	25,545,008	(54,337)	2,809,809	(977,932)	537,141	(87,809)	338,210	27,150,976	55,261,066	48,818,102	104,079,168
Profit for the period	–	–	–	–	–	–	–	1,369,652	1,369,652	1,605,964	2,975,616
Other comprehensive (losses)/income for the period:											
Currency translation differences	–	–	–	(45,092)	–	–	–	–	(45,092)	–	(45,092)
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	578	–	–	–	578	286	864
Cash flow hedges	–	–	–	–	–	49,341	–	–	49,341	–	49,341
Share of other comprehensive income of an associate accounted for using the equity method	–	–	–	–	–	–	38,057	–	38,057	–	38,057
Total comprehensive income/(losses) for the period	–	–	–	(45,092)	578	49,341	38,057	1,369,652	1,412,536	1,606,250	3,018,786
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	1,835,369	1,835,369
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	3,976,692	3,976,692
Transfer to appropriation	–	–	58,219	–	–	–	–	(58,219)	–	–	–
Disposals of subsidiaries	–	–	–	–	–	–	–	–	–	(1,245,122)	(1,245,122)
Dividend declared	–	–	–	–	–	–	–	–	–	(428,556)	(428,556)
At 30 June 2025 (unaudited)	25,545,008	(54,337)	2,868,028	(1,023,024)	537,719	(38,468)	376,267	28,462,409	56,673,602	54,562,735	111,236,337

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2023 (audited)	25,545,008	(121,530)	2,787,731	(931,451)	621,144	(172,175)	452,740	27,447,438	55,628,905	46,579,875	102,208,780
Profit for the period	–	–	–	–	–	–	–	1,831,427	1,831,427	730,804	2,562,231
Other comprehensive income/(losses) for the period:											
Currency translation differences	–	–	–	7,689	–	–	–	–	7,689	–	7,689
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	1,960	–	–	–	1,960	156	2,116
Cash flow hedges	–	–	–	–	–	25,137	–	–	25,137	–	25,137
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(43,946)	–	(43,946)	–	(43,946)
Total comprehensive income/(losses) for the period	–	–	–	7,689	1,960	25,137	(43,946)	1,831,427	1,822,267	730,960	2,553,227
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	1,940,016	1,940,016
Transfer to appropriation	–	–	53,937	–	–	–	–	(53,937)	–	–	–
Employee share schemes of a subsidiary	–	–	–	–	–	–	2,633	–	2,633	1,302	3,935
Dividend declared	–	–	–	–	–	–	–	(543,540)	(543,540)	(100,899)	(644,439)
At 30 June 2024 (unaudited)	25,545,008	(121,530)	2,841,668	(923,762)	623,104	(147,038)	411,427	28,681,388	56,910,265	49,151,254	106,061,519

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Net cash generated from operations	**9,695,313**	11,960,105
Interest received	**246,329**	263,591
Interest paid	**(1,850,179)**	(2,254,380)
Chinese Mainland taxation paid	**(3,989,753)**	(3,839,063)
Net cash generated from operating activities	**4,101,710**	6,130,253
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net cash received	**1,597,128**	1,331,562
Disposal of subsidiaries, net cash paid	**(452,471)**	—
Purchases of property, plant and equipment, investment properties and intangible assets	**(59,259)**	(159,784)
Proceeds from sale of property, plant and equipment	**2,753**	672
Dividends received from associates	**52,548**	128,280
Decrease/(increase) in charged bank deposits	**4,837,040**	(3,535,670)
Decrease/(increase) in current portion of time deposits	**349,401**	(753,001)
Increase in non-current portion of time deposits	**—**	(1,380,000)
Decrease/(increase) in other restricted deposits	**20,655**	(55,530)
Capital injection in joint ventures and associates	**(1,884,270)**	(2,036,531)
Capital reduction from joint ventures and associates	**—**	321,188
Receipt from joint ventures and associates	**581,238**	463,613
Net cash from/(used in) investing activities	**5,044,763**	(5,675,201)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		**4,024,101**	1,940,016
Dividends paid to non-controlling interests		**(49,872)**	(66,482)
(Decrease)/increase in balances with joint ventures and associates		**(2,096,860)**	8,294,617
(Decrease)/increase in balances with other related parties		**(510,676)**	1,406,236
Decrease in balances with non-controlling interests and related parties of non-controlling interests		**(2,675,382)**	(3,119,530)
Proceeds from bank borrowings		**16,789,511**	6,822,810
Repayment of bank borrowings		**(20,660,138)**	(14,850,317)
Proceeds from other borrowings		**1,500,000**	698,180
Repayment of other borrowings		**(2,500,000)**	(630,000)
Repayment to external finance providers under supplier settlement scheme		**(3,039,499)**	(4,516,183)
Payments for derivative financial instruments		**(106)**	—
Repayment of lease liabilities		**(112,420)**	(126,692)
Net cash used in financing activities		**(9,331,341)**	(4,147,345)
DECREASE IN CASH AND CASH EQUIVALENTS		**(184,868)**	(3,692,293)
Cash and cash equivalents at the beginning of period		**29,728,316**	29,265,250
Exchange (losses)/gains on cash and cash equivalents		**(13,459)**	9,086
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**29,529,989**	25,582,043
Add: Charged bank deposits	17	**12,723,353**	20,368,280
Cash and bank balances		**42,253,342**	45,950,323

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in development, selling and management of properties and holding of investment properties. The Group's operations are primarily conducted in Chinese Mainland and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated.

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

The financial information relating to the year ended 31 December 2024 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2024. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21	*Lack of Exchangeability*

The Group has assessed the impact of the adoption of these amended standards that are effective for the first time for this interim period. The adoption of these amended standards did not result in any significant impact on the results and financial position of the Group.

3.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group does not early adopt following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective for the financial year ending 31 December 2025.

		Effective for accounting periods beginning on or after
HKFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption
Annual Improvements to HKFRS Accounting Standards - Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Except for HKFRS 18, the above new standards and amendments to existing standards and interpretation are effective for annual/reporting periods beginning on or after 1 January 2026 and have not been early applied in preparing these interim condensed consolidated financial statements and none of these is expected to have a significant effect on the interim condensed consolidated financial statements of the Group.

4 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development units
Property management	revenue from provision of property management services
Property investment	property rental income
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Total reportable segment assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated statement of profit or loss.

4 SEGMENT INFORMATION (Continued)

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2025 and 30 June 2024 respectively.

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2025					
Revenue	**44,027,345**	**1,980,135**	**295,275**	**4,967,149**	**51,269,904**
Inter-segment revenue	**—**	**(372,606)**	**(27,281)**	**(3,296,314)**	**(3,696,201)**
Revenue from external customers	**44,027,345**	**1,607,529**	**267,994**	**1,670,835**	**47,573,703**
Segment results	**2,569,962**	**212,952**	**247,267**	**60,333**	**3,090,514**
Depreciation and amortisation	**(84,934)**	**(49,442)**	**—**	**(113,040)**	**(247,416)**
Gains on revaluation of investment properties, net	**—**	**—**	**99,049**	**—**	**99,049**
Share of (losses)/profits of					
– joint ventures	**(75,592)**	**837**	**—**	**(8,811)**	**(83,566)**
– associates	**1,430,325**	**—**	**(64,830)**	**(17,884)**	**1,347,611**

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2024					
Revenue	32,796,336	1,960,175	338,611	2,783,961	37,879,083
Inter-segment revenue	—	(531,768)	(41,749)	(1,965,302)	(2,538,819)
Revenue from external customers	32,796,336	1,428,407	296,862	818,659	35,340,264
Segment results	2,697,809	186,208	128,411	91,112	3,103,540
Depreciation and amortisation	(107,434)	(53,575)	—	(92,653)	(253,662)
Losses on revaluation of investment properties, net	—	—	(99,026)	—	(99,026)
Share of profits/(losses) of					
– joint ventures	90,148	469	—	(21,041)	69,576
– associates	363,614	—	17,829	9,964	391,407

4 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 30 June 2025 (unaudited)					
Total reportable segments' assets	**333,016,713**	**6,691,452**	**23,131,227**	**6,408,388**	**369,247,780**
As at 31 December 2024 (audited)					
Total reportable segments' assets	361,895,119	6,231,019	23,095,523	6,845,712	398,067,373

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Segment results	**3,090,514**	3,103,540
Unallocated operating costs (note)	**(26,468)**	(25,814)
Other gains and losses, net (excluding gains/(losses) on revaluation of investment properties, net) (note 6)	**36,661**	190,242
Operating profit	**3,100,707**	3,267,968
Finance income (note 7)	**269,997**	336,622
Finance costs (note 8)	**(480,552)**	(241,832)
Share of (losses)/profits of		
– joint ventures	**(83,566)**	69,576
– associates	**1,347,611**	391,407
Profit before taxation	**4,154,197**	3,823,741

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

4 SEGMENT INFORMATION (Continued)

A reconciliation of total segment assets to total assets is provided as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Total reportable segments' assets	369,247,780	398,067,373
Deferred tax assets	4,690,016	4,464,790
Prepaid taxation	8,742,390	7,218,435
Corporate assets (note)	993,914	702,386
Total assets	383,674,100	410,452,984

Note: Corporate assets represent property, plant and equipment, intangible assets, right-of-use assets, other receivables and cash and bank balances of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in Chinese Mainland and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in Chinese Mainland.

For the six months ended 30 June 2025, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (six months ended 30 June 2024: none).

5 REVENUE

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Revenue from contracts with customers		
Property development	44,027,345	32,796,336
Property management	1,607,529	1,428,407
Others	1,670,835	818,659
	47,305,709	35,043,402
Revenue from other sources		
Property investment	267,994	296,862
	47,573,703	35,340,264

5 REVENUE (Continued)

Revenue from contracts with customers:

For the six months ended 30 June 2025

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	44,027,345	—	—	44,027,345
Property management service	—	1,607,529	—	1,607,529
Others	—	—	1,670,835	1,670,835
Total revenue from contracts with customers:	44,027,345	1,607,529	1,670,835	47,305,709
Timing of revenue recognition				
Recognised at a point in time	44,027,345	288,871	1,124,748	45,440,964
Recognised over time	—	1,318,658	546,087	1,864,745
Total revenue from contracts with customers:	44,027,345	1,607,529	1,670,835	47,305,709

For the six months ended 30 June 2024

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	32,796,336	—	—	32,796,336
Property management service	—	1,428,407	—	1,428,407
Others	—	—	818,659	818,659
Total revenue from contracts with customers:	32,796,336	1,428,407	818,659	35,043,402
Timing of revenue recognition				
Recognised at a point in time	32,796,336	328,468	533,623	33,658,427
Recognised over time	—	1,099,939	285,036	1,384,975
Total revenue from contracts with customers:	32,796,336	1,428,407	818,659	35,043,402

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6 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Gains/(losses) on revaluation of investment properties, net	**99,049**	(99,026)
Penalty income	**28,056**	81,506
Dividend income from equity investments at FVOCI	**—**	65,590
Other gains	**8,605**	43,146
	135,710	91,216

7 FINANCE INCOME

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Interest income from bank deposits	**179,598**	255,453
Interest income on amounts due from related parties (excluding bank deposits) (note 25(b)(I))	**85,632**	75,450
Interest income on amounts due from non-controlling interests	**4,256**	2,663
Other interest income	**511**	3,056
	269,997	336,622

8 FINANCE COSTS

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Interest on bank borrowings and bank overdrafts	**840,532**	1,153,891
Interest on other borrowings	**799,594**	939,524
Interest on amounts due to related parties (note 25(b)(II))	**138,408**	188,102
Interest on amounts due to non-controlling interest and related parties of non-controlling interest (note)	**57,937**	71,935
Interest expense on lease liabilities	**11,047**	15,048
Net fair value losses/(gains) on derivative financial instruments	**16,838**	(92,635)
Net foreign exchange losses/(gains)	**92,590**	(60,481)
Total borrowing costs incurred	**1,956,946**	2,215,384
Less: amount capitalised as properties under development and property, plant and equipment	**(1,476,394)**	(1,973,552)
	480,552	241,832

Note:

The amount represents interest on the amounts of subsidiaries of the Company due to non-controlling interest and related parties of non-controlling interest. Out of the total amount of approximately RMB4,111 million (31 December 2024: RMB7,775 million), the interest bearing balance is approximately RMB567 million as at 30 June 2025 (31 December 2024: RMB3,288 million) and bears interest at a weighted average rate of 6.99% per annum (2024: 6.23% per annum). The balance which is included in other payables and accruals is repayable on demand and denominated in RMB.

9 EXPENSES BY NATURE

Cost of sales, selling and marketing expenses and administrative expenses included the following:

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Cost of properties sold included in cost of sales	**37,779,870**	26,681,606
Other tax and surcharges	**176,748**	153,013
Depreciation of right-of-use assets (note 14)	**114,044**	134,118
Depreciation of property, plant and equipment (note 13)	**108,827**	73,745
Amortisation of intangible assets (note 16)	**24,545**	45,799
Provision for impairment of properties under development and properties held for sale	**532,109**	1,073,432

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10 TAXATION

(a) Hong Kong profits tax has been provided for at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the period.

(b) Chinese Mainland enterprise income taxation is provided on the profit of the Group's principal subsidiaries, joint ventures and associates in Chinese Mainland at 25% (2024: 25%), except for certain subsidiaries which enjoy a preferential income tax rate.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates of 5% or 10%.

(c) Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the interim condensed consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Current taxation		
– China enterprise income tax and corporate withholding income tax	**1,212,307**	739,443
– Chinese Mainland land appreciation tax	**203,799**	522,141
	1,416,106	1,261,584
Deferred taxation	**(237,525)**	(74)
	1,178,581	1,261,510

11 DIVIDENDS

	Six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Cash dividends		
2024 final, of Nil (2023 final: HKD0.148 equivalent to RMB0.134) per ordinary share	**—**	543,540
2025 interim, resolved, of HKD0.166 equivalent to RMB0.151 (2024 interim: HKD0.189 equivalent to RMB0.173) per ordinary share	**607,834**	696,393

The interim dividend resolved after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in the shareholders' equity during the year ending 31 December 2025.

12 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	**1,369,652**	1,831,427
Weighted average number of ordinary shares outstanding ('000)	**4,025,393**	4,025,393
Basic earnings per share (RMB)	**0.3403**	0.4550

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2025, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2024: same).

13 PROPERTY, PLANT AND EQUIPMENT

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
At 1 January	**3,159,869**	2,802,071
Additions	**30,352**	55,504
Disposals	**(49,647)**	(169)
Depreciation (note 9)	**(108,827)**	(73,745)
Transfer	**(3,028)**	(7,991)
Exchange differences	**(471)**	443
At 30 June	**3,028,248**	2,776,113

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14 RIGHT-OF-USE ASSETS

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
At 1 January	1,829,855	822,896
Termination	(8,663)	—
Additions	277,374	131,199
Depreciation (note 9)	(114,044)	(134,118)
At 30 June	1,984,522	819,977

15 INVESTMENT PROPERTIES

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
At 1 January	17,029,312	16,785,640
Additions	113,321	70,546
Transfer	(48,700)	—
Fair value gains/(losses), net	99,049	(99,026)
Exchange differences	(10,768)	5,292
At 30 June	17,182,214	16,762,452

16 INTANGIBLE ASSETS

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
At 1 January	339,265	514,128
Additions	28,650	41,725
Amortisation (note 9)	(24,545)	(45,799)
At 30 June	343,370	510,054

17 DEPOSITS, CASH AND BANK BALANCE

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Current portion of deposits and cash		
Time deposits	**117,859**	467,260
Charged bank deposits	**12,723,353**	17,560,393
Cash and cash equivalents	**29,529,989**	29,728,316
	42,371,201	47,755,969
Non-current portion of deposits		
Time deposits	**1,150,000**	1,150,000
Deposit certificates	**1,080,000**	1,080,000
Other restricted deposits	**42,625**	63,280
	2,272,625	2,293,280

Deposits, cash and bank balance are denominated in the following currencies:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
HKD	**1,468,664**	1,182,928
RMB	**43,133,294**	48,845,177
USD	**40,802**	20,095
Others	**1,066**	1,049
	44,643,826	50,049,249

The Group's RMB balances are mainly placed with banks in Chinese Mainland. The conversion of these RMB balances into foreign currencies in Chinese Mainland is subject to rules and regulations of foreign exchange control promulgated by the Chinese Government.

The Group's bank deposits are mainly placed with major state-owned financial institutions.

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18 TRADE AND NOTES RECEIVABLES

The ageing analysis of trade and notes receivables based on invoice date is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 1 year	1,452,225	1,065,620
1 to 2 years	287,051	198,450
2 to 3 years	97,108	70,909
Over 3 years	52,441	18,168
	1,888,825	1,353,147
Less: provision for impairment	(47,557)	(45,667)
	1,841,268	1,307,480

19 TRADE AND NOTES PAYABLES

The ageing analysis of trade and notes payables based on invoice date is as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 90 days	1,236,296	871,845
91 to 180 days	485,878	159,880
181 to 365 days	157,847	437,228
1 to 2 years	336,136	71,650
Over 2 years	53,220	19,163
	2,269,377	1,559,766

20 BORROWINGS

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Non-current		
Long-term bank borrowings		
– Secured	**18,409,471**	18,694,314
– Unsecured	**28,484,965**	22,153,146
Other borrowings (note)		
– Unsecured	**31,577,715**	39,772,449
	78,472,151	80,619,909
Current		
Short-term bank borrowings		
– Unsecured	**2,826,515**	2,361,731
Current portion of long-term bank borrowings		
– Secured	**5,428,078**	10,432,974
– Unsecured	**5,596,971**	6,075,912
Other borrowings (note)		
– Unsecured	**11,537,969**	4,398,216
	25,389,533	23,268,833
Total borrowings	**103,861,684**	103,888,742

20 BORROWINGS (Continued)

Note:

(i) PRC corporate bonds

In 2021, the Group issued corporate bonds with an aggregate nominal value of RMB6,000 million with interest rates ranging from 3.17% to 3.55% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,995 million. Corporate bonds of an aggregate nominal value of RMB1,500 million matured in 2024. The Group adjusted the interest rate of corporate bonds amounting to an aggregate nominal value of RMB3,000 million to a range of 2.10% to 2.39% per annum for the remaining period.

In 2022, the Group issued corporate bonds with an aggregate nominal value of RMB9,840 million with interest rates ranging from 2.78% to 3.43% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB9,830 million. Corporate bonds of an aggregate nominal value of RMB1,000 million matured in the first half of 2025. The Group adjusted the interest rate of corporate bonds amounting to an aggregate nominal value of RMB1,500 million to 1.95% per annum for the remaining period.

In 2023, the Group issued corporate bonds with an aggregate nominal value of RMB6,900 million with interest rates ranging from 2.98% to 3.63% per annum and with maturity of 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB6,893 million.

In 2024, the Group issued corporate bonds with an aggregate nominal value of RMB2,500 million with interest rates ranging from 2.15% to 2.78% per annum and with maturity of 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,498 million.

Certain PRC corporate bonds contain certain options, whereby the Group shall be entitled to adjust the interest rate and/or redeem the then outstanding indebtedness of the bonds whereas the investors shall be entitled to sell back all or part of the bonds.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantee for above corporate bonds (note 25(e)).

(ii) Private placement note

In 2024, the Group issued private placement notes of an aggregate nominal value of RMB1,800 million with interest rates ranging from 2.20% to 2.32% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,799 million.

(iii) Medium term notes

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and with maturity in 2029.

In 2021, the Group issued medium term notes of USD800 million with interest rates ranging from 2.80% to 3.80% per annum and with maturity of 5 to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately USD798 million. Medium term notes of an aggregate nominal value of USD650 million will mature in 2026.

In 2023, the Group issued guaranteed notes of RMB3,396 million with interest rates ranging from 3.80% to 4.00% per annum and with maturity in 2026. The net proceeds, after deducting the issuance costs, amounted to approximately RMB3,387 million.

In 2023, the Group issued guaranteed notes of RMB510 million with an interest rate of 4.00% per annum, which will mature in 2026. The net proceeds, after deduction of issuance costs, amounted to approximately RMB509 million. In 2024, the Group issued additional guaranteed notes of RMB700 million with an interest rate of 4.00% per annum and maturity in 2026 (consolidated and formed a single series with the guaranteed notes of RMB510 million issued in 2023). Additionally, in 2024, the Group issued guaranteed notes of RMB1,690 million with an interest rate of 4.10% per annum and maturity in 2027. The net proceeds, after deduction of issuance costs, amounted to approximately RMB2,384 million.

20 BORROWINGS (Continued)

The maturity of borrowings is as follows:

	Bank borrowings		Other borrowings	
	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000	**30 June 2025 (Unaudited) RMB'000**	31 December 2024 (Audited) RMB'000
Within one year	**13,851,564**	18,870,617	**11,537,969**	4,398,216
In the second year	**16,308,208**	18,316,417	**11,448,421**	15,961,229
In the third to fifth year	**22,045,096**	13,807,960	**16,159,711**	19,837,403
Over five years	**8,541,132**	8,723,083	**3,969,583**	3,973,817
	60,746,000	59,718,077	**43,115,684**	44,170,665

21 SHARE CAPITAL

	Number of shares 2025 ('000)	Number of shares 2024 ('000)	**Share capital 2025 RMB'000**	Share capital 2024 RMB'000
At 1 January (Audited)	**4,025,393**	4,025,393	**25,545,008**	25,545,008
At 30 June (Unaudited)	**4,025,393**	4,025,393	**25,545,008**	25,545,008

22 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the interim condensed consolidated statement of changes in equity on pages 27 and 28 of these interim condensed consolidated financial information.

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associates in Chinese Mainland. As stipulated by regulations in Chinese Mainland, the Company's subsidiaries, joint ventures and associates established and operated in Chinese Mainland are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. Upon approval, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may only be used for increasing capital.

23 GUARANTEES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	**42,135,386**	44,114,243
Guarantees for banking and loan facilities granted to joint ventures and associates (note (b))	**6,553,980**	6,553,980
	48,689,366	50,668,223

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

(b) As at 30 June 2025, certain subsidiaries of the Company provided guarantee up to a limit of approximately RMB6,554 million (31 December 2024: RMB6,554 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB714 million (31 December 2024: RMB725 million) was utilised and guarantee of approximately RMB5,840 million (31 December 2024: RMB5,829 million) was not utilised yet.

24 SECURITIES FOR BANKING FACILITIES AND BORROWINGS

At 30 June 2025, certain banking facilities and borrowings granted to the Group were secured by mortgages of the Group's certain properties under development, properties held for sale, investment properties and right-of-use assets with aggregate carrying values of approximately RMB41,273 million (31 December 2024: RMB50,501 million), RMB8,262 million (31 December 2024: RMB1,681 million), RMB1,206 million (31 December 2024: Nil) and Nil (31 December 2024: RMB980 million), respectively.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"). The table below summarises the names of main related parties, with whom the Group has significant transactions during the six months ended 30 June 2025, and their relationship with the Company as at 30 June 2025:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("Guangzhou Metro")	Substantial shareholder
Yuexiu Real Estate Investment Trust ("Yuexiu REIT')	An associate
廣州越創房地產開發有限公司	An associate
廣州越宏房地產開發有限公司	An associate
廣州越合通房地產開發有限公司	An associate
廣州慶越房地產開發有限公司	An associate
廣州市悦匯城商業經營管理有限公司	An associate
肥西和順地產有限公司	An associate
廣州粵恒房地產開發有限公司	An associate
青島昌明置業有限公司	A joint venture
廣州南沙科城投資發展有限公司	A joint venture
湖北宏秀房地產開發有限公司	A joint venture
Chong Hing Bank Limited	A fellow subsidiary

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25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

		Six months ended 30 June	
		2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
(I)	Interest income (note 7)		
	– associates	**59,982**	25,796
	– joint ventures	**25,650**	49,654
		85,632	75,450
	– a fellow subsidiary	**20,352**	19,746
		105,984	95,196
(II)	Interest expense (note 8)		
	– ultimate holding company	**(73,817)**	(68,234)
	– immediate holding company	**(36,858)**	(90,257)
	– associates	**(12,743)**	(7,506)
	– entities with significant influence over subsidiaries	**—**	(4,680)
	– a fellow subsidiary	**(14,990)**	(17,425)
		(138,408)	(188,102)
(III)	Addition of right-of-use assets		
	– associates	**89,668**	75,004
(IV)	Rental income		
	– fellow subsidiaries	**9,280**	13,916
	– associates	**47,684**	42,538
		56,964	56,454
(V)	Short-term leases rental expenses		
	– associates	**(21,069)**	(15,672)
	– fellow subsidiaries	**—**	(6,531)
		(21,069)	(22,203)
(VI)	Consideration for acquisition of a subsidiary		
	– a fellow subsidiary	**—**	14,972

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		Six months ended 30 June	
		2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
(VII)	Revenue from sales of property development		
	– a fellow subsidiary	**—**	3,165
(VIII)	Revenue from sales of materials		
	– associates	**493,555**	114,891
	– joint ventures	**107,178**	54,776
		600,733	169,667
(IX)	Property management service income		
	– associates	**116,557**	27,969
	– joint ventures	**28,329**	3,740
	– fellow subsidiaries	**36,662**	18,736
	– substantial shareholder	**136,702**	92,777
		318,250	143,222
(X)	Construction service income		
	– associates	**24,760**	22,343
	– joint ventures	**4,597**	3,226
	– fellow subsidiaries	**8,155**	5,746
		37,512	31,315
(XI)	Others		
	Tenancy service fees income from an associate	**13,520**	15,217

The price of the above transactions was determined in accordance with the terms agreed by the relevant contracting parties.

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25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Amounts due from recorded in current assets			
– substantial shareholder	(i), (ii)	**3,241,573**	2,940,167
– associates	(ii), (iii)	**5,125,906**	4,456,692
– joint ventures	(ii), (iv)	**2,917,433**	1,174,898
– fellow subsidiaries	(i), (ii)	**49,734**	37,153
– entities with significant influence over certain subsidiaries	(i), (ii)	**5,392,217**	5,666,617
Amounts due from recorded in non-current assets	(v)		
– associates		**1,175,952**	1,451,677
– joint ventures		**1,471,766**	1,645,053
Amounts due to			
– ultimate holding company	(i), (ii)	**(65,846)**	(121,728)
– immediate holding company	(ii), (vi)	**(1,384,621)**	(1,678,024)
– associates	(ii), (vii)	**(26,117,670)**	(28,659,016)
– joint ventures	(i), (ii)	**(1,777,341)**	(1,697,420)
– fellow subsidiaries	(i), (ii)	**(866,657)**	(876,682)
– substantial shareholder	(ii), (viii)	**(425,395)**	(424,648)
– entities with significant influence over certain subsidiaries	(ii), (ix)	**(242,395)**	(242,395)
Deposits in a fellow subsidiary	(x)	**5,108,392**	3,160,819
Bank borrowing from a fellow subsidiary	(xi)	**(890,350)**	(926,200)
Lease liabilities	(xii)		
– associates		**(110,137)**	(106,683)
– fellow subsidiaries		**(161,228)**	(169,062)
Trade and notes receivables from	(xiii)		
– substantial shareholder		**114,813**	78,326
– joint ventures		**262,631**	180,337
– associates		**421,492**	327,951
– fellow subsidiaries		**53,552**	43,393

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Except for the amounts denominated in HKD and USD listed below, other balance with related parties are denominated in RMB.

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Denominated in HKD		
Amount due from a joint venture	22,014	22,354
Bank deposit in a fellow subsidiary	139,615	12,412
Denominated in USD		
Bank deposit in a fellow subsidiary	337	338
Amount due from an associate	644,274	646,956

Notes:

(i) These balances are unsecured, interest free and repayable or receivable on demand.

(ii) These balances are included in other receivables, prepayments and deposits or other payables and accruals, as appropriate.

(iii) Except for the amounts of approximately RMB1,964,708,000 (31 December 2024: RMB1,243,210,000), which are unsecured and interest bearing at a weighted average rate of 6.77% (2024: 7.33%) per annum, the remaining balances are unsecured, interest free and receivable on demand.

(iv) Except for the amounts of approximately RMB173,137,000 (31 December 2024: RMB8,000,000), which are unsecured and interest bearing at a weighted average rate of 5.11% (2024: 15.00%) per annum, the remaining balances are unsecured, interest free and receivable on demand.

(v) These balances are included in interest in joint ventures and interest in associates. Except for the amounts of approximately RMB737,049,000 (31 December 2024: RMB410,733,000), which are unsecured and interest bearing at a weighted average rate of 6.07% (2024: 6.66%) per annum, the remaining balances are unsecured and interest free.

(vi) The balances as at 30 June 2025 are unsecured, interest-free and repayable on demand. Interest incurred for loans from immediate holding company during the six months ended 30 June 2025 was charged at 5.41% (2024: 6.06%) per annum.

(vii) Except for the amounts of approximately RMB288,181,000 (31 December 2024: RMB297,846,000), which are unsecured and interest bearing at a weighted average rate of 4.84% (2024: 4.98%) per annum, the remaining balances are unsecured, interest free and repayable on demand.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Notes: (Continued)

(viii) The amount due to the substantial shareholder, Guangzhou Metro, is unsecured, interest free and repayable in 2026 (31 December 2024: Same).

(ix) The balances are unsecured, interest-free and repayable on demand (31 December 2024: Except for RMB163,311,000 which was unsecured and interest-bearing at 5.70% per annum, the remaining balances were unsecured and interest-free).

(x) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.

(xi) These balances were unsecured and interest bearing at 2.75% (2024: 3.30%) per annum.

(xii) The Group leases office premises from associates and fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.

(xiii) These balances are receivables from Guangzhou Metro, joint ventures, associates and fellow subsidiaries for the provision of property management services, construction services, agency services and the sales of materials on normal commercial terms.

(d) Key management compensation

Key management compensation amounted to RMB1,927,000 for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB4,956,000).

(e) Guarantee received

Guangzhou Yue Xiu provides corporate guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd., a subsidiary of the Company, which amounted to approximately RMB22,721 million as at 30 June 2025 (31 December 2024: RMB25,524 million).

(f) Provision of guarantee

The Group provides guarantees for the borrowings of joint ventures and associates, the details of which are included in note 23 to the interim condensed consolidated financial information.

26 FINANCIAL RISK MANAGEMENT

26.1 Fair value measurement of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2025 and 31 December 2024 on a recurring basis.

At 30 June 2025	Level 2 (Unaudited) RMB'000	Level 3 (Unaudited) RMB'000
Financial assets		
Derivative financial instrument - foreign currency forwards	30,732	—
Financial assets at fair value through other comprehensive income	—	968,237
	30,732	968,237
Financial liabilities		
Derivative financial instrument - foreign currency forwards	54,263	—

At 31 December 2024	Level 2 (Audited) RMB'000	Level 3 (Audited) RMB'000
Financial assets		
Derivative financial instrument - foreign currency forwards	121,037	—
Financial assets at fair value through other comprehensive income	—	967,085
	121,037	967,085
Financial liabilities		
Derivative financial instrument - foreign currency forwards	9,038	—

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

26 FINANCIAL RISK MANAGEMENT (Continued)

26.1 Fair value measurement of financial instruments (Continued)

Fair value hierarchy (Continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between fair value hierarchy levels during the period.

Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of financial assets at fair value through other comprehensive income is derived through the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry.
- The fair value of foreign currency forwards is determined using present value of future cash flows based on the forward exchange rates at the balance sheet date.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instrument for the six months ended 30 June 2025 and 30 June 2024:

Financial assets at fair value through other comprehensive income

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Opening balance at 1 January	967,085	999,130
Unrealised fair value changes recognised in other comprehensive income	1,152	2,822
Closing balance at 30 June	968,237	1,001,952

There were no changes made to any of the valuation techniques applied during six months ended 30 June 2025 and 2024.

26 FINANCIAL RISK MANAGEMENT (Continued)

26.1 Fair value measurement of financial instruments (Continued)

Valuation process

The Group measures its financial assets at FVOCI at fair value. The Group's finance department that performs the valuation of level 3 fair values for financial reporting purposes. The level 3 financial assets were valued by an independent qualified valuer and discussion of valuation processes and results are held between the management and valuer at least once every six months.

The main Level 3 input used by the Group for financial assets at FVOCI pertains to the discount for lack of marketability. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement. The higher of the percentage for the discount for lack of marketability would result in the lower amount of the fair value.

26.2 Fair value of other financial assets and liabilities

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

- Trade and notes receivables
- Cash and bank balances, time deposits and other restricted deposits
- Other receivables
- Trade and notes payables
- Financial liabilities included in other payables and accruals
- Borrowings
- Lease liabilities

26.3 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

26 FINANCIAL RISK MANAGEMENT (Continued)

26.3 Financial risk factors (Continued)

(a) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings at fixed rate which expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. As at 30 June 2025, fixed interest rate borrowings accounted for approximately 43% (31 December 2024: 44%) of total borrowings.

At 30 June 2025, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period would have been approximately RMB87 million lower/higher (2024: post-tax profit RMB77 million lower/higher) respectively, mainly as a result of higher/lower interest expense on floating-rate borrowings.

(b) Foreign exchange risk

A majority of the subsidiaries of the Company operate in Chinese Mainland with most of their transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars ("HKD") and United States dollars ("USD"); for certain cash and bank balances of approximately RMB960 million (2024: RMB1,256 million) and borrowings of approximately RMB5,441 million (2024: RMB4,061 million) which were denominated in HKD and cash and bank balances of approximately RMB40 million (2024: RMB164 million) and borrowings of approximately RMB5,717 million (2024: RMB5,690 million) which were denominated in USD as at 30 June 2025. The Group has entered into several forward exchange contracts to hedge its exposure to foreign currency risk during the six months ended 30 June 2025.

At 30 June 2025, if RMB had strengthened/weakened by 5 percent against HKD and USD with all other variables held constant (assuming no capitalisation of exchange difference), post-tax profit for the year would have been approximately RMB148 million higher/lower (2024: post-tax profit RMB110 million higher/lower), mainly as a result of the net foreign exchange gains on translation of monetary assets and liabilities denominated in HKD and USD.

(c) Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

26 FINANCIAL RISK MANAGEMENT (Continued)

26.3 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2025 (unaudited)					
Borrowings (principal amount plus interest)	28,032,293	29,652,051	40,218,059	13,672,387	111,574,790
Trade and notes payables (note 19)	2,269,377	—	—	—	2,269,377
Other payables and accruals (excluding accrued employee benefits costs and value added tax payables and other taxes payables)	84,185,245	2,034,915	645,791	—	86,865,951
Lease liabilities	250,698	173,328	302,701	193,628	920,355
Derivative financial instruments	14,543	15,677	24,043	—	54,263
	114,752,156	31,875,971	41,190,594	13,866,015	201,684,736
At 31 December 2024 (audited)					
Borrowings (principal amount plus interest)	27,459,858	36,755,226	36,134,804	14,239,252	114,589,140
Trade and notes payables (note 19)	1,559,766	—	—	—	1,559,766
Other payables and accruals (excluding accrued employee benefits costs and value added tax payables and other taxes payables)	100,494,200	496,334	112,241	—	101,102,775
Lease liabilities	274,330	189,009	334,526	110,836	908,701
Derivative financial instruments	—	—	9,038	—	9,038
	129,788,154	37,440,569	36,590,609	14,350,088	218,169,420

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 23 to the financial statements. The earliest period in which the guarantees could be called is less than 12 months.

26 FINANCIAL RISK MANAGEMENT (Continued)

26.4 Capital risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and bank balances (excluding charged bank deposits) and current portion of time deposits. Total capital is calculated as equity, as shown in the interim condensed consolidated statement of financial position plus net debt.

The gearing ratios at 30 June 2025 and 31 December 2024 were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Total borrowings (note 20)	**103,861,684**	103,888,742
Lease liabilities	**779,382**	787,711
Less: Cash and bank balances (excluding charged bank deposits) and current portion of time deposits	**(29,647,848)**	(30,195,576)
Net debt	**74,993,218**	74,480,877
Total equity (including non-controlling interests)	**111,236,337**	104,079,168
Total capital	**186,229,555**	178,560,045
Gearing ratio	**40.3%**	41.7%

The total capital amount is subject to externally imposed capital requirement and the Group has complied with the capital requirement during the period.

27 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 26 August 2025.

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the members of Yuexiu Property Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Yuexiu Property Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 118 to 239, which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties held by the Group	
Management has estimated the fair value of the Group's investment properties to be RMB17,029 million at 31 December 2024, with a revaluation loss for the year ended 31 December 2024 recorded in the consolidated statement of profit or loss of RMB727 million. Management has engaged independent external valuers to perform valuation of all the investment properties in order to support management's estimates. The valuations of investment properties are dependent on certain key assumptions that require significant management judgement, including market rents and capitalisation rate. Specific audit focus was placed on this area because the estimation of fair value was subject to high degree of estimation uncertainty. The inherent risk in relation to the valuations of investment properties was considered relatively higher due to the significant judgement and estimates involved in determination of fair value. The related disclosures for the valuation of investment properties held by the Group are included in notes 3 and 17 to the financial statements.	Our procedures in relation to management's valuation of investment properties included: • Obtaining an understanding of the management's internal control and assessment process of the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Evaluating the independent external valuers' qualifications, expertise, competence, capabilities and objectivity; • Obtaining the valuation reports for all investment properties and assessing whether the valuation approach adopted was suitable for use in determining the fair value for the purpose of the financial statements; • Assessing, on a sample basis, the appropriateness of the key assumptions based on our knowledge of the property industry and the assistance from our internal valuation experts; • Checking, on a sample basis, the underlying data of area, tenancy term and occupancy against the supporting evidence and checking the mathematical accuracy of the valuations; • For investment properties valued under comparison method, comparing the market price with that of comparable properties with similar type, size and location; and • Assessing the adequacy of the disclosures related to the valuations of investment properties in the context of the applicable financial reporting framework.

Key audit matter	How our audit addressed the key audit matter
Net realisable value of properties under development and properties held for sale held by the Group	
The Group had properties under development and properties held for sale of RMB187,669 million and RMB45,139 million, respectively, as at 31 December 2024. Management assessed the carrying amounts according to the recoverable amount of these properties, taking into account the estimated costs to completion and estimated net sales value at prevailing market conditions. Write-down to net realisation value is made when the carrying amounts may not be realisable. The assessment requires management judgement and estimates. The inherent risk in relation to assessment of net realisable value of properties under development and properties held for sale was considered relatively higher due to high degree of estimation uncertainty. The related disclosures for the net realisable value of properties under development and properties held for sale held by the Group are included in notes 3, 22 and 23 to the financial statements.	Our procedures in relation to management's assessment on net realisable value of properties under development and properties held for sale included: • Obtaining an understanding of and evaluating the internal controls over the assessment of net realisable value of properties under development and properties held for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; • Evaluating management's assessment by comparing, on a sample basis, the estimated selling price less selling expenses and the estimated costs to completion used in the assessment with the price and cost data from recent transactions or available market information; Especially, assessing the reasonableness of estimated selling prices by comparing the management's estimated selling price to the recent average contracted selling price in the same project or the prevailing market price of comparable properties with similar type, size and location; • Obtaining understanding from management and performing assessment on the latest status and development plans of the underlying property projects, such as budgeted estimated costs to completion approved by management; • Checking management's adjustments to the underlying property projects if their carrying amounts were below net realisable value; and • Assessing the adequacy of the disclosures related to impairment of properties under development and completed properties held for sale in the context of the applicable financial reporting framework.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**86,400,562**	80,222,011
Cost of sales		**(77,346,644)**	(67,964,384)
Gross profit		**9,053,918**	12,257,627
Income from sales of investment properties		**—**	14,929
Carrying amounts of investment properties sold		**—**	(4,310)
Gain on sales of investment properties		**—**	10,619
Other gains and losses	6	**(1,395,268)**	(1,348,000)
Selling and marketing expenses		**(2,718,573)**	(2,450,753)
Administrative expenses		**(1,488,908)**	(1,799,157)
Operating profit		**3,451,169**	6,670,336
Finance income	7	**646,215**	970,575
Finance costs	8	**(879,651)**	(672,375)
Share of (losses)/profits of			
– joint ventures	18	**(43,318)**	50,528
– associates	19	**1,021,214**	701,579
Profit before taxation		**4,195,629**	7,720,643
Taxation	12	**(2,730,508)**	(3,145,594)
Profit for the year		**1,465,121**	4,575,049
Attributable to:			
– Equity holders of the Company		**1,040,055**	3,185,085
– Non-controlling interests		**425,066**	1,389,964
		1,465,121	4,575,049
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	14	**0.2584**	0.8542

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	**1,465,121**	4,575,049
Other comprehensive income:		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(46,481)**	45,285
Cash flow hedges	**84,366**	273,486
Share of other comprehensive loss of an associate accounted for using the equity method	**(114,530)**	(61,870)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(76,645)**	256,901
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**(88,607)**	(18,626)
Other comprehensive (loss)/income for the year, net of tax	**(165,252)**	238,275
Total comprehensive income for the year	**1,299,869**	4,813,324
Attributable to:		
– Equity holders of the Company	**879,407**	3,423,860
– Non-controlling interests	**420,462**	1,389,464
	1,299,869	4,813,324

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**3,159,869**	2,802,071
Right-of-use assets	16	**1,829,855**	822,896
Investment properties	17	**17,029,312**	16,785,640
Intangible assets	21	**339,265**	514,128
Properties under development	22	**7,855,936**	8,739,490
Interests in joint ventures	18	**5,183,730**	6,007,696
Interests in associates	19	**26,251,482**	22,868,636
Financial assets at fair value through other comprehensive income ("FVOCI")	20	**967,085**	999,130
Derivative financial instruments	32	**121,037**	—
Other receivables, prepayments and deposits	26	**165,478**	—
Time deposits and other restricted deposits	27	**2,293,280**	—
Deferred tax assets	33	**4,464,790**	3,474,680
Total non-current assets		**69,661,119**	63,014,367
CURRENT ASSETS			
Properties under development	22	**179,813,083**	202,613,968
Properties held for sale	23	**45,139,394**	36,334,751
Contract costs	24	**1,445,157**	1,121,745
Prepayments for land use rights		**5,207,807**	5,825,176
Trade and notes receivables	25	**1,307,480**	846,308
Other receivables, prepayments and deposits	26	**52,904,540**	37,859,433
Derivative financial instruments	32	**—**	229,536
Prepaid taxation		**7,218,435**	7,235,584
Time deposits	27	**467,260**	—
Charged bank deposits	27	**17,560,393**	16,832,610
Cash and cash equivalents	27	**29,728,316**	29,265,250
Total current assets		**340,791,865**	338,164,361
CURRENT LIABILITIES			
Trade and notes payables	28	**1,559,766**	1,330,814
Contract liabilities	29	**83,841,916**	87,653,832
Other payables and accruals	30	**106,075,477**	90,389,650
Borrowings	31	**23,268,833**	22,975,869
Lease liabilities	16	**225,687**	219,490
Taxation payable		**5,542,978**	7,516,884
Total current liabilities		**220,514,657**	210,086,539
NET CURRENT ASSETS		**120,277,208**	128,077,822
TOTAL ASSETS LESS CURRENT LIABILITIES		**189,938,327**	191,092,189

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Borrowings	31	**80,619,909**	81,395,029
Lease liabilities	16	**562,024**	619,531
Deferred tax liabilities	33	**4,006,453**	5,870,307
Deferred income		**54,584**	102,200
Derivative financial instruments	32	**9,038**	55,785
Other payables and accruals	30	**607,151**	840,557
Total non-current liabilities		**85,859,159**	88,883,409
Net assets		**104,079,168**	102,208,780
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	34	**25,545,008**	25,545,008
Shares held under share award scheme	35	**(54,337)**	(121,530)
Other reserves	36	**2,619,419**	2,757,989
Retained earnings	36	**27,150,976**	27,447,438
		55,261,066	55,628,905
Non-controlling interests		**48,818,102**	46,579,875
Total equity		**104,079,168**	102,208,780

Lin Zhaoyuan
Director

Zhu Huisong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2023	25,545,008	(121,530)	2,787,731	(931,451)	621,144	(172,175)	452,740	27,447,438	55,628,905	46,579,875	102,208,780
Profit for the year	–	–	–	–	–	–	–	1,040,055	1,040,055	425,066	1,465,121
Other comprehensive income/(losses) for the year:											
Currency translation differences	–	–	–	(46,481)	–	–	–	–	(46,481)	–	(46,481)
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(22,659)	–	–	–	(22,659)	(1,375)	(24,034)
Cash flow hedges	–	–	–	–	–	84,366	–	–	84,366	–	84,366
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(114,530)	–	(114,530)	–	(114,530)
Others	–	–	–	–	(61,344)	–	–	–	(61,344)	(3,229)	(64,573)
Total comprehensive income/(losses) for the year	–	–	–	(46,481)	(84,003)	84,366	(114,530)	1,040,055	879,407	420,462	1,299,869
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	3,043,000	3,043,000
Capital reduction of a subsidiary	–	–	–	–	–	–	–	–	–	(838,800)	(838,800)
Transfer to appropriation	–	–	89,702	–	–	–	–	(89,702)	–	–	–
Disposal of a subsidiary	–	–	(67,624)	–	–	–	–	–	(67,624)	–	(67,624)
Vesting of shares (note 35)	–	67,193	–	–	–	–	–	–	67,193	–	67,193
Dividend paid	–	–	–	–	–	–	–	(1,246,815)	(1,246,815)	(386,435)	(1,633,250)
At 31 December 2024	25,545,008	(54,337)	2,809,809*	(977,932)*	537,141*	(87,809)*	338,210*	27,150,976	55,261,066	48,818,102	104,079,168

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2022	18,035,015	(175,520)	2,288,604	(976,736)	639,270	(445,661)	510,804	27,553,847	47,429,623	37,363,118	84,792,741
Profit for the year	–	–	–	–	–	–	–	3,185,085	3,185,085	1,389,964	4,575,049
Other comprehensive income/(losses) for the year:											
Currency translation differences	–	–	–	45,285	–	–	–	–	45,285	–	45,285
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(18,126)	–	–	–	(18,126)	(500)	(18,626)
Cash flow hedges	–	–	–	–	–	273,486	–	–	273,486	–	273,486
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(61,870)	–	(61,870)	–	(61,870)
Total comprehensive income/(losses) for the year	–	–	–	45,285	(18,126)	273,486	(61,870)	3,185,085	3,423,860	1,389,464	4,813,324
Rights issue	7,509,993	–	–	–	–	–	–	–	7,509,993	–	7,509,993
Acquisition of non-controlling interests	–	–	–	–	–	–	(829)	–	(829)	(1,207,692)	(1,208,521)
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	2,207,759	2,207,759
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	7,213,266	7,213,266
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(5,350)	(5,350)
Transfer to appropriation	–	–	499,127	–	–	–	–	(499,127)	–	–	–
Acquisition of shares under share award scheme (note 35)	–	(27,382)	–	–	–	–	–	–	(27,382)	–	(27,382)
Vesting of shares (note 35)	–	81,372	–	–	–	–	–	–	81,372	–	81,372
Employee share schemes of a subsidiary	–	–	–	–	–	–	4,635	–	4,635	2,292	6,927
Dividend paid	–	–	–	–	–	–	–	(2,792,367)	(2,792,367)	(382,982)	(3,175,349)
At 31 December 2023	25,545,008	(121,530)	2,787,731*	(931,451)*	621,144*	(172,175)*	452,740*	27,447,438	55,628,905	46,579,875	102,208,780

* These reserve accounts comprise the consolidated other reserves of RMB2,619,419,000 (2023: RMB2,757,989,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating profit		**3,451,169**	6,670,336
Adjustments for:			
Depreciation and amortisation	9	**538,851**	386,114
Amortisation of deferred revenue		**(47,616)**	(1,833)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	6	**235,768**	1,366,252
Fair value losses on revaluation of other investment properties held at the end of the year, net	6	**491,664**	135,845
Provision for impairment of properties under development and properties held for sale	9	**2,272,336**	1,573,856
Gain on disposal of property, plant and equipment		**(2,782)**	(528)
Gain on sales of investment properties		**—**	(10,619)
Gain on acquisition of subsidiaries		**(40,200)**	—
Gain on disposal of a subsidiary	6	**(867,816)**	—
Impairment losses on long-term assets	6	**1,627,577**	—
Net impairment losses on financial assets		**15,572**	9,787
Operating cash flows before movements in working capital		**7,674,523**	10,129,210
Decrease/(increase) in properties under development, properties held for sale and prepayments for land use rights		**25,066,662**	(6,826,710)
(Increase)/decrease in contract costs		**(303,324)**	70,186
Decrease in trade and notes receivables, other receivables, prepayments and deposits, and increase in trade and note payables, contract liabilities, other payables and accrued charges		**535,784**	16,730,022
Net exchange difference for working capital		**87,567**	117,765
Net cash generated from operations		**33,061,212**	20,220,473
Interest received		**468,312**	773,115
Interest paid		**(4,876,750)**	(4,671,978)
Hong Kong profits tax paid		**—**	—
Chinese Mainland taxation paid		**(6,815,252)**	(7,759,434)
Net cash flows from operating activities		**21,837,522**	8,562,176

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Investing activities			
Purchases of property, plant and equipment, investment properties and intangible assets		(372,128)	(342,672)
Proceeds from sales of property, plant and equipment		8,456	10,536
Proceeds from sale of investment properties		1,370	14,929
Increase in charged bank deposits		(727,783)	(3,560,616)
Increase in current portion of time deposits		(467,260)	—
Increase in non-current portion of time deposits		(2,230,000)	—
Increase in other restricted deposits		(63,280)	—
Acquisition of subsidiaries, net cash received		1,331,562	454,741
Proceeds from disposal of a subsidiary, net of cash disposed	37	990,007	—
Acquisition of and capital injection in joint ventures and associates		(2,773,622)	(1,058,824)
Proceeds from liquidation and disposal of joint ventures and associates		—	579,929
(Payment to)/receipt from joint ventures and associates		(511,609)	3,840,305
Dividends received from associates		222,947	281,770
Capital reduction from joint ventures and associates		322,762	—
Net cash flows (used in)/from investing activities		(4,268,578)	220,098

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Financing activities			
Rights issue		—	7,509,993
Capital reduction from non-controlling interests due to deregistration of subsidiaries		—	(5,350)
Capital contribution from non-controlling interests		3,043,000	7,213,266
Dividends paid to equity holders of the Company		(1,246,815)	(1,859,049)
Dividends paid to non-controlling interests		(129,444)	(375,814)
Increase/(decrease) in balances with joint ventures and associates		7,122,838	(1,643,619)
Decrease in balances with a shareholder		(994,368)	(474,168)
Increase in balances with fellow subsidiaries		117,853	602,311
Increase in balances with ultimate holding company		19,418	100,504
Decrease in balances with the immediate holding company		(2,059,297)	(4,108,381)
Decrease in balances with entities with significant influence over subsidiaries		(52,920)	(505,062)
Decrease in balances with other non-controlling interests and related parties of non-controlling interests		(3,286,428)	(5,600,492)
Proceeds from bank borrowings	38(a)	29,420,256	37,427,501
Repayments of bank borrowings	38(a)	(36,010,602)	(32,085,701)
Proceeds from other borrowings	38(a)	9,678,153	10,788,944
Repayments of other borrowings	38(a)	(15,547,877)	(7,821,285)
Repayments to financial institutions under supplier finance arrangements	38(a)	(7,263,485)	(10,347,824)
Received/(payments) for derivative financial instruments	38(a)	350,491	(5,415)
Payments for lease liabilities	16(b)	(282,184)	(185,402)
Net cash flows used in financing activities		(17,121,411)	(1,375,043)
Increase in cash and cash equivalents		447,533	7,407,231
Cash and cash equivalents at the beginning of year		29,265,215	21,846,429
Exchange gains on cash and cash equivalents		15,529	11,555
Cash and cash equivalents at the end of year		29,728,277	29,265,215
Analysis of balances of cash and cash equivalents			
Bank balances and cash	27	29,728,316	29,265,250
Bank overdrafts	31	(39)	(35)
		29,728,277	29,265,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in development, selling and management of properties and holding of investment properties. The Group's operations are primarily conducted in Chinese Mainland and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Details of the Group's significant subsidiaries as at 31 December 2024 are set out on page 240 to 258.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs 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*

Except for Amendments to HKAS 7 and HKFRS 7, the adoption of the above revised standards has had no significant financial effect on the financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of the implementation of the amendments, the Group has provided additional disclosures about its supplier finance arrangements in notes 30 and note 38(a).

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	*Lack of Exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption

The above amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2025 and have not been early applied in preparing these consolidated financial statements. Except for HKFRS 18, none of these is expected to have any significant effect on the consolidated financial statements of the Group.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

2.4.1 Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.2 Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.3 Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, properties held for sale, investment properties, contract costs, prepaid taxation, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.5 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.6 Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal useful lives used for this purpose are as follows:

Buildings	20 to 40 years
Leasehold improvements, furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.7 Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any resulting decrease in the carrying amount of the property is recognised in profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Each of the following intangible assets with finite life is stated at cost less any impairment losses and is amortised on the straight-line basis to write off the cost of each of these intangible assets over its respective estimated useful life of:

Customer relationship	7 to 10 years
Software	2 to 10 years

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 70 years
Leased properties	1 to 14 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.9 Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.10 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.10 Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.11 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.12 Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables, derivative financial instruments and borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.13 Financial liabilities (Continued)

Initial recognition and measurement (Continued)

The Group classifies financial liabilities that arise from a supplier finance arrangement within other payables and accruals in the statement of financial position because based on the Group's assessment, the terms of the liabilities that are part of the supply chain finance arrangement are substantially different from the terms of trade and notes payables that are not part of the arrangement. The assessment has considered factors such as the commercial purpose, the nature and specific terms of the arrangement, as well as the credit terms in place with the financial institutions and suppliers. Therefore, cash flows related to liabilities arising from supplier finance arrangements that are classified in other payables and accruals in the statement of financial position are included in financing activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and notes payables, other payables, and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4.14 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4.16 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency forward contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.16 Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.4.17 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4.18 Properties under development and properties held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.18 Properties under development and properties held for sale (Continued)

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development projects is expected to complete beyond the normal operating cycle of the business.

2.4.19 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4.20 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.20 Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.21 Government grants (Continued)

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4.22 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sales of properties

Under HKFRS 15, revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.22 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sales of properties (continued)

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

The Group has assessed that there is no enforceable right to payment from the property purchasers for performance completed to date. Revenue is recognised at a point in time when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) Property management income

Revenue from rendering of property management services is recognised over the scheduled period in which the related services are rendered.

(c) Agency service revenue

Agency service revenue from property brokering is recognised when the relevant agreement becomes unconditional or irrevocable and there are no further performance obligations.

(d) Decoration services

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

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.23 Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4.24 Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4.25 Other employee benefits

Pension schemes

The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees under the Occupational Retirement Schemes Ordinance. Contributions to the ORSO Scheme by the employer and employees are calculated at 5 percent to 20 percent and 5 percent respectively of the employees' basic salaries. The Group's contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Subsidiaries of the Company in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government, and make monthly contributions to the retirement plans in the range of 16 to 24 percent of the monthly salaries of the employees. The Group has no further obligations for the actual payment of pensions beyond its contributions.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.26 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.27 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2.4.28 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.29 Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation

Control is the basis for consolidation. Control exists when the Group is able to influence profitability of another company through its involvement and power over the operation of another company. To assess whether an entity has control over another entity involves significant judgement, management performs an assessment and considers if the current accounting treatments for its subsidiaries, associates and joint ventures are appropriate. Yuexiu Real Estate Investment Trust ("Yuexiu REIT") is accounted for as an associate since among other reasons, the Group only has significant influence on but no control over Yuexiu REIT. The key decisions of Yuexiu REIT are principally handled and monitored by an independent trustee and an asset management company.

The Group has no equity in and/or control over the independent trustee. Among other key factors, the Group does not have any power to control the appointment of directors of the asset management company of Yuexiu REIT, as all of the directors are nominated by the nomination committee, which is comprised of a majority of independent non-executive directors. Accordingly, the Group does not control Yuexiu REIT.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Taxation

The Group is subject to income tax primarily in Chinese Mainland and Hong Kong. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimate is changed.

The Group has tax losses of RMB8,371,143,000 (2023: RMB6,475,464,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 33 to the financial statements.

The Group is subject to land appreciation tax ("LAT") in Chinese Mainland. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant Chinese Mainland tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final tax outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related LAT provision in the period in which such taxes are finalised with the tax authorities.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Fair value of investment properties

The best evidence of fair value is current prices in an active market for properties in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Net realisable value of properties under development and properties held for sale

The Group writes down properties under development and properties held for sale to net realisable value based on assessment of the realisability of properties under development and properties held for sale which takes into account cost to completion based on past experience and net sales value based on prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down properties under development and properties held for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value of properties under development and properties held for sale is adjusted in the period in which such estimate is changed.

4 OPERATING SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	Sales of property development units
Property management	Revenue from provision of property management services
Property investment	Property rental income
Others	Revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Total reportable segment assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

4 OPERATING SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
Year ended 31 December 2024					
Revenue	80,618,939	3,868,152	807,750	6,830,831	92,125,672
Inter-segment revenue	—	(902,171)	(139,917)	(4,683,022)	(5,725,110)
Revenue from external customers	80,618,939	2,965,981	667,833	2,147,809	86,400,562
Segment results	2,751,220	213,351	(322,394)	(47,074)	2,595,103
Depreciation and amortisation	(247,814)	(105,443)	—	(185,594)	(538,851)
Losses on revaluation of investment properties, net	—	—	(727,432)	—	(727,432)
Impairment losses on long-term assets	(1,390,711)	(236,866)	—	—	(1,627,577)
Share of profits/(losses) of:					
– joint ventures	13,392	961	—	(57,671)	(43,318)
– associates	1,059,961	—	(62,056)	23,309	1,021,214
Year ended 31 December 2023					
Revenue	75,216,351	3,223,623	543,914	6,817,504	85,801,392
Inter-segment revenue	—	(886,657)	(69,805)	(4,622,919)	(5,579,381)
Revenue from external customers	75,216,351	2,336,966	474,109	2,194,585	80,222,011
Segment results	7,056,130	375,189	(1,107,966)	267,243	6,590,596
Depreciation and amortisation	(238,244)	(86,372)	—	(61,498)	(386,114)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	—	—	(1,366,252)	—	(1,366,252)
Losses on revaluation of other investment properties held at the end of the year, net	—	—	(135,845)	—	(135,845)
Share of profits/(losses) of:					
– joint ventures	52,507	154	—	(2,133)	50,528
– associates	657,702	—	8,119	35,758	701,579

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4 OPERATING SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 31 December 2024					
Total reportable segments' assets	**361,895,119**	**6,231,019**	**23,095,523**	**6,845,712**	**398,067,373**
Total reportable segments' assets include:					
Additions to non-current assets (note)	**151,095**	**99,576**	**4,398,040**	**205,074**	**4,853,785**
As at 31 December 2023					
Total reportable segments' assets	354,617,979	6,118,733	22,908,834	6,143,475	389,789,021
Total reportable segments' assets include:					
Additions to non-current assets (note)	162,827	24,838	6,955,477	130,836	7,273,978

Note: Non-current assets represent non-current assets other than properties under development, derivative financial instruments, interests in joint ventures, interests in associates, financial assets at FVOCI, goodwill included in intangible assets, deferred tax assets, non-current portion of other receivables, prepayments and deposits, and non-current portion of time deposits and other restricted deposits.

A reconciliation of total segment results to profit before taxation is provided as follows:

	2024 RMB'000	2023 RMB'000
Segment results	**2,595,103**	6,590,596
Unallocated operating costs (note)	**(103,675)**	(74,357)
Other gains and losses, net (excluding impairment losses of long-term assets and losses on revaluation of investment properties held at the end of the year, net)	**959,741**	154,097
Operating profit	**3,451,169**	6,670,336
Finance income (note 7)	**646,215**	970,575
Finance costs (note 8)	**(879,651)**	(672,375)
Share of (losses)/profits of:		
– joint ventures (note 18)	**(43,318)**	50,528
– associates (note 19)	**1,021,214**	701,579
Profit before taxation	**4,195,629**	7,720,643

Note: Unallocated operating costs include mainly corporate staff salaries and other operating expenses of the Company.

4 OPERATING SEGMENT INFORMATION (Continued)

A reconciliation of reportable segments' assets to total assets is provided as follows:

	2024 RMB'000	2023 RMB'000
Total reportable segments' assets	**398,067,373**	389,789,021
Deferred tax assets (note 33)	**4,464,790**	3,474,680
Prepaid taxation	**7,218,435**	7,235,584
Corporate assets (note)	**702,386**	679,443
Total assets	**410,452,984**	401,178,728

Note: Corporate assets represent property, plant and equipment, intangible assets, other receivables and cash and cash equivalents of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in Chinese Mainland and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in Chinese Mainland.

For the year ended 31 December 2024, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (2023: none).

5 REVENUE

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Property development	**80,618,939**	75,216,351
Property management	**2,965,981**	2,324,115
Others	**2,147,809**	2,194,585
	85,732,729	79,735,051
Revenue from other sources		
Property investment	**667,833**	486,960
	86,400,562	80,222,011

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5 REVENUE (Continued)

Revenue from contracts with customers:

For the year ended 31 December 2024

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	80,618,939	—	—	80,618,939
Property management service	—	2,965,981	—	2,965,981
Others	—	—	2,147,809	2,147,809
Total revenue from contracts with customers:	80,618,939	2,965,981	2,147,809	85,732,729
Timing of revenue recognition				
Recognised at a point in time	80,618,939	531,526	1,448,746	82,599,211
Recognised over time	—	2,434,455	699,063	3,133,518
Total revenue from contracts with customers:	80,618,939	2,965,981	2,147,809	85,732,729

5 REVENUE (Continued)

For the year ended 31 December 2023

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	75,216,351	—	—	75,216,351
Property management service	—	2,324,115	—	2,324,115
Others	—	—	2,194,585	2,194,585
Total revenue from contracts with customers:	75,216,351	2,324,115	2,194,585	79,735,051
Timing of revenue recognition				
Recognised at a point in time	75,216,351	417,831	1,636,422	77,270,604
Recognised over time	—	1,906,284	558,163	2,464,447
Total revenue from contracts with customers:	75,216,351	2,324,115	2,194,585	79,735,051

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of sales of properties as at 31 December 2024 amounted to RMB95,413,000,000 (2023: RMB100,092,000,000) are expected to be recognised within three years. The amounts do not include variable consideration which is constrained.

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6 OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Gain on disposal of the ICC project (Note 37)	**867,816**	—
Impairment losses on long-term assets	**(1,627,577)**	—
Losses on revaluation of other investment properties held at the end of the year, net	**(491,664)**	(135,845)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	**(235,768)**	(1,366,252)
Other gains, net	**91,925**	154,097
	(1,395,268)	(1,348,000)

7 FINANCE INCOME

	2024 RMB'000	2023 RMB'000
Interest income from bank deposits	**475,842**	665,576
Interest income from loans to related parties (excluding bank deposits) (note 43(b))	**158,931**	258,717
Interest income on amount due from non-controlling interest ("NCI") and related parties of NCI	**10,853**	29,230
Other interest income	**589**	17,052
	646,215	970,575

8 FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings and overdrafts	**2,215,043**	2,184,444
Interest on other borrowings	**1,963,657**	1,852,073
Interest on amounts due to related parties (note 43(b))	**489,386**	490,258
Interest on amounts due to NCI and related parties of NCI	**264,263**	197,459
Interest expense on lease liabilities (note 16)	**29,785**	29,945
Net fair value gains on derivative financial instruments (note 32)	**(91,791)**	(125,057)
Net foreign exchange gains	**(29,216)**	(54,507)
Total borrowing costs incurred	**4,841,127**	4,574,615
Less: amount capitalised as investment properties, properties under development and property, plant and equipment (note)	**(3,961,476)**	(3,902,240)
	879,651	672,375

Note: Borrowing costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 3.56 percent per annum (2023: 3.81 percent per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9 EXPENSES BY NATURE

Cost of sales, selling and marketing expenses, and administrative expenses include the following:

	2024 RMB'000	2023 RMB'000
Cost of properties sold included in cost of sales	**73,195,257**	64,209,104
Selling and promotion expenses	**2,706,373**	2,437,908
Other tax and surcharge	**456,056**	505,827
Direct operating expenses arising from investment properties	**245,923**	215,218
Provision for impairment of properties under development and properties held for sale	**2,272,336**	1,573,856
Expense related to short-term leases (note 16(c))	**67,165**	86,945
Depreciation of property, plant and equipment (note 15)	**191,198**	123,127
Depreciation of right-of-use assets	**293,968**	203,751
Amortisation of intangible assets (note 21)	**53,685**	59,236
Employee benefit expense (excluding directors' and chief executive's remuneration (note 10)):		
Wages, salaries	**3,052,373**	3,743,003
Pension scheme contribution	**211,446**	211,241
	3,263,819	3,954,244
Less: amount capitalised in properties under development, investment properties under construction and property, plant and equipment	**(1,123,387)**	(1,401,143)
	2,140,432	2,553,101
Auditor's remuneration		
– Audit services	**4,370**	4,770
– Non-audit services	**3,707**	2,250

9 EXPENSES BY NATURE (Continued)

Pension scheme arrangements

The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees under the Occupational Retirement Schemes Ordinance. Contributions to the ORSO Scheme by the employer and employees are calculated at 5 percent to 20 percent and 5 percent respectively of the employees' basic salaries. The Group's contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5 percent of the employee's relevant income, as defined in the Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's contributions are subject to a cap of HKD1,500 (before 1 June 2014: HKD1,250) per month and contributions thereafter are voluntary. The contributions under the MPF Scheme are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government, and make monthly contributions to the retirement plans in the range of 16 to 24 percent of the monthly salaries of the employees. The Group has no further obligations for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

There are no forfeited contributions for both years presented. During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil).

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10 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Directors' and senior management's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,773	1,667
Other emoluments:		
Salaries, allowances and benefits in kind	3,749	11,168
Performance related bonuses	3,695	10,188
Pension scheme contributions	258	600
Subtotal	7,702	21,956
Total	9,475	23,623

The remuneration of every director is set out below:

31 December 2024

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note (i)) RMB'000	Pension costs RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (ii)) RMB'000	Total RMB'000
LIN Zhaoyuan (note(a))	—	—	—	—	—	—	—
ZHU Huisong	—	1,750	1,988	120	56	—	3,914
JIANG Guoxiong (note(b))	—	1,286	1,707	98	56	—	3,147
HE Yuping (note(a))	—	—	—	—	—	—	—
CHEN Jing (note(a))	—	—	—	—	—	—	—
LIU Yan (note(a))	—	—	—	—	—	—	—
ZHANG Yibing	297	—	—	—	—	—	297
SU Junjie (note(c))	—	—	—	—	—	—	—
YU Lup Fat Joseph	423	—	—	—	—	—	423
LEE Ka Lun	351	—	—	—	—	—	351
LAU Hon Chuen Ambrose	351	—	—	—	—	—	351
CHEUNG Kin Sang	351	—	—	—	—	—	351
LIN Feng (note (d))	—	583	—	40	18	—	641
Total	1,773	3,619	3,695	258	130	—	9,475

10 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

Notes:

(a) The emoluments of Mr Lin Zhaoyuan, Mr He Yuping, Ms. Chen Jing and Ms. Liu Yan in relation to their services rendered for the Group for the year ended 31 December 2024 were borne by related parties of the Group. Their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(b) Mr Jiang Guoxiong was appointed as an executive director on 31 December 2024. The remuneration of Mr Jiang Guoxiong for the whole year as director and senior management of the Group was approximately RMB3.1 million.

(c) Mr Su Junjie was appointed as a non-executive director on 20 September 2024. Mr Su Junjie did not receive any emolument under the appointment for serving as a non-executive director.

(d) Mr Lin Feng resigned as an executive director on 24 April 2024.

31 December 2023

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note (i)) RMB'000	Pension costs RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (ii)) RMB'000	Total RMB'000
LIN Zhaoyuan	—	—	—	—	—	—	—
LIN Feng	—	1,707	3,042	120	52	1,758	6,679
ZHU Huisong	—	1,623	2,679	120	52	1,350	5,824
HE Yuping	—	1,490	1,489	120	52	—	3,151
CHEN Jing	—	1,490	1,489	120	52	—	3,151
LIU Yan	—	1,490	1,489	120	52	—	3,151
ZHANG Yibing	297	—	—	—	—	—	297
YU Lup Fat Joseph	423	—	—	—	—	—	423
LEE Ka Lun	351	—	—	—	—	—	351
LAU Hon Chuen Ambrose	351	—	—	—	—	—	351
Cheung Kin Sang	245	—	—	—	—	—	245
Total	1,667	7,800	10,188	600	260	3,108	23,623

Notes:

(i) Discretionary bonuses are determined by the Group's financial performance.

(ii) Other benefits include share award scheme.

10 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' termination benefits

During the year, no payments or benefits in respect of termination of directors' services were paid or payable, directly or indirectly, to the directors (2023: Nil).

(b) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2023: Nil).

(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: Nil).

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

No directors waived emoluments in respect of the year ended 31 December 2024 (2023: Nil). No emoluments were paid or payable by the Group to any director as an inducement to join or upon joining the Group, or as compensation for loss of office for both years presented.

11 FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included two (2023: five) directors, details of whose emoluments are set out in note 10 above. Details of the emoluments for the year of the remaining three (2023: nil) highest paid employees who are neither a director nor senior management of the Company are as follows.

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**3,889**	—
Discretionary related bonuses	**5,348**	—
Pension costs	**281**	—
Housing allowance	**168**	—
Estimated money value of other benefits	**1,505**	—
	11,191	—

The emoluments of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands (in HKD)		
HKD3,000,001 – HKD3,500,000	**1**	—
HKD3,500,001 – HKD4,000,000	**—**	3
HKD4,000,001 – HKD4,500,000	**4**	—
HKD4,500,001 – HKD5,000,000	**—**	—
HKD5,000,001 – HKD5,500,000	**—**	—
HKD5,500,001 – HKD6,000,000	**—**	—
HKD6,000,001 – HKD6,500,000	**—**	1
HKD6,500,001 – HKD7,000,000	**—**	—
HKD7,000,001 – HKD7,500,000	**—**	1
	5	5

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12 TAXATION

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2023: 16.5 percent) on the estimated assessable profit for the year.

(b) Chinese Mainland enterprise income taxation is provided on the profit of the Group's subsidiaries, associates and joint ventures in Chinese Mainland at the rate of 25 percent (2023: 25 percent), except for certain subsidiaries which enjoy a preferential income tax rate.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates of 5 percent or 10 percent.

(c) Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent (2023: 30 percent to 60 percent) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the consolidated statement of profit or loss comprises:

	2024 RMB'000	2023 RMB'000
Current taxation		
China enterprise income tax and corporate withholding income tax	**3,533,693**	2,981,827
Chinese Mainland land appreciation tax	**1,434,868**	1,088,189
	4,968,561	4,070,016
Deferred taxation		
Origination and reversal of temporary difference	**(2,228,956)**	(922,941)
Chinese Mainland land appreciation tax	**10,216**	(10,758)
Corporate withholding income tax on undistributed profits	**(19,313)**	9,277
	(2,238,053)	(924,422)
	2,730,508	3,145,594

12 TAXATION (Continued)

(e) The taxation on the Group's profit before taxation less share of profits and losses of associates and joint ventures differs from the theoretical amount that would arise using the enterprise income tax rate of Chinese Mainland, where majority of the Group's operations were carried out, is as follows:

	2024 RMB'000	2023 RMB'000
Profit before taxation less share of profit/(losses) of associates and joint ventures	**3,217,733**	6,968,536
Calculated at Chinese Mainland enterprise income tax rate of 25 percent (2023: 25 percent)	**804,433**	1,742,134
Effect of different taxation rates	**6,921**	77,447
Income not subject to taxation	**(2,570)**	(1,488)
Expenses not deductible for taxation purposes	**383,304**	139,763
Net effect of tax loss not recognised and utilisation of previously unrecognised tax losses	**473,920**	370,388
Effect of land appreciation tax deductible for calculation of income tax purposes	**(361,271)**	(269,358)
Corporate withholding income tax	**(19,313)**	9,277
	1,285,424	2,068,163
Land appreciation tax	**1,445,084**	1,077,431
Taxation charges	**2,730,508**	3,145,594

(f) The tax charges relating to components of other comprehensive income are as follows:

	2024			2023		
	Before tax	**Tax charges**	**After tax**	Before tax	Tax charges	After tax
Fair value (losses)/gains of financial assets at FVOCI	**(32,045)**	**8,011**	**(24,034)**	(24,834)	6,208	(18,626)

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13 DIVIDENDS

The Board resolved not to declare final dividend for the year ended 31 December 2024.

	2024 RMB'000	2023 RMB'000
Cash dividends		
Interim, paid, of HKD0.189 equivalent to RMB0.173 (2023: HKD0.232 equivalent to RMB0.213) per ordinary share	**696,393**	857,409
Final, proposed, of Nil (2023: HKD0.148 equivalent to RMB0.134) per ordinary share	**—**	539,403
	696,393	1,396,812

The exchange rates used to translate the above interim and final dividends per share from HKD to RMB were the average of central parity rates announced by the People's Bank of China for the last five consecutive business days preceding the dates of dividend resolved/proposed by the Board.

In addition, in March 2023, the board of directors has declared a special dividend ("Special Dividend") in the form of the distribution in specie of certain units ("Units") of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders, in proportion to their respective shareholdings in the Company on the basis of 62 units for every 1,000 shares held by the qualifying shareholders. The Special Dividend of 249,574,360 Units were distributed as at the end of 2023.

14 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	**1,040,055**	3,185,085
Weighted average number of ordinary shares outstanding ('000) (note)	**4,025,393**	3,728,632
Basic earnings per share (RMB)	**0.2584**	0.8542

14 EARNINGS PER SHARE (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there were no dilutive potential ordinary shares during the year, diluted earnings per share is equal to basic earnings per share (2023: same).

Note:

In 2023, the Company completed the rights issue of 928,936,826 rights shares at the subscription price of HKD9.00 per rights share on the basis of 30 rights shares for every 100 shares held by qualifying shareholders on the record date (i.e.10 May 2023).

The weighted average number of 3,728,632,295 ordinary shares for the year of 2023 was derived from ordinary shares outstanding as at 1 January 2023 after taking into account the effects of rights issue abovementioned.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements, furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2024					
Opening net book amount	1,586,275	856,972	353,665	5,159	2,802,071
Additions	86,396	—	76,677	3,018	166,091
Disposals	—	—	(4,919)	(755)	(5,674)
Transfer	295,237	934,072	162,915	—	1,392,224
Depreciation (note 9)	(103,590)	—	(84,763)	(2,845)	(191,198)
Exchange differences	1,010	—	660	—	1,670
Impairment	(113,852)	(891,463)	—	—	(1,005,315)
Closing net book amount	1,751,476	899,581	504,235	4,577	3,159,869
At 31 December 2024					
Cost	2,370,232	1,791,044	779,432	47,103	4,987,811
Accumulated depreciation	(504,904)	—	(275,197)	(42,526)	(822,627)
Impairment	(113,852)	(891,463)	—	—	(1,005,315)
Net book amount	1,751,476	899,581	504,235	4,577	3,159,869

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15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements, furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2023					
Opening net book amount	1,370,252	3,195,569	179,448	2,914	4,748,183
Additions	11,595	31,665	89,035	4,405	136,700
Disposals	—	—	(9,907)	(101)	(10,008)
Transfer	288,695	(2,370,262)	130,992	—	(1,950,575)
Depreciation (note 9)	(84,898)	—	(36,170)	(2,059)	(123,127)
Exchange differences	631	—	267	—	898
Closing net book amount	1,586,275	856,972	353,665	5,159	2,802,071
At 31 December 2023					
Cost	2,083,226	856,972	558,619	52,495	3,551,312
Accumulated depreciation	(496,951)	—	(204,954)	(47,336)	(749,241)
Net book amount	1,586,275	856,972	353,665	5,159	2,802,071

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

16 LEASES

As a lessee

The Group has lease contracts for various items of lands and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 14 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2024	**54,460**	**768,436**	**822,896**
Additions	**—**	**223,121**	**223,121**
Transfer from properties under development	**1,481,444**	**—**	**1,481,444**
Termination	**—**	**(18,243)**	**(18,243)**
Impairment	**(385,395)**	**—**	**(385,395)**
Depreciation	**(3,811)**	**(290,157)**	**(293,968)**
At 31 December 2024	**1,146,698**	**683,157**	**1,829,855**
At 1 January 2023	3,121,038	866,286	3,987,324
Additions	—	129,671	129,671
Termination	—	(25,073)	(25,073)
Transfer to investment properties	(3,018,857)	—	(3,018,857)
Depreciation	(47,721)	(202,448)	(250,169)
At 31 December2023	54,460	768,436	822,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 LEASES (Continued)

As a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	839,021	891,594
New leases	223,121	129,671
Termination	(22,032)	(26,787)
Accretion of interest recognised during the year (note 8)	29,785	29,945
Payments	(282,184)	(185,402)
Carrying amount at 31 December	787,711	839,021
Analysed into:		
Current portion	225,687	219,490
Non-current portion	562,024	619,531

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Depreciation of land use rights	(3,811)	(47,721)
Less: Amount capitalised as construction in progress under property, plant and equipment	—	46,418
	(3,811)	(1,303)
Depreciation of leased properties	(290,157)	(202,448)
Interest expense (included in finance cost) (note 8)	(29,785)	(29,945)
Expense relating to short-term leases (included in cost of sales, selling and marketing costs, and administrative expenses) (note 9)	(67,165)	(86,945)

16 LEASES (Continued)

As a lessor

The Group leases its investment properties consisting of certain commercial properties in Chinese Mainland and Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB667,833,000 (2023: RMB486,960,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Not later than one year	**418,173**	569,930
Later than one year and not later than five years	**763,907**	1,257,851
Later than five years	**166,790**	226,114
	1,348,870	2,053,895

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17 INVESTMENT PROPERTIES

	Completed investment properties		
	Chinese Mainland RMB'000	**Hong Kong RMB'000**	**Total RMB'000**
Opening balance at 1 January 2024	**16,083,692**	**701,948**	**16,785,640**
Cost adjustments, net	**(43,112)**	**—**	**(43,112)**
Transferred	**4,386,037**	**—**	**4,386,037**
Disposals	**(3,387,700)**	**—**	**(3,387,700)**
Fair value losses, net	**(707,875)**	**(19,557)**	**(727,432)**
Exchange differences	**—**	**15,879**	**15,879**
Closing balance at 31 December 2024	**16,331,042**	**698,270**	**17,029,312**

	Completed investment properties		
	Chinese Mainland RMB'000	Hong Kong RMB'000	Total RMB'000
Opening balance at 1 January 2023	10,422,883	700,854	11,123,737
Additions	—	3,801	3,801
Transferred	6,951,676	—	6,951,676
Disposals	(4,310)	—	(4,310)
Fair value losses, net	(1,286,557)	(15,540)	(1,302,097)
Exchange differences	—	12,833	12,833
Closing balance at 31 December 2023	16,083,692	701,948	16,785,640

The completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

17 INVESTMENT PROPERTIES (Continued)

Valuation processes

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, which has recent experience in the locations and segments of the investment properties valued, as at 31 December 2024. For all investment properties, their current use is the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

– Verifies all major inputs to the independent valuation report;

– Assesses property valuations movements when compared to the prior year valuation report;

– Holds discussions with the independent valuer.

Fair value hierarchy and valuation techniques used to determine fair values

As at 31 December 2024 and 2023, all investment properties were included in level 3 fair value hierarchy.

Fair values of completed investment properties are generally derived using the comparison method and income method. The income method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been determined by reference to recent rentals of the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

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17 INVESTMENT PROPERTIES (Continued)

Valuation inputs and relationships to fair value

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Completed investment properties in Chinese Mainland	346,752	Comparison method	Market price	RMB13,000/sq.m. to RMB25,700/sq.m.
	15,984,290	Income method	(1) Market rent (2) Capitalisation rate	(1) RMB36/sq.m./mth to RMB679/sq.m./mth (2) 2.75% to 7.5%
Completed investment properties in Hong Kong	38,685	Comparison method	Market price	HKD12,217/sq.ft to HKD14,414/sq.ft
	659,585	Income method	(1) Market rent (2) Capitalisation rate	(1) HKD5.9/sq.ft/mth to HKD192/sq.ft/mth (2) 2.8% to 5%

17 INVESTMENT PROPERTIES (Continued)

Valuation inputs and relationships to fair value (Continued)

Description	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Completed investment properties in Chinese Mainland	237,720	Comparison method	Market price	RMB13,100/sq.m. to RMB25,700/sq.m.
	15,845,972	Income method	(1) Market rent (2) Capitalisation rate	(1) RMB40/sq.m./mth to RMB673/sq.m./mth (2) 2.75% to 7.5%
Completed investment properties in Hong Kong	35,554	Comparison method	Market price	HKD4,762/sq.ft to HKD18,093/sq.ft
	666,394	Income method	(1) Market rent (2) Capitalisation rate	(1) HKD6.6/sq.ft/mth to HKD190/sq.ft/mth (2) 2.8% to 5%

Relationships of unobservable inputs to fair value are as follows:

- The higher the market price, the higher the fair value;
- The higher the market rent, the higher the fair value;
- The higher the capitalisation rate, the lower the fair value.

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18 INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	**3,538,677**	4,264,105
Amounts due from joint ventures (note 43(c))	**1,645,053**	1,743,591
Total	**5,183,730**	6,007,696

	2024 RMB'000	2023 RMB'000
Investments in joint ventures		
At 1 January	**4,264,105**	3,669,855
Additions	**855,590**	543,722
Capital reduction	**(1,600,463)**	—
Share of profit*	**19,445**	50,528
At 31 December	**3,538,677**	4,264,105
Amounts due from joint ventures (note 43(c))	**1,645,053**	1,743,591
Total	**5,183,730**	6,007,696

* In the current year, share of loss of joint ventures was amounted to RMB43,318,000 (2023: share of profit of joint ventures was amounted to RMB50,528,000), among which share of loss with amount of RMB62,763,000 (2023: Nil) was recorded as reduction of amounts due from joint ventures.

The joint ventures held by the Group have share capital consisting solely of ordinary shares, which are held directly by the Group. All of the joint ventures are private companies with no quoted market price available for its shares.

As at 31 December 2024 and 2023, there was no joint venture individually material to the Group. Details of the Group's joint ventures as at 31 December 2024 are set out on pages 259 to 260.

18 INTERESTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' profit for the year and total comprehensive income	**(43,318)**	50,528
Aggregate carrying amount of the Group's investments in the joint ventures	**3,538,677**	4,264,105

The Group's joint ventures did not have any significant capital commitments as at 31 December 2024 (2023: Nil).

There are no significant contingent liabilities relating to the Group's interests in the joint ventures.

19 INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**24,203,146**	20,688,322
Deferred units (note)	**596,659**	652,733
Amounts due from associates (note 43(c))	**1,451,677**	1,527,581
Total	**26,251,482**	22,868,636

All the interests in associates held by the Group are unlisted except for an investment in a material associate, Yuexiu REIT, with a carrying value of approximately RMB5,470 million (2023: RMB5,470 million) which is listed on the Hong Kong Stock Exchange. The fair value of the interest in this associate amounted to approximately RMB1,811 million (2023: RMB2,127 million).

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19 INTERESTS IN ASSOCIATES (Continued)

	2024 RMB'000	2023 RMB'000
Share of net assets		
At 1 January	**20,688,322**	21,060,187
Additions	**3,223,440**	1,148,046
Capital reduction	**(322,762)**	(1,994,770)
Dividend declared by associates	**(486,567)**	(281,770)
Share of profit*	**1,106,631**	701,579
Share of other comprehensive loss	**(114,530)**	(61,870)
Exchange difference	**108,612**	116,920
	24,203,146	20,688,322
Deferred units (note)	**596,659**	652,733
Amounts due from associates (note 43(c))	**1,451,677**	1,527,581
Interests in associates	**26,251,482**	22,868,636

* In the current year, share of profit of associates was amounted to RMB1,021,214,000 (2023: RMB701,579,000), among which share of loss with amount of RMB85,417,000 (2023: Nil) was recorded as reduction of amounts due from associates.

Note: In connection with the disposal of Tower Top Development Limited to Yuexiu REIT in 2012, the Group will, on 31 December of each year, receive from Yuexiu REIT certain numbers of units of Yuexiu REIT starting from 31 December 2016. The number of units to be received each year will be limited to the maximum number of units that may be issued to the Group which will not trigger an obligation on the part of the Group to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by the Group at the relevant time.

Deferred units are part of the consideration of the business acquisition of Yuexiu REIT. The number of units to be issued to the Group was fixed at disposal date and is not subject to change across time. It is in substance the prepaid forward contract to deliver a fixed number of units for which the consideration has been received in advance. There are no cash option or derivative elements in the deferred unit arrangement. This is a contractual arrangement to physically issue the units in accordance with the issuing schedule and there is no redemption option. The deferred units, once issued, will make the voting right/dividend right of the Group on Yuexiu REIT effective.

19 INTERESTS IN ASSOCIATES (Continued)

Set out below is the summarised financial information for the Group's material associate, Yuexiu REIT, which is accounted for using the equity method.

	2024 RMB'000	2023 RMB'000
Investment properties	**37,494,008**	37,773,146
Other non-current assets (excluding investment properties)	**3,930,415**	4,051,740
Cash and cash equivalents	**1,446,154**	1,527,727
Other current assets (excluding cash and cash equivalents)	**250,756**	196,101
Total assets	**43,121,333**	43,548,714
Non-current liabilities, other than net assets attributable to unitholders	**(21,600,080)**	(20,040,219)
Current liabilities	**(5,607,216)**	(6,870,824)
Total liabilities, other than net assets attributable to unitholders	**(27,207,296)**	(26,911,043)
Net assets attributable to unitholders	**(14,730,183)**	(15,436,532)
Total liabilities	**(41,937,479)**	(42,347,575)
Net assets	**1,183,854**	1,201,139
Revenue	**2,031,536**	2,086,855
Fair value (loss)/gain on investment properties	**(321,859)**	27,579
Depreciation and amortisation	**(100,021)**	(154,228)
Finance income	**28,080**	36,180
Finance expenses	**(1,000,713)**	(1,069,506)
Operating expenses	**(794,710)**	(828,959)
Change in fair value of derivative financial instruments	**26,747**	145,327
(Loss)/profit before taxation	**(130,940)**	243,248
Taxation	**(166,909)**	(250,390)
Post-tax loss before transactions with unitholders	**(297,849)**	(7,142)
Transactions with unitholders	**514,348**	162,467
Profit after income tax after transactions with unitholders	**216,499**	155,325
Other comprehensive loss	**(232,512)**	(205,109)
Total comprehensive income	**(16,013)**	(49,784)
Dividends received by the Group from Yuexiu REIT in cash	**(130,947)**	(178,801)

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19 INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associate is as follows:

	2024 RMB'000	2023 RMB'000
Net assets attributable to unitholders as at 1 January	**15,436,532**	15,882,939
Issuance of units	**141,954**	167,832
Transactions with unitholders	**(514,348)**	(162,467)
Distributions paid to unitholders	**(333,955)**	(451,772)
Net assets attributable to unitholders at 31 December	**14,730,183**	15,436,532
Net assets attributable to deferred unitholders	**(596,659)**	(652,733)
Net assets attributable to normal unitholders	**14,133,524**	14,783,799
Interest in an associate	**40.02%**	37.89%
Carrying value before exchange reserve	**5,656,802**	5,601,581
Exchange reserve	**(187,250)**	(131,120)
Carrying value	**5,469,552**	5,470,461

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' profits for the year and total comprehensive income	**1,083,270**	693,460
Aggregate carrying amount of the Group's investments in the associates	**18,733,594**	15,217,861

The Group's associates did not have any significant capital commitments as at 31 December 2024 (2023: Nil).

There are no significant contingent liabilities relating to the Group's interests in the associates.

20 FINANCIAL ASSETS AT FVOCI

	2024 RMB'000	2023 RMB'000
Opening balance at 1 January	**999,130**	1,023,964
Decrease in fair value recognised in other comprehensive income related to equity investments	**(32,045)**	(24,834)
Closing balance at 31 December	**967,085**	999,130

Financial assets at FVOCI represent unlisted securities in companies located in Chinese Mainland without external credit ratings.

The fair value of the ordinary shares held is derived mainly using the guideline public company method. In applying this method, the Group has selected comparable public company peers in the same or a similar industry to provide objective evidence as to values at which investors are willing to buy and sell interest of companies in that industry and conclude by applying an appropriate valuation multiple that is a relevant performance measure for its investments.

Valuation multiples are derived from the reported earnings and the period end stock price of companies in the peer group. Applying the valuation multiples and the price-to-earnings multiple have been concluded to be the relevant performance measures for its investments. The Group also adjusts the indicated fair value by using the discount for lack of marketability compared to the publicly traded peer group when it determines that the market participants would take this into account when pricing the investment. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable inputs applied to arrive at the fair value measurement of equity securities. The Group determines discount of 40% for lack of marketability as the significant unobservable inputs.

If the discount for lack of marketability had changed by +0.5% or -0.5%, the fair value of the investments and other comprehensive income would have decreased or increased by approximately RMB8 million (2023: RMB8 million). Management believes that reasonable possible changes to other unobservable inputs would not result in a significant change in the estimated fair value of the investments.

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21 INTANGIBLE ASSETS

	Goodwill (note) RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	**260,408**	**63,349**	**190,371**	**514,128**
Additions	**—**	**—**	**115,688**	**115,688**
Amortisation (note 9)	**—**	**(9,413)**	**(44,272)**	**(53,685)**
Impairment	**(236,866)**	**—**	**—**	**(236,866)**
Closing net book amount	**23,542**	**53,936**	**261,787**	**339,265**
At 31 December 2024				
Cost	**260,408**	**92,372**	**511,712**	**864,492**
Accumulated amortisation	**—**	**(38,436)**	**(249,925)**	**(288,361)**
Accumulated impairment	**(236,866)**	**—**	**—**	**(236,866)**
Net book amount	**23,542**	**53,936**	**261,787**	**339,265**
Year ended 31 December 2023				
Opening net book amount	260,408	72,762	188,064	521,234
Additions	—	—	52,130	52,130
Amortisation (note 9)	—	(9,413)	(49,823)	(59,236)
Closing net book amount	260,408	63,349	190,371	514,128
At 31 December 2023				
Cost	260,408	92,372	396,024	748,804
Accumulated amortisation	—	(29,023)	(205,653)	(234,676)
Net book amount	260,408	63,349	190,371	514,128

Impairment test for goodwill

The goodwill arose from the acquisition of Guangzhou Metro Environmental Engineering Co., Ltd. ("GZMEE") and its subsidiary Guangzhou Metro Property Management Co., Ltd. ("GZMPM", collectively, the "GZMEE Group") in 2020 and the acquisition of the Guangzhou City Bingxin Property Management Co., Ltd. (the "BingXin Property Management") in 2022 with carrying amounts of RMB253 million and RMB7 million respectively. Goodwill arising from acquisition of GZMEE Group and Bingxin Property Management is monitored by the management at the level of non-commercial property management and value-added services cash-generating-unit (the "CGU") respectively. Goodwill has been assessed based on the related CGUs for impairment testing.

21 INTANGIBLE ASSETS (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2024 and 2023:

	2024	2023
For GZMEE Group CGU:		
Revenue (% annual growth rate)	(3%)-20%	15%-29%
Gross margin (% of revenue)	8%-9%	15%-17%
Long-term growth rate	2%	2.5%
Pre-tax discount rate	18.37%	19.55%
For Bingxin Property Management CGU:		
Revenue (% annual growth rate)	(11%)-42%	(11%)-23%
Gross margin (% of revenue)	10%-15%	15%-20%
Long-term growth rate	2%	2.5%
Pre-tax discount rate	17.80%	18.99%

Management expected significant decline in revenue growth rate and gross margin for the GZMEE Group CGU in future years. The decline in the annual growth rate of revenue is primarily attributable to discontinuation of certain value-added services and cleaning services to a related party at the end of the year.

The decline in the gross margin is primarily driven by the customers' more stringent service requirements and the reduced average price per head in the service contracts renewed and newly signed at the end of the year, and the new contracts will be reflected in the upcoming years.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Annual growth rate over the five-year forecast period based on past performance and management's expectations of market development
Gross margin	Based on past performance and management's expectations for the future
Long-term growth rate	Weighted average growth rate used to extrapolate cash flows beyond the budget period, which consistent with forecasts included in industry reports
Pre-tax discount rate	Reflects specific risks relating to the relevant CGU

The goodwill represents the excess of the acquisition consideration transferred over the fair value of the net identifiable assets acquired as at the acquisition date. The carrying amount of the GZMEE Group CGU which belonged to the non-commercial property management and value-added services segment, was impaired by RMB236,866,000 during the year ended 31 December 2024 (2023: Nil). The recoverable amount of the GZMEE Group CGU was RMB180,768,000 as at 31 December 2024. Such recoverable amount of the GZMEE Group CGU is determined based on the value in use, which requires the Group to estimate the future cash flows expected to arise from the GZMEE Group CGU and suitable discount rates in order to calculate the present value. The impairment in 2024 was mainly attributable to expected decrease in revenue and gross profits arising from the renewed service contracts signed with related parties in 2024.

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21 INTANGIBLE ASSETS (Continued)

Impact of possible changes in key assumptions

As at 31 December 2024, in the opinion of the directors of the Company, for the GZMEE Group CGU, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the estimated revenue growth rate used in the VIU calculation had been increased or decreased by 1.0%, the impairment loss would have decreased by RMB3,521,000 or increased by RMB1,696,000, respectively, during the year ended 31 December 2024. If the estimated gross profit margins used in the VIU calculation had been increased or decreased by 0.5%, the impairment loss would have decreased by RMB17,727,000 or increased by RMB15,989,000, respectively, during the year ended 31 December 2024. If the estimated long-term growth rate used in the VIU calculation had been increased or decreased by 1%, the impairment loss would have decreased by RMB4,248,000 or increased by RMB3,585,000, respectively, during the year ended 31 December 2024. If the pre-tax discount rate applied to the cash flow projections of the CGU had been increased or decreased by 0.5%, the impairment loss would have increased by RMB4,255,000 or decreased by RMB4,538,000, respectively, during the year ended 31 December 2024.

As at 31 December 2024, in the opinion of the directors of the Company, for the Bingxin Property Management CGU, if the budgeted revenue used in the VIU calculation had been decreased by 99.79% (2023: 72.00%) or the estimated gross profit margins used in the VIU calculation had been decreased by 8.69% (2023: 12.58%), or the pre-tax discount rate applied to the cash flow projections of the CGU had been increased by 31.63% (2023: 40.42%), the Group would have had to recognise an impairment against goodwill. The estimated long-term growth rate used in the VIU calculation for the CGU would not lead to an impairment against goodwill.

22 PROPERTIES UNDER DEVELOPMENT

	2024 RMB'000	2023 RMB'000
Amounts are expected to be completed		
– within the normal operating cycle included under current assets	**179,813,083**	202,613,968
– beyond the normal operating cycle included under non-current assets	**7,855,936**	8,739,490
	187,669,019	211,353,458
At cost		
– Properties without impairment provision	**182,369,668**	200,309,494
– Properties with impairment provision	**6,512,680**	11,989,579
Less: Provision for impairment of properties under development	**(1,213,329)**	(945,615)
	187,669,019	211,353,458

Properties under development are mainly located in Chinese Mainland. The normal operating cycle of the Group's property development generally ranges from 2 to 3 years.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

23 PROPERTIES HELD FOR SALE

	2024 RMB'000	2023 RMB'000
At cost:		
– Properties without impairment provision	**34,660,274**	26,316,476
– Properties with impairment provision	**13,797,982**	12,468,296
Less: Provision for impairment of properties held for sale	**(3,318,862)**	(2,450,021)
	45,139,394	36,334,751

Properties held for sale are mainly located in Chinese Mainland.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

24 CONTRACT COSTS

The Group has recognised an asset in relation to costs to obtain the property sales contracts.

	2024 RMB'000	2023 RMB'000
Assets recognised from costs incurred to obtain a contract at 31 December	**1,445,157**	1,121,745
Amortisation recognised as selling expenses during the year	**(1,316,986)**	(1,159,999)

Management expects the incremental costs, primarily sale commission, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and recognised as expenses when the related revenue is recognised. Management has concluded that there was no impairment loss in relation to the costs capitalised.

25 TRADE AND NOTES RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from contracts with customers	**1,296,533**	867,938
Notes receivables	**56,614**	23,256
	1,353,147	891,194
Less: Loss allowance	**(45,667)**	(44,886)
	1,307,480	846,308

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25 TRADE AND NOTES RECEIVABLES (Continued)

As at 31 December 2024 and 2023, the ageing analysis of the trade and notes receivables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**1,065,620**	707,245
1 to 2 years	**198,450**	160,822
2 to 3 years	**70,909**	6,097
Over 3 years	**18,168**	17,030
	1,353,147	891,194

As at 31 December 2024, a provision of approximately RMB45,667,000 (2023: RMB44,886,000) was made against the gross amount of trade receivables. The Group's trade and notes receivables are mainly denominated in RMB.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	**44,886**	40,426
Impairment losses	**9,706**	4,460
Write off	**(8,925)**	—
At 31 December	**45,667**	44,886

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. As at 31 December 2024, certain customers were in delinquency of payments and their respective trade receivable balances amounting to approximately RMB1 million (2023: RMB9 million) were therefore fully impaired.

Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics. As at 31 December 2024, loss allowance of RMB45 million (31 December 2023: RMB36 million) was provided for according to the simplified approach.

26 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2024 RMB'000	2023 RMB'000
Amounts due from NCI and related parties of NCI (note)	**18,171,579**	18,276,648
Amounts due from related parties (note 43(c))	**14,275,527**	10,702,647
Deposits	**1,678,069**	1,690,378
Receivables from land resumption	**10,232,107**	—
Other receivables	**4,719,242**	3,780,485
	49,076,524	34,450,158
Less: loss allowance	**(22,898)**	(22,870)
	49,053,626	34,427,288
Prepaid value-added taxes and other taxes	**3,004,166**	2,823,755
Prepayments	**1,012,226**	608,390
	53,070,018	37,859,433
Less:		
Non-current proportion of interest receivable	**(33,388)**	—
Non-current proportion of prepayments	**(132,090)**	—
	52,904,540	37,859,433

Note:

Out of the total amount of approximately RMB18,172 million (2023: RMB18,277 million), interest-bearing balance amounted to approximately RMB636 million (2023: RMB908 million) as at 31 December 2024 which bears interest at a rate ranging from 0.35% to 4.35% (2023: from 0.35% to 4.35%) per annum.

The Group's other receivables, prepayments and deposits are mainly denominated in RMB.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

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27 DEPOSITS AND CASH

	2024 RMB'000	2023 RMB'000
Current portion of deposits and cash		
Time deposits	467,260	—
Charged bank deposits (note (a))	17,560,393	16,832,610
Cash and cash equivalents	29,728,316	29,265,250
	47,755,969	46,097,860
Non-current portion of deposits		
Time deposits	1,150,000	—
Deposit certificates (note (b))	1,080,000	—
Restricted bank deposits	63,280	—
	2,293,280	—

Note:

(a) Charged bank deposits mainly represented guarantee deposits for construction. In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank certain amount of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchase of construction materials and settlement of construction fees of the relevant property projects. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

(b) The deposit certificates are deposited with creditworthy banks with no recent history of default. The deposit certificates are made for varying periods of between three months and three years, and earn interest at the respective fixed rates ranging from 2.60% to 2.65% per annum. The deposit certificates are classified and measured at amortised cost as they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold in order to collect contractual cash flows.

Deposits and cash are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
HKD	1,182,928	809,021
RMB	48,845,177	45,131,322
USD	20,095	150,229
Others	1,049	7,288
	50,049,249	46,097,860

The Group's RMB balances are placed with banks in Chinese Mainland. The conversion of these RMB denominated balances into foreign currencies in Chinese Mainland is subject to rules and regulations of foreign exchange control promulgated by the Chinese Government.

The Group's bank deposits are mainly placed with major state-owned financial institutions.

28 TRADE AND NOTES PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**1,276,322**	982,747
Notes payables	**283,444**	348,067
	1,559,766	1,330,814

The ageing analysis of the trade and notes payables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 90 days	**871,845**	654,785
91 to 180 days	**159,880**	359,338
181 to 365 days	**437,228**	230,604
1 to 2 years	**71,650**	69,951
Over 2 years	**19,163**	16,136
	1,559,766	1,330,814

Majority of the Group's trade and notes payables are denominated in RMB.

29 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities	**83,841,916**	87,653,832

(a) Revenue recognised in 2024 that was included in the contract liabilities balance as at 31 December 2023 amounted to approximately RMB 53,008 million (2023: RMB56,598 million).

(b) For sales of properties, the Group receives payments from customers based on billing schedules as established in contracts. Payments are usually received in advance of the performance under the contracts mainly of sales of properties. The decrease in contract liabilities was mainly attributable to the decrease in the Group's contracted sales.

(c) For property management services contract, the Group recognised revenue equals to the right to invoice amount when it corresponds directly with the value of the Group's performance obligations to the customers for these types of contracts. The majority of the property management service contracts do not have a fixed term.

(d) For other contracts, as a practical expedient, the Group does not need to disclose transaction price allocated to the remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

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30 OTHER PAYABLES AND ACCRUED CHARGES

	2024 RMB'000	2023 RMB'000
Accrual for construction related costs	**43,590,271**	30,208,748
Amounts due to related parties (note 43(c))	**33,699,913**	26,925,427
Amounts due to NCI and related parties of NCI (note (a))	**7,775,316**	11,237,885
Payables under a supplier settlement scheme (note (b) and note 38(a))	**8,790,425**	11,127,195
Accrued employee benefits costs	**913,514**	1,479,196
Payables for value-added tax payables and other taxes	**4,947,868**	5,546,137
Other payables	**6,965,321**	4,705,619
	106,682,628	91,230,207
Less:		
Non-current proportion of amounts due to related parties, NCI and related parties of NCI	**(607,151)**	(779,031)
Others	**—**	(61,526)
	106,075,477	90,389,650

Notes:

(a) Out of the total amount of approximately RMB7,775 million (2023: RMB11,238 million) was an interest-bearing balance amounting to approximately RMB 3,288 million (2023: RMB2,753 million) as at 31 December 2024 which bore interest at weighted average rate of 6.23% (2023: 6.41%) per annum. Except for an amount of approximately RMB1,140 million which is payable from 2025 to 2027 (31 December 2023: RMB2,062 million payable from 2024 to 2026), the remaining balance is repayable on demand.

(b) The credit terms that the main suppliers grant to the Group are generally 2 months. The Group has established a supplier settlement scheme that are offered to some of the Group's key suppliers in Chinese Mainland. Under the supplier settlement scheme, the suppliers transfer their creditor's rights to external finance providers without recourses and obtain considerations to complete the settlement. The credit terms that granted to the Group would be extended by around 12 months from the time of transfer, and the Group would make the payments to the creditors before the maturity of such creditor's rights to complete the settlement. The Group provides no security to the finance providers.

The related non-cash transaction is disclosed in note 38(a) to the financial statements.

Majority of the Group's other payables and accrued charges are denominated in RMB.

31 BORROWINGS

	2024 RMB'000	2023 RMB'000
Non-current		
Long-term bank borrowings		
– Secured (c)	18,694,314	23,518,139
– Unsecured	22,153,146	23,126,966
Other borrowings (a)		
– Unsecured	39,772,449	34,749,924
	80,619,909	81,395,029
Current		
Bank overdrafts	39	35
Short-term bank borrowings		
– Unsecured	2,361,692	1,988,524
Current portion of long-term bank borrowings		
– Secured (c)	10,432,974	5,872,217
– Unsecured	6,075,912	5,218,366
Other borrowings (a)		
– Unsecured	4,398,216	9,896,727
	23,268,833	22,975,869
Total borrowings	103,888,742	104,370,898

(a) Other borrowings

	2024 RMB'000	2023 RMB'000
PRC corporate bonds (i)	23,724,528	24,221,809
Medium term notes (ii)	14,147,923	11,625,846
Private placement note (iii)	1,799,214	1,799,996
Real estate debt investment schemes	4,499,000	6,999,000
Total other borrowings	44,170,665	44,646,651

31 BORROWINGS (Continued)

(a) Other borrowings (Continued)

(i) PRC corporate bonds

In 2019, the Group issued corporate bonds with an aggregate nominal value of RMB5,500 million, interest rates ranging from 3.60% to 3.93% per annum and with maturity between 3 years to 5 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,479 million. In 2022, corporate bonds of an amount of RMB4,000 million had matured and the Group adjusted the interest rate of the remaining corporate bonds amounting to RMB1,500 million to 2.53% per annum for the remaining period. Corporate bonds of an amount of RMB1,500 million were matured in 2024.

In 2021, the Group issued corporate bonds with an aggregate nominal value of RMB6,000 million with interest rates from 3.17% to 3.55% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,995 million. The Group adjusted the interest rates of some corporate bonds with aggregated amounts of RMB3,000 million to 2.1% and 2.39%, respectively, in 2024. Corporate bonds of an amount of RMB1,500 million were matured in 2024.

In 2022, the Group issued corporate bonds with an aggregate nominal value of RMB9,840 million with interest rates from 2.78% to 3.43% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB9,830 million.

In 2023, the Group issued corporate bonds with an aggregate nominal value of RMB6,900 million with interest rates from 2.98% to 3.63% per annum and with maturity of 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB6,893 million.

In 2024, the Group issued corporate bonds with an aggregate nominal value of RMB2,500 million with interest rates from 2.15% to 2.78% per annum and with maturity of 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,498 million.

Certain PRC corporate bonds contain early redemption options, which means that, the Group shall be entitled to adjust the coupon rate whereas the investors shall be entitled to sell back in whole or in part the bonds.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantees for all the above corporate bonds.

31 BORROWINGS (Continued)

(a) Other borrowings (Continued)

(ii) *Medium term notes*

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and maturity in 2029.

In 2021, the Group issued medium term notes with an aggregate nominal value of USD800 million with interest rates ranging from 2.80% to 3.80% per annum and with maturity of 5 to 10 years. The net proceeds, after deduction of issuance costs, amounted to approximately USD798 million.

In 2023, the Group issued guaranteed notes of RMB3,396 million with interest rates ranging from 3.80% to 4.00% per annum, which will mature three years after issuance. The net proceeds, after deduction of issuance costs, amounted to approximately RMB3,387 million.

In 2023, the Group issued guaranteed notes of RMB510 million with an interest rate of 4.00% per annum, which will mature three years after issuance. The net proceeds, after deduction of issuance costs, amounted to approximately RMB509 million.

In 2024, the Group issued additional guaranteed notes of RMB700 million with an interest rate of 4.00% per annum and maturity in 2026 (consolidated and formed a single series with the guaranteed notes of RMB510 million issued in 2023). Additionally, the Group issued guaranteed notes of RMB1,690 million with an interest rate of 4.10% per annum and maturity in 2027. The net proceeds, after deduction of issuance costs, amounted to approximately RMB2,384 million.

(iii) *Private placement note*

In 2019, the Group issued private placement note of an aggregate nominal value of RMB1,800 million with interest rate of 4.03% per annum and with maturity of 5 years. The net proceeds, after deduction of issuance costs, amounted to approximately RMB1,797 million. In 2022, the Group adjusted the interest rate to 3.2% per annum for the remaining period. Corporate bonds of an amount of RMB1,800 million were matured in 2024.

In 2024, the Group issued private placement note of an aggregate nominal value of RMB1,800 million with interest rates ranging from 2.20% to 2.32% per annum and with maturity of 5 years to 7 years. The net proceeds, after deduction of issuance costs, amounted to approximately RMB1,799 million.

(b) As at 31 December 2024, borrowings of the Group amounting to RMB7,620 million (2023: RMB9,194 million) were jointly guaranteed by the Group and NCI and related parties of NCI.

As at 31 December 2024, borrowings of the Group amounting to RMB728 million (2023: RMB1,438 million) were secured by equity interests of certain subsidiaries.

(c) Information of securities of the secured borrowings is set out in note 40 to the financial statements.

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31 BORROWINGS (Continued)

(d) The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	2024	**2023**	2024	2023
	RMB'000	**RMB'000**	RMB'000	RMB'000
Within one year	**18,870,617**	**13,079,142**	4,398,216	9,896,727
In the second year	**18,316,417**	**17,989,031**	15,961,229	4,796,826
In the third to fifth year	**13,807,960**	**20,285,584**	19,837,403	25,720,192
Over five years	**8,723,083**	**8,370,490**	3,973,817	4,232,906
	59,718,077	**59,724,247**	44,170,665	44,646,651

The fair values of the Group's non-current borrowings approximate their carrying amounts at the end of reporting period as the impact of discounting is not significant or the borrowings carry floating rate of interests.

The effective interest rates at the balance sheet date were as follows:

	2024			2023		
	HKD	**RMB**	**USD**	HKD	RMB	USD
Bank borrowings	**5.98%**	**2.87%**	**—**	5.48%	3.52%	—
Other borrowings	**6.10%**	**3.48%**	**2.99%**	6.22%	3.64%	3.69%
Bank overdrafts	**6.71%**	**—**	**—**	6.96%	—	—

The carrying amounts of the borrowings are denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
HKD	**13,124,085**	12,144,179
RMB	**85,024,128**	86,572,838
USD	**5,740,529**	5,653,881
	103,888,742	104,370,898

32 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	2024 RMB'000	2023 RMB'000
Current assets		
Capped forward foreign exchange contracts	—	40,096
Foreign currency forward contracts	—	189,440
Total current derivative financial instrument assets	—	229,536
Non-current assets		
Capped forward foreign exchange contracts	15,677	—
Foreign currency forward contracts	105,360	—
Total non-current derivative financial instrument assets	121,037	—
Non-current liabilities		
Capped forward foreign exchange contracts	(7,319)	—
Foreign currency forward contracts	(1,719)	(55,785)
Total non-current derivative financial instrument liabilities	(9,038)	(55,785)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for as held for trading with gains (losses) recognised in profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Cash flow hedge - Foreign currency risk

At 31 December 2024, the Group had certain foreign currency forward contracts, which were being used to hedge the foreign currency exposure of certain fixed rate bank loans.

There is an economic relationship between the hedged items and the hedging instruments as the terms of these foreign currency forward contracts match the terms of the respective bank loans (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

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32 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Cash flow hedge - Foreign currency risk (Continued)

The movements of the Group's hedging reserves are as shown below:

	Cost of hedging reserve RMB'000	Cash flow hedge reserve – spot component of currency forwards RMB'000	Total hedge reserves RMB'000
As at 1 January 2023	(430,098)	(15,563)	(445,661)
Add: Change in fair value of hedging instrument recognised in OCI for the year	—	340,388	340,388
Add: Costs of hedging deferred and recognised in OCI	133,445	—	133,445
Less: Reclassified from OCI to profit or loss	105,359	(305,706)	(200,347)
As at 31 December 2023 and 1 January 2024	**(191,294)**	**19,119**	**(172,175)**
Add: Change in fair value of hedging instrument recognised in OCI for the year	**—**	**136,117**	**136,117**
Add: Costs of hedging deferred and recognised in OCI	**5,709**	**—**	**5,709**
Less: Reclassified from OCI to profit or loss	**65,462**	**(122,922)**	**(57,460)**
As at 31 December 2024	**(120,123)**	**32,314**	**(87,809)**

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in profit or loss in relation to derivatives:

	2024 RMB'000	2023 RMB'000
Net gain on foreign currency forward contracts not qualifying as hedges included in finance costs (note 8)	**91,791**	125,057
Hedge ineffectiveness of foreign currency forward contracts - amount recognised in finance costs	**43,122**	4,364

33 DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate. The majority of the deferred tax assets and liabilities are expected to be recovered after more than 12 months.

The movements in deferred tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Provision for accrued LAT and others RMB'000	**Provision for impairment of properties and revaluation of properties RMB'000**	**Tax losses RMB'000**	**Total RMB'000**
At 1 January 2024	**644,760**	**1,510,074**	**1,543,829**	**3,698,663**
Credited to profit or loss during the year	**792,406**	**301,876**	**1,098,975**	**2,193,257**
At 31 December 2024	**1,437,166**	**1,811,950**	**2,642,804**	**5,891,920**

	Provision for accrued LAT and others RMB'000	Provision for impairment of properties and revaluation of properties RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	783,731	1,176,547	715,103	2,675,381
Acquisition of a subsidiary	—	—	139,026	139,026
Credited/(charged) to profit or loss during the year	(138,971)	333,527	689,700	884,256
At 31 December 2023	644,760	1,510,074	1,543,829	3,698,663

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33 DEFERRED TAXATION (Continued)

The movements in deferred tax liabilities (prior to offsetting of balances within the same jurisdiction), during the year are as follows:

	Revaluation of properties and others RMB'000	Revaluation of financial assets at FVOCI RMB'000	Withholding tax on profit to be distributed in future RMB'000	Total RMB'000
At 1 January 2024	**3,290,473**	**230,368**	**2,573,449**	**6,094,290**
Disposal of subsidiaries	**(607,900)**	**—**	**—**	**(607,900)**
Credited to profit or loss during the year	**(25,483)**	**—**	**(19,313)**	**(44,796)**
Credited to reserves	**—**	**(8,011)**	**—**	**(8,011)**
At 31 December 2024	**2,657,090**	**222,357**	**2,554,136**	**5,433,583**

	Revaluation of properties and others RMB'000	Revaluation of financial assets at FVOCI RMB'000	Withholding tax on profit to be distributed in future RMB'000	Total RMB'000
At 1 January 2023	3,339,916	236,576	2,564,172	6,140,664
(Credited)/charged to profit or loss during the year	(49,443)	—	9,277	(40,166)
Credited to reserves	—	(6,208)	—	(6,208)
At 31 December 2023	3,290,473	230,368	2,573,449	6,094,290

As at 31 December 2024, the Group has not recognised deferred tax liabilities of RMB378,453,000 (2023: RMB22,619,000) in respect of temporary differences relating to the undistributed profits of subsidiaries, amounting to RMB7,569,057,000 (2023: RMB452,383,000), that would be payable on the distribution of these profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

33 DEFERRED TAXATION (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown on the consolidated balance sheet:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**5,891,920**	3,698,663
Set-off of deferred tax liabilities pursuant to set-off provisions	**(1,427,130)**	(223,983)
	4,464,790	3,474,680
Deferred tax liabilities	**(5,433,583)**	(6,094,290)
Set-off of deferred tax liabilities pursuant to set-off provisions	**1,427,130**	223,983
	(4,006,453)	(5,870,307)
Deferred income tax assets/(liabilities), net	**458,337**	(2,395,627)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxation profits is probable. As at 31 December 2024, the Group had unrecognised deferred tax benefits of approximately RMB1,981 million (2023: RMB1,507 million) in respect of tax losses of approximately RMB8,371 million (2023: RMB6,475 million). Tax losses amounting to RMB7,058 million (2023: RMB5,162 million) will expire at various dates up to and including 2029 (2023: 2028). The remaining tax losses have no expiry date.

34 SHARE CAPITAL

	Number of shares 2024 ('000)	Number of shares 2023 ('000)	Share capital 2024 RMB'000	Share capital 2023 RMB'000
As at 1 January	**4,025,393**	3,096,456	**25,545,008**	18,035,015
Rights issue (note)	**—**	928,937	**—**	7,509,993
As at 31 December	**4,025,393**	4,025,393	**25,545,008**	25,545,008

Note:

A rights issue of 30 rights share for every 100 existing shares held by members on the register of qualifying shareholders on 10 May 2023 was made, at an issue price of HKD9.00 per rights share, resulting in the issue of 928,936,826 shares for a total cash consideration, before expenses, of HKD8,360 million.

35 SHARES HELD UNDER SHARE AWARD SCHEME

Adoption of the share award scheme

The share award scheme for employees of the Group was adopted by the Board of the Company on 17 March 2017 (the "Adoption Date"). The share award scheme shall be valid and effective for nine years commencing from the Adoption Date (the "Scheme Period"), subject to any early termination as may be determined by the Board.

Scheme Limit

The total number of shares awarded under the share award scheme shall not exceed 3% (the "Scheme Limit") of the number of shares in issue as at the Adoption Date, and the Board may from time to time "refresh" the Scheme Limit provided that the total number of scheme shares awarded and to be awarded must not exceed 5% of the number of shares in issue as at the date of the resolution to approve the "refreshed" limit.

Operation

Pursuant to the scheme rules of the share award scheme (the "Scheme Rules"), the Board of the Company may from time to time at its absolute discretion select any employee to be a selected senior management participant and determine and allocate the number of shares to be granted to a selected participant pursuant to an award in accordance with the Scheme Rules. The Company has entered into a trust deed with the trustee (the "Trustee") for implementing the share award scheme. The Group will pay to the Trustee the purchase monies for the purchase of shares for the purpose of the share award scheme, and the Trustee shall apply the full amount of such purchase monies received from the Group for the purchase of the maximum number of shares from the market and shall hold such shares on trust during the Scheme Period.

	Number of shares ('000)	Cost of acquired shares RMB'000
At 1 January 2023	26,334	175,520
Acquisition of shares by the Trust	3,558	27,382
Shares granted to employees	(12,279)	(81,372)
At 31 December 2023 and 1 January 2024	17,613	121,530
Acquisition of shares by the Trust	—	—
Shares granted to employees	(10,325)	(67,193)
At 31 December 2024	7,288	54,337

10,324,837 shares were granted to the relevant selected participants during the year ended 31 December 2024 (2023: 12,279,380 shares). As at 31 December 2024, the total number of issued ordinary shares of the Company included 7,288,110 (2023: 17,612,947) shares held under the share award scheme.

36 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 122 and 123 of the financial statements.

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associates in Chinese Mainland. As stipulated by regulations in Chinese Mainland, the Company's subsidiaries, joint ventures and associates established and operated in Chinese Mainland are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. The general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may only be used for increasing capital.

37 DISPOSAL OF A SUBSIDIARY

On 3 December 2024, the Group entered into an equity transaction agreement to transfer a 100% equity interest in Guangzhou Grandcity Development Ltd. (廣州宏城發展有限公司) to a third party, at a cash consideration of approximately RMB1,092 million.

Details of the net assets disposed of and the gain are as follows:

	2024 RMB'000
Assets and liabilities disposed of:	
Investment properties	3,387,700
Properties held for sale	5,368
Trade receivables	3,992
Other receivables, prepayments and deposits	141,909
Prepaid taxation	30,489
Cash and cash equivalents	102,076
Trade and note payables	(93,842)
Other payables and accruals	(608,082)
Contract liabilities	(10,105)
Taxation payable	(20,438)
Borrowings	(2,106,900)
Deferred tax liabilities	(607,900)
	224,267
Gains on disposal of a subsidiary	867,816
Total consideration	1,092,083
Satisfied by:	
Cash	1,092,083

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37 DISPOSAL OF A SUBSIDIARY (Continued)

Analysis of net inflow of cash and cash equivalents in respect of disposal of the subsidiary:

	2024 RMB'000
Cash received	1,092,083
Cash and bank balance disposed of	(102,076)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	990,007

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Borrowings (excluding overdraft) RMB'000	Derivative financial instruments RMB'000	Payables under supplier settlement scheme RMB'000	Lease liabilities RMB'000	Other payables RMB'000
Liabilities from financing activities as at 1 January 2024	(104,370,863)	(55,785)	(11,127,195)	(839,021)	(22,260,606)
Financing cash flows	12,460,070	(350,491)	7,263,485	282,184	(3,458,033)*
Foreign exchange adjustments	(368,622)	—	—	—	—
New leases	—	—	—	(223,121)	—
Interest expense on lease liabilities	—	—	—	(29,785)	—
Acquisition of subsidiaries	(13,698,877)	—	—	—	109
Disposal of a subsidiary	2,106,900	—	—	—	—
Changes in fair values	—	54,066	—	—	—
Increase arising from supplier finance arrangements	—	—	(4,926,715)	—	—
Other changes (note)	(17,311)	343,172	—	22,032	(830,722)
Liabilities from financing activities as at 31 December 2024	(103,888,703)	(9,038)	(8,790,425)	(787,711)	(26,549,252)

* Financing cash flows excluded the changes in amounts due from related partis and NCI and related parties of NCI of RMB2,590,937,000.

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

	Borrowings (excluding overdraft) RMB'000	Derivative financial instruments RMB'000	Payables under supplier settlement scheme RMB'000	Lease liabilities RMB'000	Other payables RMB'000
Liabilities from financing activities as at 1 January 2023	(88,298,334)	(396,331)	(9,709,019)	(891,594)	(24,875,714)
Financing cash flows	(8,309,459)	5,415	10,347,824	185,402	2,509,942*
Foreign exchange adjustments	(309,973)	—	—	—	—
New leases	—	—	—	(129,671)	—
Interest expense on lease liabilities	—	—	—	(29,945)	—
Acquisition of subsidiaries	(7,429,397)	—	—	—	99,990
Changes in fair values	—	121,621	—	—	—
Increase arising from supplier finance arrangements	—	—	(11,766,000)	—	—
Other changes (note)	(23,700)	213,510	—	26,787	5,176
Liabilities from financing activities as at 31 December 2023	(104,370,863)	(55,785)	(11,127,195)	(839,021)	(22,260,606)

* Financing cash flows excluded the changes in amounts due from related partis and NCI and related parties of NCI of RMB9,118,965,000.

Notes: Other changes include non-cash transactions, mainly including accrued interest expenses, offsetting amounts due to related parties against dividends receivable due from related parties and conversion of amounts due to NCI as capital injection from NCI to subsidiaries.

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38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 **RMB'000**	2023 RMB'000
Within operating activities	**27,541**	86,945
Within financing activities	**282,184**	185,402
	309,725	272,347

39 GUARANTEES

	2024 **RMB'000**	2023 RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	**44,114,243**	42,364,438
Guarantees for banking and loan facilities granted to associates and joint ventures (note (b))	**6,553,980**	9,316,400
	50,668,223	51,680,838

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal titles of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

(b) As at 31 December 2024, certain subsidiaries of the Group provided guarantees up to a limit of approximately RMB6,554 million (2023: RMB9,316 million) in respect of loans borrowed by certain joint ventures and associates of the Group, among which guarantees of approximately RMB725 million (2023: RMB2,385 million) were utilised and guarantees of approximately RMB5,829 million (2023: RMB6,931 million) were not utilised yet.

40 SECURITIES FOR BANKING FACILITIES AND BORROWINGS

At 31 December 2024, certain banking facilities and borrowings granted to the Group were secured by mortgages of certain of the Group's properties under development and properties held for sale, investment properties, right-of-use assets and property, plant and equipment with aggregate carrying values of approximately RMB50,501 million (2023: RMB45,243 million), RMB1,681 million (2023: RMB156 million), Nil (2023: RMB4,292 million), RMB980 million (2023: Nil) and Nil (2023: RMB530 million), respectively.

41 COMMITMENTS

As at 31 December 2024, the Group did not have contractual commitments in respect of purchases of property, plant and equipment (2023: Nil).

42 NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position	**廣州宏勝房地產開發有限公司**		**廣州東耀房地產開發有限公司**	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Current assets	**9,059,083**	9,354,421	**5,407,065**	5,281,179
Current liabilities	**1,118,443**	1,470,421	**1,146,019**	923,302
Current net assets	**7,940,640**	7,884,000	**4,261,046**	4,357,877
Non-current assets	**132,150**	44,081	**188,023**	188,040
Non-current liabilities	**—**	—	**—**	—
Non-current net assets	**132,150**	44,081	**188,023**	188,040
Net assets	**8,072,790**	7,928,081	**4,449,069**	4,545,917
Accumulated NCI	**3,955,667**	3,884,760	**2,180,044**	2,227,499

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42 NON-CONTROLLING INTERESTS (Continued)

Summarised statement of comprehensive income	廣州宏勝房地產開發有限公司		廣州東耀房地產開發有限公司	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Revenue	**28,852**	433,195	**814,414**	4,808,765
Profit/(loss) for the year	**144,709**	63,131	**(96,848)**	160,949
Other comprehensive income	**—**	—	**—**	—
Total comprehensive income/(loss)	**144,709**	63,131	**(96,848)**	160,949
Profit/(loss) allocated to NCI	**70,907**	30,934	**(47,455)**	78,865
Dividends paid to NCI	**—**	—	**—**	—

Summarised cash flows	廣州宏勝房地產開發有限公司		廣州東耀房地產開發有限公司	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Cash flows (used in)/from operating activities	**(444,556)**	(728,214)	**307,068**	175,933
Cash flows from/(used in) investing activities	**422,985**	(161)	**(531,027)**	(146)
Cash flows from/(used in) financing activities	**84**	(62,349)	**(670)**	(452,416)
Net decrease in cash and cash equivalents	**(21,487)**	(790,724)	**(224,629)**	(276,629)

42 NON-CONTROLLING INTERESTS (Continued)

Summarised statement of financial position	廣州市品秀房地產開發有限公司		廣州市品悦房地產開發有限公司		廣州市品薈房地產開發有限公司	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Current assets	**8,989,173**	9,696,055	**2,959,770**	4,486,944	**4,753,608**	6,832,957
Current liabilities	**3,543,248**	3,320,288	**1,378,102**	2,953,458	**1,823,210**	3,436,953
Current net assets	**5,445,925**	6,375,767	**1,581,668**	1,533,486	**2,930,398**	3,396,004
Non-current assets	**2,318,624**	1,905,419	**2,141,908**	2,048,182	**1,741,129**	1,518,530
Non-current liabilities	**1,748,307**	1,802,596	**3,944**	–	**57,099**	436,297
Non-current net assets	**570,317**	102,823	**2,137,964**	2,048,182	**1,684,030**	1,082,233
Net assets	**6,016,242**	6,478,590	**3,719,632**	3,581,668	**4,614,428**	4,478,237
Accumulated NCI	**842,274**	907,002	**1,822,620**	1,755,017	**2,261,069**	2,194,335

Summarised statement of comprehensive income	廣州市品秀房地產開發有限公司		廣州市品悦房地產開發有限公司		廣州市品薈房地產開發有限公司	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Revenue	**499,411**	3,392,788	**970,355**	5,473,631	**3,617,582**	1,411,301
(Loss)/profit for the year	**(462,348)**	(160,507)	**137,964**	958,400	**136,191**	(387,578)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive (loss)/income	**(462,348)**	(160,507)	**137,964**	958,400	**136,191**	(387,578)
(Loss)/profit allocated to NCI	**(64,728)**	(22,472)	**67,603**	469,616	**66,734**	(189,914)
Dividends paid to NCI	**–**	–	**–**	–	**–**	-

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42 NON-CONTROLLING INTERESTS (Continued)

Summarised cash flows	廣州市品秀房地產開發有限公司		廣州市品悦房地產開發有限公司		廣州市品薈房地產開發有限公司	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Cash flows (used in)/from operating activities	**(99,166)**	(325,803)	**(1,169,407)**	(261,869)	**714,846**	605,906
Cash flows used in investing activities	**(44)**	(19)	**(171,500)**	—	**(98,015)**	(13)
Cash flows used in financing activities	**(94,175)**	(55,612)	**(16,484)**	(2,695)	**(376,002)**	(961,374)
Net (decrease)/increase in cash and cash equivalents	**(193,385)**	(381,434)	**(1,357,391)**	(264,564)	**240,829**	(355,481)

Summarised statement of financial position	廣州市品輝房地產開發有限公司		廣州市品冠房地產開發有限公司	
	31 December 2024 RMB'000	31 December 2023 RMB'000	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Current assets	**5,859,068**	7,307,225	**3,839,959**	6,258,574
Current liabilities	**1,236,837**	2,958,792	**1,061,485**	3,536,281
Current net assets	**4,622,231**	4,348,433	**2,778,474**	2,722,293
Non-current assets	**238**	363	**63,550**	267
Non-current liabilities	**134,427**	210,743	**—**	96,568
Non-current net (liabilities)/assets	**(134,189)**	(210,380)	**63,550**	(96,301)
Net assets	**4,488,042**	4,138,053	**2,842,024**	2,625,992
Accumulated NCI	**2,199,141**	2,027,646	**1,392,592**	1,286,736

42 NON-CONTROLLING INTERESTS (Continued)

Summarised statement of comprehensive income	廣州市品輝房地產開發有限公司		廣州市品冠房地產開發有限公司	
	2,024 RMB'000	2,023 RMB'000	**2,024 RMB'000**	2,023 RMB'000
Revenue	**1,809,085**	5,681,837	**3,623,258**	1,675,062
Profit for the year	**349,989**	653,890	**216,032**	204,126
Other comprehensive income	**—**	—	**—**	—
Total comprehensive income	**349,989**	653,890	**216,032**	204,126
Profit allocated to NCI	**171,495**	320,406	**105,856**	100,022
Dividends paid to NCI	**—**	91,888	**—**	—

Summarised cash flows	廣州市品輝房地產開發有限公司		廣州市品冠房地產開發有限公司	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Cash flows (used in)/from operating activities	**(822,833)**	619,898	**217,092**	1,567,049
Cash flows used in investing activities	**(205,800)**	(14)	**(1,030,200)**	—
Cash flows used in financing activities	**(1,157)**	(442,464)	**(2,077)**	(1,020,080)
Net (decrease)/increase in cash and cash equivalents	**(1,029,790)**	177,420	**(815,185)**	546,969

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43 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited, which was established in Chinese Mainland. The table below summarises the names of related parties, with whom the Group has significant transactions during the year, and their relationship with the Company as at 31 December 2024:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("Guangzhou Metro")	The substantial shareholder
Yuexiu REIT	An associate
廣州合錦嘉苑房地產開發有限公司	An associate
廣州越宏房地產開發有限公司	An associate
廣州雋浩房地產開發有限公司	An associate
廣州穗昭置業有限公司	An associate
廣州越創房地產開發有限公司	An associate
廣州裕秀房地產開發有限公司	An associate
肥西和順地產有限公司	An associate
合肥和冉房地產開發有限公司	An associate
蘇州國越置業有限公司	An associate
廣州市悅匯城商業經營管理有限公司	An associate
廣州粵恒房地產開發有限公司	An associate
長沙長越房地產開發有限公司	An associate
杭州疆悅置業有限公司	An associate
廣州市品臻房地產開發有限公司	An associate
湖北宏秀房地產開發有限公司	A joint venture
武漢安和盛泰房地產開發有限公司	A joint venture
青島昌明置業有限公司	A joint venture
Chong Hing Bank Limited	A fellow subsidiary
Smart Light Group Limited	A fellow subsidiary
廣州越秀住房租賃發展投資有限公司	A fellow subsidiary

43 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

		2024 RMB'000	2023 RMB'000
(I)	Interest income (note 7)		
	– associates	**98,441**	119,408
	– joint ventures	**60,490**	139,309
		158,931	258,717
	– a fellow subsidiary (bank deposits)	**39,532**	75,869
		198,463	334,586
(II)	Interest expense (note 8)		
	– ultimate holding company	**(185,319)**	(90,254)
	– immediate holding company	**(150,137)**	(309,529)
	– associates	**(120,722)**	(35,403)
	– a fellow subsidiary	**(33,208)**	(45,634)
	– an entity with significant influence over certain subsidiaries	**—**	(9,438)
		(489,386)	(490,258)
(III)	Addition of right-of-use assets		
	– associates	**51,374**	37,041
		51,374	37,041
(IV)	Rental income		
	– associates	**78,965**	18,233
	– fellow subsidiaries	**28,647**	29,284
		107,612	47,517
(V)	Short-term leases rental expenses		
	– associates	**(34,596)**	(36,218)
	– immediate holding company	**(88)**	(2,359)
	– the substantial shareholder	**—**	(699)
		(34,684)	(39,276)

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43 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		2024 RMB'000	2023 RMB'000
(VI)	Consideration for acquisition of a subsidiary		
	– a fellow subsidiary	**14,972**	—
		14,972	—
(VII)	Revenue from sales of property development		
	– a fellow subsidiary	**62,023**	—
		62,023	—
(VIII)	Revenue from sales of materials		
	– associates	**370,023**	218,945
	– joint ventures	**77,671**	230,048
		447,694	448,993
(IX)	Property management service income		
	– the substantial shareholder	**225,410**	187,515
	– associates	**161,457**	53,858
	– fellow subsidiaries	**67,849**	33,330
	– joint ventures	**34,057**	20,311
		488,773	295,014
(X)	Construction service income		
	– associates	**49,267**	47,169
	– fellow subsidiaries	**39,469**	19,179
	– joint ventures	**8,507**	11,775
		97,243	78,123
(XI)	Others		
	Tenancy service fees income from an associate	**28,343**	28,548
	Naming right expense to an associate	**—**	(20,000)

The price of above transactions were determined in accordance with the terms as agreed among the relevant contracting parties.

43 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Notes	2024 RMB'000	2023 RMB'000
Amount due from recorded in current assets			
– entities with significant influence over certain subsidiaries	(i), (ii)	**5,666,617**	5,613,697
– associates	(ii), (iii)	**4,456,692**	2,151,044
– the substantial shareholder	(i), (ii)	**2,940,167**	2,132,629
– joint ventures	(ii), (iv)	**1,174,898**	769,940
– fellow subsidiaries	(i), (ii)	**37,153**	35,337
Amount due from recorded in non–current assets	(v)		
– associates		**1,451,677**	1,527,581
– joint ventures		**1,645,053**	1,743,591
Amount due to			
– associates	(ii), (vi)	**(28,659,016)**	(19,318,826)
– immediate holding company	(ii), (vii)	**(1,678,024)**	(3,735,956)
– joint ventures	(i), (ii)	**1,697,420**	(2,261,178)
– fellow subsidiaries	(i), (ii)	**(876,682)**	(857,406)
– the substantial shareholder	(ii), (viii)	**(424,648)**	(409,162)
– entities with significant influence over certain subsidiaries	(ii), (ix)	**(242,395)**	(242,395)
– ultimate holding company	(i), (ii)	**(121,728)**	(100,504)
Bank deposits in a fellow subsidiary	(x)	**3,160,819**	3,231,483
Bank borrowing from a fellow subsidiary	(xi)	**(926,200)**	(956,920)
Lease liabilities	(xii)		
– fellow subsidiaries		**(169,062)**	(193,665)
– associates		**(106,683)**	(95,576)
Trade and notes receivables from	(xiii)		
– associates		**327,951**	148,017
– joint ventures		**180,337**	233,022
– the substantial shareholder		**78,326**	55,132
– fellow subsidiaries		**43,393**	25,072

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43 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Except for the amounts denominated in HKD and USD listed below, other balances with related parties are denominated in RMB.

	2024 RMB'000	2023 RMB'000
Denominated in HKD		
Amount due from a joint venture	22,354	21,876
Bank deposit in a fellow subsidiary	12,412	5,515
Denominated in USD		
Bank deposit in a fellow subsidiary	338	2,457
Amount due from an associate	646,956	637,443

Notes:

(i) These balances are unsecured, interest-free and repayable or receivable on demand.

(ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.

(iii) Except for an amount of approximately RMB1,243,210,000 (2023: RMB126,700,000), which are unsecured and interest-bearing at a weighted average rate of 7.33% per annum (2023: 8.00%) respectively, the remaining balances are unsecured, interest-free and receivable on demand.

(iv) Except for an amount of approximately RMB8,000,000 (2023: RMB28,440,000), which is unsecured and interest-bearing at a weighted average rate of 15.00% per annum (2023: 12.61%), the remaining balances are unsecured, interest-free and receivable on demand.

(v) These balances are included in interests in joint ventures and interests in associates. Except for the amounts of approximately RMB410,733,000 (2023: RMB1,454,063,000), which are unsecured and interest-bearing at a weighted average rate of 6.66% (2023: 6.64%) per annum respectively, the remaining balances are unsecured and interest-free.

(vi) Except for the amounts of approximately RMB297,846,000 (2023: RMB606,727,000), which are unsecured and interest-bearing at a weighted average rate of 4.98% (2023: 4.99%) per annum respectively, the remaining balances are unsecured, interest-free and repayable on demand.

(vii) The balances as at 31 December 2024 were unsecured, interest-free and repayable on demand. Interest incurred for loans from immediate holding company during the year ended 31 December 2024 was charged at 6.06% per annum (2023: 6.04%).

(viii) The amounts due to the substantial shareholder, Guangzhou Metro, which are unsecured, interest-free and repayable in 2026 (2023: same).

(ix) Except for an amount of approximately RMB163,311,000 (2023: RMB163,311,000), which is unsecured and interest-bearing at 5.7% (2023: 5.7%) per annum, the remaining balances are unsecured, interest-free and repayable on demand.

(x) These balances are bank deposits maintained with fellow subsidiaries on normal commercial terms.

(xi) These balances were unsecured and interest-bearing at 3.30% (2023: 3.65%) per annum.

(xii) The Group leases office premises from associates and fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.

(xiii) The balances are receivable from Guangzhou Metro, joint ventures, associates and fellow subsidiaries for the provision of property management services, construction services, agency services or materials on normal commercial terms.

43 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

The aggregate amounts of emoluments paid or payable to key management of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,773	1,667
Other emoluments:		
Basis salaries, housing allowances, other allowances and benefits in kind	7,444	21,356
Pension costs	258	600
	9,475	23,623

(e) Received guarantees

(i) Guangzhou Yue Xiu provides a corporate guarantee for the borrowings of the Group amounting to approximately RMB25,524 million as at 31 December 2024 (2023: RMB24,222 million).

(f) Provision of guarantees

The Group provides guarantees for the borrowings of associates and joint ventures, as further detailed in note 39 to the financial statements.

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44 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss- Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income - Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income	—	967,085	—	967,085
Derivative financial instruments	121,037	—	—	121,037
Trade and note receivables	—	—	1,307,480	1,307,480
Financial assets included in other receivables, prepayments and deposits	—	—	49,053,626	49,053,626
Time deposits and other restricted deposits - non-current portion	—	—	2,293,280	2,293,280
Time deposits	—	—	467,260	467,260
Charged bank deposits	—	—	17,560,393	17,560,393
Cash and cash equivalents	—	—	29,728,316	29,728,316
Total	121,037	967,085	100,410,355	101,498,477

44 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2024 (Continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and note payables	—	1,559,766	1,559,766
Financial liabilities included in other payables and accrued charges	—	100,821,246	100,821,246
Borrowings	—	103,888,742	103,888,742
Derivative financial instruments	9,038	—	9,038
Total	9,038	206,269,754	206,278,792

2023

Financial assets

	Financial assets at fair value through profit or loss-Mandatorily designated as such RMB'000	Financial assets at FVOCI - Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income	—	999,130	—	999,130
Derivative financial instruments	229,536	—	—	229,536
Trade and note receivables	—	—	846,308	846,308
Financial assets included in other receivables, prepayments and deposits	—	—	34,427,288	34,427,288
Charged bank deposits	—	—	16,832,610	16,832,610
Cash and cash equivalents	—	—	29,265,250	29,265,250
Total	229,536	999,130	81,371,456	82,600,122

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44 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2023 (Continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and note payables	—	1,330,814	1,330,814
Financial liabilities included in other payables and accrued charges	—	84,204,874	84,204,874
Borrowings	—	104,370,898	104,370,898
Derivative financial instruments	55,785	—	55,785
Total	55,785	189,906,586	189,962,371

45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Financial assets				
Financial assets at FVOCI	**967,085**	999,130	**967,085**	999,130
Derivative financial instruments	**121,037**	229,536	**121,037**	229,536
Total	**1,088,122**	1,228,666	**1,088,122**	1,228,666
Financial liabilities				
Borrowings	**103,888,742**	104,370,898	**103,888,742**	104,370,898
Derivative financial instruments	**9,038**	55,785	**9,038**	55,785
Total	**103,897,780**	104,426,683	**103,897,780**	104,426,683

45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of trade and notes receivables, other receivables, time deposits and other restricted deposits, charged bank deposits, cash and cash equivalents, trade and notes payables, financial instruments included in other payables and accrued charges approximate to their carrying amounts largely due to the interest rate for receivable/payable is close to current market rates or the instruments are short-term in nature.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes, including level 3 fair values. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) The fair values of interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for borrowings as at 31 December 2024 were assessed to be insignificant.

(b) The fair values of financial assets at FVOCI are determined using either (1) the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry; or (2) the Summation Method by the addition of the separate values of their components.

(c) The fair values of foreign currency forward contracts are determined using present value of future cash flows based on the forward exchange rates at the end of reporting period.

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45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments:

Description	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Weighted average
Unlisted equity security	**4,417**	Summation method	Value of each asset/liability	N/A
Unlisted equity security	**962,668**	Guideline public company method	(1) Discount of lack of marketability (2) Applicable Price Earnings Ratio	(1) 40% (2) 9.70

Description	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Weighted average
Unlisted equity security	4,885	Summation method	Value of each asset/liability	N/A
Unlisted equity security	994,245	Guideline public company method	(1) Discount of lack of marketability (2) Applicable Price Earnings Ratio	(1) 40% (2) 11.39

45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instrument	—	121,037	—	121,037
Financial assets at FVOCI	—	—	967,085	967,085
Total	—	121,037	967,085	1,088,122

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instrument	—	229,536	—	229,536
Financial assets at FVOCI	—	—	999,130	999,130
Total	—	229,536	999,130	1,228,666

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45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	—	9,038	—	9,038

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	—	55,785	—	55,785

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

45 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities disclosed at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Borrowings	—	103,888,742	—	103,888,742

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Borrowings	—	104,370,898	—	104,370,898

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

(i) Foreign exchange risk

A majority of the subsidiaries of the Group operate in Chinese Mainland with most of their transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars ("HKD") and United States dollars ("USD") for certain cash and bank balances of approximately RMB782 million (2023: RMB544 million) and borrowings of approximately RMB3,059 million (2023: RMB2,311 million) which were denominated in HKD and cash and bank balances of approximately RMB20 million (2023: RMB150 million) and borrowings of approximately RMB5,741 million (2023: RMB5,653 million) which were denominated in USD as at 31 December 2024. The Group has entered into several forward exchange contracts to hedge its exposure to foreign currency risk during the year ended 31 December 2024.

At 31 December 2024, if RMB had strengthened/weakened by 5 percent against HKD and USD with all other variables held constant (assuming no capitalisation of exchange difference), post-tax profit for the year would have been approximately RMB85 million higher/lower (2023: post-tax profit RMB67 million higher/lower), mainly as a result of the net foreign exchange gains on translation of monetary assets and liabilities denominated in HKD and USD.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings at fixed rate which expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group closely monitors the trend of interest rates and its impact on the Group's interest rate risk exposure. As at 31 December 2024, fixed interest rate borrowings accounted for approximately 44% (2023: 44%) of the total borrowings.

At 31 December 2024, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB87 million lower/higher (2023: post-tax profit RMB15 million lower/higher) respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is exposed to equity securities price risk in its financial assets at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The financial assets at FVOCI are mainly unlisted equity instruments in Chinese Mainland and if the fair value of these equity investments had increased or decreased by 10 percent, the Group's equity would have been increased or decreased by approximately RMB66 million in 2024 (2023: RMB68 million).

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, charged bank deposits, time deposits and other restricted deposits, trade and notes receivables, and other receivables, including amounts due from related parties.

The carrying amounts of trade and notes receivables, other receivables, time deposits and other restricted deposits, cash and cash equivalents and charged bank deposits represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, cash at banks, time deposits and other restricted deposits and charged bank deposits are placed with highly reputable financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayment. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group also provides certain financial guarantee to associates and joint ventures. As the associates and joint ventures have strong capacity to meet their contractual cash flow obligations, the Group has assessed that the expected credit loss is immaterial. Detailed disclosure of these guarantees is set out in note 39 to the financial statements.

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at year end to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Property management segment				Other segments		Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Balances with known insolvencies	Balances without known insolvencies	
Expected credit loss rate	5%	30%	50%	100%	100%	—*	
Gross carrying amount (RMB'000)	332,740	37,817	5,148	14,534	577	905,717	1,296,533
Expected credit losses (RMB'000)	16,637	11,345	2,574	14,534	577	—	45,667

As at 31 December 2023

	Property management segment				Other segments		Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Balances with known insolvencies	Balances without known insolvencies	
Expected credit loss rate	5%	30%	50%	100%	100%	—*	
Gross carrying amount (RMB'000)	224,980	22,593	3,962	15,754	9,124	591,525	867,938
Expected credit losses (RMB'000)	11,249	6,778	1,981	15,754	9,124	—	44,886

* The balances as at 31 December 2024 and 2023 were due from related parties and diversified creditworthy third parties and the expected credit loss rate was less than 0.01%.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade and notes receivables	—	1,353,147	1,353,147
Financial assets included in other receivables, prepayments and deposits*	49,076,524	—	49,076,524
Time deposits and other restricted deposits - non-current portion	2,293,280	—	2,293,280
Time deposits	467,260		467,260
Charged bank deposits	17,560,393	—	17,560,393
Cash and cash equivalents	29,728,316	—	29,728,316
Total	99,125,773	1,353,147	100,478,920

As at 31 December 2023

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade and notes receivables	—	891,194	891,194
Financial assets included in other receivables, prepayments and deposits*	34,450,158	—	34,450,158
Charged bank deposits	16,832,610	—	16,832,610
Cash and cash equivalents	29,265,250	—	29,265,250
Total	80,548,018	891,194	81,439,212

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents (note 27) on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities and lease liabilities by maturity grouping at the end of reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Borrowings (principal amount plus interest)	27,459,858	36,755,226	36,134,804	14,239,252	114,589,140
Trade and notes payables (note 28)	1,559,766	—	—	—	1,559,766
Other payables and accrued charges (excluding accrued employee benefit costs and value-added tax payables and other taxes payables)	100,494,200	496,334	112,241	—	101,102,775
Lease liabilities	274,330	189,009	334,526	110,836	908,701
Derivative financial instruments	—	—	9,038	—	9,038
Total	129,788,154	37,440,569	36,590,609	14,350,088	218,169,420

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Borrowings (principal amount plus interest)	26,195,463	25,298,535	49,126,527	14,217,293	114,837,818
Trade and notes payables (note 28)	1,330,814	—	—	—	1,330,814
Other payables and accrued charges (excluding accrued employee benefit costs and value-added tax payables and other taxes payables)	83,417,958	34,094	770,825	—	84,222,877
Lease liabilities	259,714	166,848	303,727	319,467	1,049,756
Derivative financial instruments	—	—	55,785	—	55,785
Total	111,203,949	25,499,477	50,256,864	14,536,760	201,497,050

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 39 to the financial statements. The earliest period in which the guarantee could be called is less than 12 months.

Capital management

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

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

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and current portion of time deposits. Total capital is calculated as equity, as shown in the consolidated statement of financial position plus net debt.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The gearing ratios at 31 December 2024 and 2023 were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total borrowings (note 31)	**103,888,742**	104,370,898
Lease liabilities (note 16)	**787,711**	839,021
Less: Cash and cash equivalents and current portion of time deposits (note 27)	**(30,195,576)**	(29,265,250)
Net debt	**74,480,877**	75,944,669
Total equity (including non-controlling interests)	**104,079,168**	102,208,780
Total capital	**178,560,045**	178,153,449
Gearing ratio	**41.7%**	42.6%

The slight decrease in the gearing ratio during 2024 is primarily due to the decrease in net debt of the Group at the end of year.

47 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,141	6,934
Intangible assets	13	18
Investment properties	9,446	9,968
Right-of-use asset	4,158	—
Interests in subsidiaries	41,205,667	38,340,066
Interests in associates	26,955	27,116
Derivative financial assets	121,037	—
	41,373,417	38,384,102
Current assets		
Other receivables, prepayments and deposits	910	866
Amounts due from subsidiaries	20,416,671	18,282,119
Derivative financial assets	—	229,536
Cash and cash equivalents	689,526	671,768
	21,107,107	19,184,289
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	1,940,250	2,145,132
Amounts due to immediate holding company	1,635,826	3,730,019
Other payables and accrued charges	61,164	28,503
Borrowings	879,738	226,555
	4,516,978	6,130,209
Net current assets	16,590,129	13,054,080
Total assets less current liabilities	57,963,546	51,438,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

47 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2024 RMB'000	2023 RMB'000
Non-current liabilities		
Amount due to a subsidiary	28,617,574	21,882,572
Borrowings	2,179,861	2,084,306
Lease liabilities	4,204	—
Derivative financial instruments	9,038	55,785
	30,810,677	24,022,663
Net assets	27,152,869	27,415,519
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	25,545,008	25,545,008
Shares held under share award scheme	(54,337)	(121,530)
Reserves (note)	1,662,198	1,992,041
Total equity	27,152,869	27,415,519

Lin Zhaoyuan
Director

Zhu Huisong
Director

47 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Hedging reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	(172,175)	2,164,216	1,992,041
Profit for the year	—	832,606	832,606
Gains on cash flow hedges	136,117	—	136,117
Costs of hedging	5,709	—	5,709
Hedging gains reclassified to profit or loss	(57,460)	—	(57,460)
Dividends paid	—	(1,246,815)	(1,246,815)
At 31 December 2024	(87,809)	1,750,007	1,662,198

	Hedging reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	(445,661)	3,453,890	3,008,229
Profit for the year	—	1,502,693	1,502,693
Gains on cash flow hedges	340,388	—	340,388
Costs of hedging	133,445	—	133,445
Hedging gains reclassified to profit or loss	(200,347)	—	(200,347)
Dividends paid	—	(2,792,367)	(2,792,367)
At 31 December 2023	(172,175)	2,164,216	1,992,041

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the members of Yuexiu Property Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Yuexiu Property Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 115 to 222, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties held by the Group	
Management has estimated the fair value of the Group's investment properties to be RMB16,786 million at 31 December 2023, with a revaluation loss for the year ended 31 December 2023 recorded in the consolidated statement of profit or loss of RMB1,302 million. Management has engaged independent external valuers to perform valuation of all the investment properties in order to support management's estimates. The valuations of investment properties are dependent on certain key assumptions that require significant management judgement, including market rents and capitalisation rate. Specific audit focus was placed on this area because the estimation of fair value was subject to high degree of estimation uncertainty. The inherent risk in relation to the valuations of investment properties was considered relatively higher due to the significant judgement and estimates involved in determination of fair value. The related disclosures for the valuation of investment properties held by the Group are included in notes 3 and 17 to the financial statements.	Our procedures in relation to management's valuation of investment properties included: • Obtaining an understanding of the management's internal control and assessment process of the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Evaluating the independent external valuers' qualifications, expertise, competence, capabilities and objectivity; • Obtaining the valuation reports for all investment properties and assessing whether the valuation approach adopted was suitable for use in determining the fair value for the purpose of the financial statements; • Assessing, on a sample basis, the appropriateness of the key assumptions based on our knowledge of the property industry and the assistance from our internal valuation experts; • Checking, on a sample basis, the underlying data of area, tenancy term and occupancy against the supporting evidence and checking the mathematical accuracy of the valuations; • For investment properties valued under comparison method, comparing the market price with that of comparable properties with similar type, size and location; and • Assessing the adequacy of the disclosures related to the valuations of investment properties in the context of the applicable financial reporting framework.

Key audit matter	How our audit addressed the key audit matter
Net realisable value of properties under development and properties held for sale held by the Group	
The Group had properties under development and properties held for sale of RMB211,353 million and RMB36,335 million, respectively, as at 31 December 2023. Management assessed the carrying amounts according to the recoverable amount of these properties, taking into account the estimated costs to completion and estimated net sales value at prevailing market conditions. Write-down to net realisation value is made when the carrying amounts may not be realisable. The assessment requires management judgement and estimates. The inherent risk in relation to assessment of net realisable value of properties under development and properties held for sale was considered relatively higher due to high degree of estimation uncertainty. The related disclosures for the net realisable value of properties under development and properties held for sale held by the Group are included in notes 3, 22 and 23 to the financial statements.	Our procedures in relation to management's assessment on net realisable value of properties under development and properties held for sale included: • Obtaining an understanding of and evaluating the internal controls over the assessment of net realisable value of properties under development and properties held for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; • Evaluating management's assessment by comparing, on a sample basis, the estimated selling price less selling expenses and the estimated costs to completion used in the assessment with the price and cost data from recent transactions or available market information; Especially, assessing the reasonableness of estimated selling prices by comparing the management's estimated selling price to the recent average contracted selling price in the same project or the prevailing market price of comparable properties with similar type, size and location; • Obtaining understanding from management and performing assessment on the latest status and development plans of the underlying property projects, such as budgeted estimated costs to completion approved by management; • Checking management's adjustments to the carrying amounts of the underlying property projects if their carrying amounts were below net realisable value; and • Assessing the adequacy of the disclosures related to impairment of properties under development and completed properties held for sale in the context of the applicable financial reporting framework.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**80,222,011**	72,415,643
Cost of sales		**(67,964,384)**	(57,610,027)
Gross profit		**12,257,627**	14,805,616
Income from sales of investment properties		**14,929**	–
Carrying amounts of investment properties sold		**(4,310)**	–
Gain on sales of investment properties		**10,619**	–
Other gains and losses	6	**(1,348,000)**	211,266
Selling and marketing expenses		**(2,450,753)**	(2,041,242)
Administrative expenses		**(1,799,157)**	(1,769,337)
Operating profit		**6,670,336**	11,206,303
Finance income	7	**970,575**	636,540
Finance costs	8	**(672,375)**	(916,036)
Share of profits/(losses) of			
– joint ventures	18	**50,528**	162,976
– associates	19	**701,579**	(260,149)
Profit before taxation		**7,720,643**	10,829,634
Taxation	12	**(3,145,594)**	(4,692,266)
Profit for the year		**4,575,049**	6,137,368
Attributable to:			
– Equity holders of the Company		**3,185,085**	3,953,352
– Non-controlling interests		**1,389,964**	2,184,016
		4,575,049	6,137,368
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	14	**0.8542**	1.1932

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Profit for the year	**4,575,049**	6,137,368
Other comprehensive income:		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**45,285**	(394,878)
Cash flow hedges	**273,486**	(552,263)
Share of other comprehensive loss of an associate accounted for using the equity method	**(61,870)**	(249,366)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**256,901**	(1,196,507)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**(18,626)**	19,944
Other comprehensive income/(loss) for the year, net of tax	**238,275**	(1,176,563)
Total comprehensive income for the year	**4,813,324**	4,960,805
Attributable to:		
– Equity holders of the Company	**3,423,860**	2,777,150
– Non-controlling interests	**1,389,464**	2,183,655
	4,813,324	4,960,805

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSSETS			
Property, plant and equipment	15	2,802,071	4,748,183
Right-of-use assets	16	822,896	3,987,324
Investment properties	17	16,785,640	11,123,737
Intangible assets	21	514,128	521,234
Properties under development	22	8,739,490	8,677,923
Interests in joint ventures	18	6,007,696	5,787,070
Interests in associates	19	22,868,636	23,841,285
Financial assets at fair value through other comprehensive income ("FVOCI")	20	999,130	1,023,964
Derivative financial instruments	33	–	15,697
Deferred tax assets	34	3,474,680	2,651,493
Total non-current assets		63,014,367	62,377,910
CURRENT ASSETS			
Properties under development	22	202,613,968	178,450,964
Properties held for sale	23	36,334,751	31,293,125
Contract costs	24	1,121,745	1,080,517
Prepayments for land use rights		5,825,176	7,059,107
Trade and notes receivables	25	846,308	569,686
Other receivables, prepayments and deposits	26	37,859,433	24,649,320
Derivative financial instruments	33	229,536	–
Prepaid taxation		7,235,584	5,752,895
Charged bank deposits	27	16,832,610	13,271,994
Cash and cash equivalents	28	29,265,250	21,846,458
Total current assets		338,164,361	283,974,066
CURRENT LIABILITIES			
Trade and notes payables	29	1,330,814	1,641,773
Contract liabilities	30	87,653,832	74,472,323
Other payables and accruals	31	90,389,650	76,318,514
Borrowings	32	22,975,869	15,744,272
Lease liabilities	16	219,490	178,709
Derivative financial instruments	33	–	212,258
Taxation payable		7,516,884	9,941,743
Total current liabilities		210,086,539	178,509,592
NET CURRENT ASSETS		128,077,822	105,464,474
TOTAL ASSETS LESS CURRENT LIABILITIES		191,092,189	167,842,384

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Borrowings	32	**81,395,029**	72,554,091
Lease liabilities	16	**619,531**	712,885
Deferred tax liabilities	34	**5,870,307**	6,116,776
Deferred income		**102,200**	273,624
Derivative financial instruments	33	**55,785**	184,073
Other payables and accruals	31	**840,557**	3,208,194
Total non-current liabilities		**88,883,409**	83,049,643
Net assets		**102,208,780**	84,792,741
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	35	**25,545,008**	18,035,015
Shares held under share award scheme	36	**(121,530)**	(175,520)
Other reserves	37	**2,757,989**	2,016,281
Retained earnings	37	**27,447,438**	27,553,847
		55,628,905	47,429,623
Non-controlling interests		**46,579,875**	37,363,118
Total equity		**102,208,780**	84,792,741

Lin Zhaoyuan
Director

Zhu Huisong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2022	18,035,015	(175,520)	2,288,604	(976,736)	639,270	(445,661)	510,804	27,553,847	47,429,623	37,363,118	84,792,741
Profit for the year	–	–	–	–	–	–	–	3,185,085	3,185,085	1,389,964	4,575,049
Other comprehensive income/ (losses) for the year:											
Currency translation differences	–	–	–	45,285	–	–	–	–	45,285	–	45,285
Cash flow hedges	–	–	–	–	–	273,486	–	–	273,486	–	273,486
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(18,126)	–	–	–	(18,126)	(500)	(18,626)
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(61,870)	–	(61,870)	–	(61,870)
Total comprehensive income/ (losses) for the year	–	–	–	45,285	(18,126)	273,486	(61,870)	3,185,085	3,423,860	1,389,464	4,813,324
Rights issue	7,509,993	–	–	–	–	–	–	–	7,509,993	–	7,509,993
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	7,213,266	7,213,266
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(5,350)	(5,350)
Acquisition of non-controlling interests	–	–	–	–	–	–	(829)	–	(829)	(1,207,692)	(1,208,521)
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	2,207,759	2,207,759
Transfer to appropriation	–	–	499,127	–	–	–	–	(499,127)	–	–	–
Acquisition of shares under share award scheme (note 36)	–	(27,382)	–	–	–	–	–	–	(27,382)	–	(27,382)
Vesting of shares (note 36)	–	81,372	–	–	–	–	–	–	81,372	–	81,372
Employee share schemes of a subsidiary	–	–	–	–	–	–	4,635	–	4,635	2,292	6,927
Dividend paid	–	–	–	–	–	–	–	(2,792,367)	(2,792,367)	(382,982)	(3,175,349)
At 31 December 2023	25,545,008	(121,530)	2,787,731*	(931,451)*	621,144*	(172,175)*	452,740*	27,447,438	55,628,905	46,579,875	102,208,780

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2021	18,035,015	(193,282)	1,817,173	(581,858)	618,965	106,602	596,481	25,836,974	46,236,070	28,130,679	74,366,749
Profit for the year	–	–	–	–	–	–	–	3,953,352	3,953,352	2,184,016	6,137,368
Other comprehensive income/(losses) for the year:											
Currency translation differences	–	–	–	(394,878)	–	–	–	–	(394,878)	–	(394,878)
Cash flow hedges	–	–	–	–	–	(552,263)	–	–	(552,263)	–	(552,263)
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	20,305	–	–	–	20,305	(361)	19,944
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(249,366)	–	(249,366)	–	(249,366)
Total comprehensive income/(losses) for the year	–	–	–	(394,878)	20,305	(552,263)	(249,366)	3,953,352	2,777,150	2,183,655	4,960,805
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	5,000,139	5,000,139
Capital reduction in a subsidiary	–	–	–	–	–	–	–	–	–	(48,511)	(48,511)
Non-controlling interests arising on acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	2,462,030	2,462,030
Transfer to appropriation	–	–	471,431	–	–	–	–	(471,431)	–	–	–
Acquisition of shares under share award scheme (note 36)	–	(61,023)	–	–	–	–	–	–	(61,023)	–	(61,023)
Vesting of shares (note 36)	–	78,785	–	–	–	–	–	–	78,785	–	78,785
Dividend paid	–	–	–	–	–	–	–	(1,765,048)	(1,765,048)	(364,874)	(2,129,922)
Transactions with non-controlling interests	–	–	–	–	–	–	163,689	–	163,689	–	163,689
At 31 December 2022	18,035,015	(175,520)	2,288,604#	(976,736)#	639,270#	(445,661)#	510,804#	27,553,847	47,429,623	37,363,118	84,792,741

\# These reserve accounts comprise the consolidated other reserves of RMB2,757,989,000 (2022: RMB2,016,281,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Operating profit		**6,670,336**	11,206,303
Adjustments for:			
Depreciation and amortisation	9	**386,114**	428,810
Amortisation of deferred revenue		**(1,833)**	(1,794)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	6	**1,366,252**	–
Losses/(gains) on revaluation of other investment properties held at the end of the year, net	6	**135,845**	(125,185)
Provision for impairment of properties under development and properties held for sale	9	**1,573,856**	1,422,395
Gain on disposal of property, plant and equipment		**(528)**	(132)
Gain on sales of investment properties		**(10,619)**	–
Net impairment losses on financial assets		**9,787**	1,825
Operating cash flows before movements in working capital		**10,129,210**	12,932,222
Increase in properties under development, properties held for sale and prepayments for land use rights		**(6,826,710)**	(13,343,902)
Decrease in contract costs		**70,186**	120,636
Decrease in trade and notes receivables, other receivables, prepayments and deposits, and increase in trade and note payables, contract liabilities, other payables and accrued charges		**16,730,022**	14,514,516
Net exchange difference for working capital		**117,765**	143,358
Net cash generated from operations		**20,220,473**	14,366,830
Interest received		**773,115**	310,200
Interest paid		**(4,671,978)**	(4,191,940)
Hong Kong profits tax paid		**–**	(3,604)
Chinese Mainland taxation paid		**(7,759,434)**	(6,762,112)
Net cash flows generated from operating activities		**8,562,176**	3,719,374

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Investing activities		
Purchases of property, plant and equipment, investment properties and intangible assets	(342,672)	(1,166,216)
Proceeds from sales of property, plant and equipment	10,536	60,909
Proceeds from sale of investment properties	14,929	–
Increase in charged bank deposits	(3,560,616)	(5,539,403)
Acquisition of subsidiaries, net cash received/(paid)	454,741	(5,172)
Proceeds from disposal of subsidiaries, net of cash disposed	–	3,532,008
Acquisition of and capital injection in joint ventures and associates	(1,058,824)	(7,779,034)
Proceeds from liquidation and disposal of joint ventures and associates	579,929	3,951
Payment to joint ventures and associates	(6,283,916)	(5,483,779)
Cash receipt from joint ventures and associates	10,124,221	8,666,747
Dividends received from associates	281,770	625,824
Decrease in amounts due from fellow subsidiaries	–	6,175
Decrease in amounts due from related companies	–	20,049
Net cash flows from/(used in) investing activities	220,098	(7,057,941)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Financing activities			
Rights issue		7,509,993	–
Capital reduction from non-controlling interests due to de-registration of subsidiaries		(5,350)	–
Capital contribution from non-controlling interests		7,213,266	4,127,939
Dividends paid to equity holders of the Company		(1,859,049)	(1,771,691)
Dividends paid to non-controlling interests		(375,814)	(43,920)
Decrease in balances with joint ventures and associates		(1,643,619)	(1,563,216)
Decrease in balances with a shareholder		(474,168)	(4,477,611)
Decrease in balances with other related companies		–	(34,503)
Increase/(decrease) in balances with fellow subsidiaries		602,311	(248,620)
Increase in balances with ultimate holding company		100,504	–
(Decrease)/increase in balances with the immediate holding company		(4,108,381)	2,133,018
Decrease in balances with entities with significant influence over subsidiaries		(505,062)	(580,895)
Decrease in balances with other non-controlling interests and related parties of non-controlling interests		(5,600,492)	(10,847,507)
Proceeds from bank borrowings		37,427,501	43,235,190
Repayments of bank borrowings		(32,085,701)	(35,141,655)
Proceeds from other borrowings		10,788,944	17,616,108
Repayment of other borrowings		(7,821,285)	(15,131,000)
Repayments to financial institutions under supplier finance arrangements		(10,347,824)	(4,713,751)
Payments for derivative financial instruments		(5,415)	–
Payments for lease liabilities	16(b)	(185,402)	(271,598)
Decrease in a bank overdraft		–	(1)
Net cash flows used in financing activities		(1,375,043)	(7,713,713)
Increase/(decrease) in cash and cash equivalents		7,407,231	(11,052,280)
Cash and cash equivalents at the beginning of year		21,846,429	32,766,425
Exchange gains on cash and cash equivalents		11,555	132,284
Cash and cash equivalents at the end of year		29,265,215	21,846,429
Analysis of balances of cash and cash equivalents			
Bank balances and cash	28	29,265,250	21,846,458
Bank overdrafts	32	(35)	(29)
		29,265,215	21,846,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in development, selling and management of properties and holding of investment properties. The Group's operations are primarily conducted in Chinese Mainland and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Details of the Group's significant subsidiaries as at 31 December 2023 are set out on pages 223 to 240.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Module Rules*

The adoption of the above new and revised standards has had no significant financial effect on the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments") *	1 January 2024
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments") *	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

* As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion.

The above amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2024 and have not been early applied in preparing these consolidated financial statements. None of these is expected to have any significant effect on the consolidated financial statements of the Group.

2.4 MATERIAL ACCOUNTING POLICIES

2.4.1 Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.1 Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.2 Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4.3 Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.3 Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, properties held for sale, investment properties, contract costs, prepaid taxation, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.5 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4.6 Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.6 Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal useful lives used for this purpose are as follows:

Buildings	20 to 40 years
Leasehold improvements, furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4.7 Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any resulting decrease in the carrying amount of the property is recognised in profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.8 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Each of the following intangible assets with finite life is stated at cost less any impairment losses and is amortised on the straight-line basis to write off the cost of each of these intangible assets over its respective estimated useful life of:

Customer relationship	7 to 10 years
Software	2 to 10 years

2.4.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 70 years
Leased properties	1 to 14 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.9 Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.10 Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.10 Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4.11 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.11 Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.12 Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.13 Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4.14 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4.16 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency forward contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.16 Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.16 Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges (Continued)

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.4.17 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4.18 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4.19 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.19 Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.20 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4.21 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.21 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sales of properties

Under HKFRS 15, revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

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

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

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

The Group has assessed that there is no enforceable right to payment from the property purchasers for performance completed to date. Revenue is recognised at a point in time when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) Property management income

Revenue from rendering of property management services is recognised over the scheduled period in which the related services are rendered.

(c) Agency service revenue

Agency service revenue from property brokering is recognised when the relevant agreement becomes unconditional or irrevocable and there are no further performance obligations.

(d) Decoration services

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.21 Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4.22 Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4.23 Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4.24 Other employee benefits

Pension schemes

The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees under the Occupational Retirement Schemes Ordinance. Contributions to the ORSO Scheme by the employer and employees are calculated at 5 percent to 20 percent and 5 percent respectively of the employees' basic salaries. The Group's contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.24 Other employee benefits (Continued)

Pension schemes (Continued)

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Subsidiaries of the Company in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government, and make monthly contributions to the retirement plans in the range of 16 to 24 percent of the monthly salaries of the employees. The Group has no further obligations for the actual payment of pensions beyond its contributions.

2.4.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.26 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4.27 Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

2.4.27 Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates or the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation

Control is the basis for consolidation. Control exists when the Group is able to influence profitability of another company through its involvement and power over the operation of another company. To assess whether an entity has control over another entity involves significant judgement, management performs an assessment and considers if the current accounting treatments for its subsidiaries, associates and joint ventures are appropriate. Yuexiu Real Estate Investment Trust ("Yuexiu REIT") is accounted for as an associate since among other reasons, the Group only has significant influence on but no control over Yuexiu REIT. The key decisions of Yuexiu REIT are principally handled and monitored by an independent trustee and an asset management company.

The Group has no equity in and/or control over the independent trustee. Among other key factors, the Group does not have any power to control the appointment of directors of the asset management company of Yuexiu REIT, as all of the directors are nominated by the nomination committee, which is comprised of a majority of independent non-executive directors. Accordingly, the Group does not control Yuexiu REIT.

Taxation

The Group is subject to income tax primarily in Chinese Mainland and Hong Kong. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimate is changed.

The Group is subject to land appreciation tax ("LAT") in Chinese Mainland. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant Chinese Mainland tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final tax outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related LAT provision in the period in which such taxes are finalised with the tax authorities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of investment properties

The best evidence of fair value is current prices in an active market for properties in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Net realisable value of properties under development and properties held for sale

The Group writes down properties under development and properties held for sale to net realisable value based on assessment of the realisability of properties under development and properties held for sale which takes into account cost to completion based on past experience and net sales value based on prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down properties under development and properties held for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value of properties under development and properties held for sale is adjusted in the period in which such estimate is changed.

4. OPERATING SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	Sales of property development units
Property management	Revenue from provision of property management services
Property investment	Property rental income
Others	Revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Total reportable segment assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

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4. OPERATING SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
Year ended 31 December 2023					
Revenue	75,216,351	3,223,623	543,914	6,817,504	85,801,392
Inter-segment revenue	–	(886,657)	(69,805)	(4,622,919)	(5,579,381)
Revenue from external customers	75,216,351	2,336,966	474,109	2,194,585	80,222,011
Segment results	7,056,130	375,189	(1,107,966)	267,243	6,590,596
Depreciation and amortisation	(238,244)	(86,372)	–	(61,498)	(386,114)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	–	–	(1,366,252)	–	(1,366,252)
Losses on revaluation of other investment properties held at the end of the year, net	–	–	(135,845)	–	(135,845)
Share of profits/(losses) of:					
– joint ventures	52,507	154	–	(2,133)	50,528
– associates	657,702	–	8,119	35,758	701,579
Year ended 31 December 2022					
Revenue	68,728,194	2,486,205	370,312	4,918,462	76,503,173
Inter-segment revenue	–	(645,241)	(45,731)	(3,396,558)	(4,087,530)
Revenue from external customers	68,728,194	1,840,964	324,581	1,521,904	72,415,643
Segment results	10,654,041	182,507	233,557	125,081	11,195,186
Depreciation and amortisation	(252,275)	(78,962)	–	(97,573)	(428,810)
Gains on revaluation of investment properties, net	–	–	125,185	–	125,185
Share of profits/(losses) of:					
– joint ventures	164,054	116	–	(1,194)	162,976
– associates	(133,240)	–	(181,307)	54,398	(260,149)

4. OPERATING SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 31 December 2023					
Total reportable segments' assets	**354,617,979**	**6,118,733**	**22,908,834**	**6,143,475**	**389,789,021**
Total reportable segments' assets include:					
Additions to non-current assets (note)	**162,827**	**24,838**	**6,955,477**	**130,836**	**7,273,978**
As at 31 December 2022					
Total reportable segments' assets	306,821,946	5,472,291	19,611,933	4,805,612	336,711,782
Total reportable segments' assets include:					
Additions to non-current assets (note)	1,047,223	92,682	–	311,093	1,450,998

Note: Non-current assets represent non-current assets other than properties under development, derivative financial instruments, interests in joint ventures, interests in associates, financial assets at FVOCI, goodwill included in intangible assets and deferred tax assets.

A reconciliation of total segment results to profit before taxation is provided as follows:

	2023 RMB'000	2022 RMB'000
Segment results	**6,590,596**	11,195,186
Unallocated operating costs (note)	**(74,357)**	(74,964)
Other gains and losses, net (excluding losses arising from revaluation of investment properties of Luogang project and Chentougang project and (losses)/gains on revaluation of other investment properties held at the end of the year, net)	**154,097**	86,081
Operating profit	**6,670,336**	11,206,303
Finance income (note 7)	**970,575**	636,540
Finance costs (note 8)	**(672,375)**	(916,036)
Share of profits/(losses) of:		
– joint ventures (note 18)	**50,528**	162,976
– associates (note 19)	**701,579**	(260,149)
Profit before taxation	**7,720,643**	10,829,634

Note: Unallocated operating costs include mainly corporate staff salaries and other operating expenses of the Company.

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4. OPERATING SEGMENT INFORMATION (Continued)

A reconciliation of reportable segments' assets to total assets is provided as follows:

	2023 RMB'000	2022 RMB'000
Total reportable segments' assets	**389,789,021**	336,711,782
Deferred tax assets (note 34)	**3,474,680**	2,651,493
Prepaid taxation	**7,235,584**	5,752,895
Corporate assets (note)	**679,443**	1,235,806
Total assets	**401,178,728**	346,351,976

Note: Corporate assets represent property, plant and equipment, intangible assets, other receivables and cash and cash equivalents of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in Chinese Mainland and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in Chinese Mainland.

For the year ended 31 December 2023, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (2022: none).

5. REVENUE

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers		
Property development	**75,216,351**	68,728,194
Property management	**2,324,115**	1,840,180
Others	**2,194,585**	1,521,904
	79,735,051	72,090,278
Revenue from other sources		
Property investment	**486,960**	325,365
	80,222,011	72,415,643

5. REVENUE (Continued)

Revenue from contracts with customers:

For the year ended 31 December 2023

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	**75,216,351**	**–**	**–**	**75,216,351**
Property management service	**–**	**2,324,115**	**–**	**2,324,115**
Others	**–**	**–**	**2,194,585**	**2,194,585**
Total revenue from contracts with customers:	**75,216,351**	**2,324,115**	**2,194,585**	**79,735,051**
Timing of revenue recognition				
Recognised at a point in time	**75,216,351**	**417,831**	**1,636,422**	**77,270,604**
Recognised over time	**–**	**1,906,284**	**558,163**	**2,464,447**
Total revenue from contracts with customers:	**75,216,351**	**2,324,115**	**2,194,585**	**79,735,051**

For the year ended 31 December 2022

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	68,728,194	–	–	68,728,194
Property management service	–	1,840,180	–	1,840,180
Others	–	–	1,521,904	1,521,904
Total revenue from contracts with customers:	68,728,194	1,840,180	1,521,904	72,090,278
Timing of revenue recognition				
Recognised at a point in time	68,728,194	246,194	1,110,766	70,085,154
Recognised over time	–	1,593,986	411,138	2,005,124
Total revenue from contracts with customers:	68,728,194	1,840,180	1,521,904	72,090,278

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of sales of properties as at 31 December 2023 amounted to RMB100,092,000,000 (2022: RMB87,248,000,000) are expected to be recognised within three years.

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6. OTHER GAINS AND LOSSES

	2023 RMB'000	2022 RMB'000
Losses arising from revaluation of investment properties of Luogang project and Chentougang project (note)	**(1,366,252)**	–
(Losses)/gains on revaluation of other investment properties held at the end of the year, net	**(135,845)**	125,185
Gains from the acquisition of shares of an associate	**23,389**	–
Other gains, net	**130,708**	86,081
	(1,348,000)	211,266

Note: Including losses of RMB200 million arising from revaluation of Luogang project and Chentougang project upon transfer to investment properties.

7. FINANCE INCOME

	2023 RMB'000	2022 RMB'000
Interest income from bank deposits	**665,576**	327,715
Interest income from loans to related parties (excluding bank deposits) (note 43(b))	**258,717**	168,925
Interest income on amount due from non-controlling interest ("NCI") and related parties of NCI	**29,230**	125,613
Other interest income	**17,052**	14,287
	970,575	636,540

8. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings and overdrafts	**2,184,444**	1,804,446
Interest on other borrowings	**1,852,073**	1,971,098
Interest on amounts due to related parties (note 43(b))	**490,258**	409,432
Interest on amounts due to NCI and related parties of NCI	**197,459**	307,811
Interest expense on lease liabilities (note 16)	**29,945**	37,961
Net fair value gains on derivative financial instruments (note 33)	**(125,057)**	(46,900)
Net foreign exchange (gains)/losses	**(54,507)**	229,490
Total borrowing costs incurred	**4,574,615**	4,713,338
Less: amount capitalised as investment properties, properties under development and property, plant and equipment (note)	**(3,902,240)**	(3,797,302)
	672,375	916,036

Note: Borrowing costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 3.81 percent per annum (2022: 4.33 percent per annum).

9. EXPENSES BY NATURE

Cost of sales, selling and marketing expenses, and administrative expenses include the following:

	2023 RMB'000	2022 RMB'000
Cost of properties sold included in cost of sales	**64,209,104**	53,931,462
Selling and promotion expenses	**2,437,908**	2,022,173
Other tax and surcharge	**505,827**	514,231
Direct operating expenses arising from investment properties	**215,218**	166,947
Provision for impairment of properties under development and properties held for sale	**1,573,856**	1,422,395
Expense related to short-term leases (note 16(c))	**86,945**	97,285
Depreciation of property, plant and equipment (note 15)	**123,127**	127,544
Depreciation of right-of-use assets	**203,751**	247,019
Amortisation of intangible assets (note 21)	**59,236**	54,247
Impairment loss on trade and notes receivables (note 25)	**4,460**	2,133
Impairment loss on other receivables	**5,327**	9,526
Employee benefit expense:		
Wages, salaries	**3,743,003**	3,417,724
Pension scheme contribution	**211,241**	185,545
	3,954,244	3,603,269
Less: amounts capitalised in properties under development, investment properties under construction and property, plant and equipment	**(1,401,143)**	(1,183,514)
	2,553,101	2,419,755
Auditor's remuneration		
– Audit services	**4,770**	8,530
– Non-audit services	**2,250**	11,879

9. EXPENSES BY NATURE (Continued)

Pension scheme arrangements

The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees under the Occupational Retirement Schemes Ordinance. Contributions to the ORSO Scheme by the employer and employees are calculated at 5 percent to 20 percent and 5 percent respectively of the employees' basic salaries. The Group's contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. There are no forfeited contributions for both years presented. During the year ended 31 December 2023, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2022: Nil).

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. Under the MPF Scheme, each of the Group and its employees makes monthly contributions to the scheme at 5 percent of the employee's relevant income, as defined in the Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's contributions are subject to a cap of HKD1,500 (before 1 June 2014: HKD1,250) per month and contributions thereafter are voluntary. The contributions under the MPF Scheme are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in Chinese Mainland are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal Government, and make monthly contributions to the retirement plans in the range of 16 to 24 percent of the monthly salaries of the employees. The Group has no further obligations for the actual payment of pensions beyond its contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Directors' and senior management's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	**1,667**	1,357
Other emoluments:		
Salaries, allowances and benefits in kind	**11,168**	14,696
Performance related bonuses	**10,188**	13,274
Pension scheme contributions	**600**	600
Subtotal	**21,956**	28,570
Total	**23,623**	29,927

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

The remuneration of every director is set out below:

31 December 2023

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note (i)) RMB'000	Pension costs RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (ii)) RMB'000	Total RMB'000
LIN Zhaoyuan (note (a))	–	–	–	–	–	–	–
LIN Feng	–	1,707	3,042	120	52	1,758	6,679
ZHU Huisong (note (b))	–	1,623	2,679	120	52	1,350	5,824
HE Yuping (note (b))	–	1,490	1,489	120	52	–	3,151
CHEN Jing	–	1,490	1,489	120	52	–	3,151
LIU Yan	–	1,490	1,489	120	52	–	3,151
LI Feng (notes (a), (d))	–	–	–	–	–	–	–
ZHANG Yibing	297	–	–	–	–	–	297
YU Lup Fat Joseph	423	–	–	–	–	–	423
LEE Ka Lun	351	–	–	–	–	–	351
LAU Hon Chuen Ambrose	351	–	–	–	–	–	351
Cheung Kin Sang (note (c))	245	–	–	–	–	–	245
Total	1,667	7,800	10,188	600	260	3,108	23,623

Notes:

(a) The emoluments of Mr Lin Zhaoyuan and Mr Li Feng in relation to their services rendered for the Group for the year ended 31 December 2023 were borne by related parties of the Group. Their emoluments were not allocated to the Group as the management of the Company considers there is no reasonable basis of allocation.

(b) Mr Zhu Huisong and Mr He Yuping were appointed as executive directors on 21 April 2023.

(c) Mr Cheung Kin Sang was appointed as an independent non-executive director on 21 April 2023.

(d) Mr Li Feng has resigned as an executive director on 21 April 2023.

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

31 December 2022

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses (note (i)) RMB'000	Pension costs RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (note (ii)) RMB'000	Total RMB'000
LIN Zhaoyuan	–	1,843	3,315	120	52	3,208	8,538
LIN Feng	–	1,707	3,347	120	52	3,208	8,434
LI Feng	–	1,490	2,204	120	52	–	3,866
CHEN Jing	–	1,490	2,204	120	52	–	3,866
LIU Yan	–	1,490	2,204	120	52	–	3,866
ZHANG Yibing	283	–	–	–	–	–	283
YU Lup Fat Joseph	404	–	–	–	–	–	404
LEE Ka Lun	335	–	–	–	–	–	335
LAU Hon Chuen Ambrose	335	–	–	–	–	–	335
Total	1,357	8,020	13,274	600	260	6,416	29,927

Notes:

(i) Discretionary bonuses are determined by the Group's financial performance.

(ii) Other benefits include share award scheme.

(a) Directors' termination benefits

During the year, no payments or benefits in respect of termination of directors' services were paid or payable, directly or indirectly, to the directors (2022: Nil).

(b) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2022: Nil).

10. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2022: Nil).

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

No directors waived emoluments in respect of the year ended 31 December 2023 (2022: Nil). No emoluments were paid or payable by the Group to any director as an inducement to join or upon joining the Group, or as compensation for loss of office for both years presented.

11. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 are also directors (2022: five).

The emoluments of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands (in HKD)		
HKD3,500,001 – HKD4,000,000	**3**	–
HKD4,000,001 – HKD4,500,000	**–**	3
HKD4,500,001 – HKD5,000,000	**–**	–
HKD5,000,001 – HKD5,500,000	**–**	–
HKD5,500,001 – HKD6,000,000	**–**	–
HKD6,000,001 – HKD6,500,000	**1**	–
HKD6,500,001 – HKD7,000,000	**–**	–
HKD7,000,001 – HKD7,500,000	**1**	–
HKD7,500,001 – HKD8,000,000	**–**	–
HKD8,000,001 – HKD8,500,000	**–**	–
HKD8,500,001 – HKD9,000,000	**–**	–
HKD9,000,001 – HKD9,500,000	**–**	–
HKD9,500,001 – HKD10,000,000	**–**	2
	5	5

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12. TAXATION

(a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2022: 16.5 percent) on the estimated assessable profit for the year.

(b) Chinese Mainland enterprise income taxation is provided on the profit of the Group's subsidiaries, associates and joint ventures in Chinese Mainland at the rate of 25 percent (2022: 25 percent), except for certain subsidiaries which enjoy a preferential income tax rate.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates of 5 percent or 10 percent.

(c) Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent (2022: 30 percent to 60 percent) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the consolidated statement of profit or loss comprises:

	2023 RMB'000	2022 RMB'000
Current taxation		
China enterprise income tax and corporate withholding income tax	**2,981,827**	2,764,739
Chinese Mainland land appreciation tax	**1,088,189**	2,437,422
	4,070,016	5,202,161
Deferred taxation		
Origination and reversal of temporary difference	**(922,941)**	(697,847)
Chinese Mainland land appreciation tax	**(10,758)**	(17,522)
Corporate withholding income tax on undistributed profits	**9,277**	205,474
	(924,422)	(509,895)
	3,145,594	4,692,266

12. TAXATION (Continued)

(e) The taxation on the Group's profit before taxation less share of profits and losses of associates and joint ventures differs from the theoretical amount that would arise using the enterprise income tax rate of Chinese Mainland, where majority of the Group's operations were carried out, is as follows:

	2023 RMB'000	2022 RMB'000
Profit before taxation less share of profit/(losses) of associates and joint ventures	**6,968,536**	10,926,807
Calculated at Chinese Mainland enterprise income tax rate of 25 percent (2022: 25 percent)	**1,742,134**	2,731,702
Effect of different taxation rates	**77,447**	72,933
Income not subject to taxation	**(1,488)**	(1,828)
Expenses not deductible for taxation purposes	**139,763**	179,123
Net effect of tax loss not recognised and utilisation of previously unrecognised tax losses	**370,388**	388,312
Effect of land appreciation tax deductible for calculation of income tax purposes	**(269,358)**	(604,975)
Corporate withholding income tax	**9,277**	(492,901)
	2,068,163	2,272,366
Land appreciation tax	**1,077,431**	2,419,900
Taxation charges	**3,145,594**	4,692,266

(f) The tax charges relating to components of other comprehensive income are as follows:

	2023			2022		
	Before tax	Tax charges	After tax	Before tax	Tax charges	After tax
Fair value losses of financial assets at FVOCI	**(24,834)**	**6,208**	**(18,626)**	(9,619)	29,563	19,944

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13. DIVIDENDS

The Board proposed a final dividend of HKD0.148 per ordinary share, totalling approximately RMB539 million. Such dividend is to be approved by the shareholders at the annual general meeting on 26 June 2024. These financial statements do not reflect this dividend payable.

	2023 RMB'000	2022 RMB'000
Cash dividends		
Interim, paid, of HKD0.232 equivalent to RMB0.213 (2022: HKD0.319 equivalent to RMB0.275) per ordinary share	857,409	851,525
Final, proposed, of HKD0.148 equivalent to RMB0.134 (2022: HKD0.307 equivalent to RMB0.272) per ordinary share	539,403	842,236
	1,396,812	1,693,761

The exchange rates used to translate the above interim and final dividends per share from HKD to RMB were the average middle exchange rates announced by the People's Bank of China for the last five consecutive business days preceding the dates of dividend resolved/proposed by the Board.

In addition, in March 2023, the board of directors has declared a special dividend ("Special Dividend") for the year ended 31 December 2022 in the form of the distribution in specie of certain units ("Units") of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders, in proportion to their respective shareholdings in the Company on the basis of 62 units for every 1,000 shares held by the qualifying shareholders. The Special Dividend of 249,574,360 Units were distributed as at the end of 2023.

14. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2023	2022 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	3,185,085	3,953,352
Weighted average number of ordinary shares in issue ('000) (note)	3,728,632	3,313,167
Basic earnings per share (RMB)	0.8542	1.1932

14. EARNINGS PER SHARE (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there were no dilutive potential ordinary shares during the year, diluted earnings per share is equal to basic earnings per share (2022: same).

Note:

During the year, the Company completed the rights issue of 928,936,826 rights shares at the subscription price of HKD9.00 on the basis of 30 rights shares for every 100 shares held by the qualifying shareholders on the record date (i.e., 10 May 2023).

The weighted average number of 3,728,632,295 ordinary shares for the year of 2023 was derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of rights issue abovementioned. The weighted average number of ordinary shares for the purposes of basic earnings per share for the year of 2022 has been correspondingly adjusted.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements, furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2023					
Opening net book amount	1,370,252	3,195,569	179,448	2,914	4,748,183
Additions	11,595	181,706	89,035	4,405	286,741
Disposals	–	–	(9,907)	(101)	(10,008)
Transfer	288,695	(2,520,303)	130,992	–	(2,100,616)
Depreciation (note 9)	(84,898)	–	(36,170)	(2,059)	(123,127)
Exchange differences	631	–	267	–	898
Closing net book amount	1,586,275	856,972	353,665	5,159	2,802,071
At 31 December 2023					
Cost	2,083,226	856,972	558,619	52,495	3,551,312
Accumulated depreciation and impairment	(496,951)	–	(204,954)	(47,336)	(749,241)
Net book amount	1,586,275	856,972	353,665	5,159	2,802,071

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvements, furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2022					
Opening net book amount	1,478,584	2,258,016	156,348	3,185	3,896,133
Additions	13,785	938,287	83,500	2,484	1,038,056
Disposals	(30,808)	(734)	(28,478)	(757)	(60,777)
Depreciation (note 9)	(92,479)	–	(32,838)	(2,227)	(127,544)
Exchange differences	1,170	–	916	229	2,315
Closing net book amount	1,370,252	3,195,569	179,448	2,914	4,748,183
At 31 December 2022					
Cost	1,786,001	3,195,569	345,067	50,796	5,377,433
Accumulated depreciation and impairment	(415,749)	–	(165,619)	(47,882)	(629,250)
Net book amount	1,370,252	3,195,569	179,448	2,914	4,748,183

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

16. LEASES

As a lessee

The Group has lease contracts for various items of lands and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 year and 14 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2023	**3,121,038**	**866,286**	**3,987,324**
Additions	**–**	**129,671**	**129,671**
Termination	**–**	**(25,073)**	**(25,073)**
Transfer to investment properties	**(3,018,857)**	**–**	**(3,018,857)**
Depreciation	**(47,721)**	**(202,448)**	**(250,169)**
At 31 December 2023	**54,460**	**768,436**	**822,896**
At 1 January 2022	3,176,739	849,994	4,026,733
Additions	–	273,470	273,470
Termination	–	(19,442)	(19,442)
Depreciation	(55,701)	(237,736)	(293,437)
At 31 December 2022	3,121,038	866,286	3,987,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

16. LEASES (Continued)

As a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	891,594	871,203
New leases	129,671	273,470
Termination	(26,787)	(19,442)
Accretion of interest recognised during the year (note 8)	29,945	37,961
Payments	(185,402)	(271,598)
Carrying amount at 31 December	839,021	891,594
Analysed into:		
Current portion	219,490	178,709
Non-current portion	619,531	712,885

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Depreciation of land use rights	(47,721)	(55,701)
Less: Amount capitalised as construction in progress under property, plant and equipment	46,418	46,418
	(1,303)	(9,283)
Depreciation of leased properties	(202,448)	(237,736)
Interest expense (included in finance cost) (note 8)	(29,945)	(37,961)
Expense relating to short-term leases (included in cost of sales, selling and marketing costs, and administrative expenses) (note 9)	(86,945)	(97,285)

16. LEASES (Continued)

As a lessor

The Group leases its investment properties consisting of certain commercial properties in Chinese Mainland and Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB486,960,000 (2022: RMB325,365,000), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Not later than one year	569,930	416,715
Later than one year and not later than five years	1,257,851	987,365
Later than five years	226,114	172,741
	2,053,895	1,576,821

17. INVESTMENT PROPERTIES

	Completed investment properties		
	Chinese Mainland RMB'000	Hong Kong RMB'000	Total RMB'000
Opening balance at 1 January 2023	10,422,883	700,854	11,123,737
Additions	–	3,801	3,801
Transferred	6,951,676	–	6,951,676
Disposals	(4,310)	–	(4,310)
Fair value losses, net	(1,286,557)	(15,540)	(1,302,097)
Exchange differences	–	12,833	12,833
Closing balance at 31 December 2023	16,083,692	701,948	16,785,640

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17. INVESTMENT PROPERTIES (Continued)

	Completed investment properties		
	Chinese Mainland RMB'000	Hong Kong RMB'000	Total RMB'000
Opening balance at 1 January 2022	10,303,855	678,355	10,982,210
Fair value gains, net	119,028	6,157	125,185
Exchange differences	–	16,342	16,342
Closing balance at 31 December 2022	10,422,883	700,854	11,123,737

The completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

Valuation processes

The Group measures its investment properties at fair value. The investment properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, which has recent experience in the locations and segments of the investment properties valued, as at 31 December 2023. For all investment properties, their current use is in the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Fair value hierarchy and valuation techniques used to determine fair values

As at 31 December 2023 and 2022, all investment properties were included in level 3 fair value hierarchy.

Fair values of completed investment properties are generally derived using the comparison method and income method. The income method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been determined by reference to recent rentals of the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

17. INVESTMENT PROPERTIES (Continued)

Valuation inputs and relationships to fair value

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same or proximate location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Completed investment properties in Chinese Mainland	237,720	Comparison method	Market price	RMB13,100/sq.m. to RMB25,700/sq.m.
	15,845,972	Income method	(1) Market rent (2) Capitalisation rate	(1) RMB40/sq.m./mth to RMB673/sq.m./mth (2) 2.75% to 7.5%
Completed investment properties in Hong Kong	35,554	Comparison method	Market price	HKD4,762/sq.ft to HKD18,093/sq.ft
	666,394	Income method	(1) Market rent (2) Capitalisation rate	(1) HKD6.6/sq.ft/mth to HKD190/sq.ft/mth (2) 2.8% to 5%

17. INVESTMENT PROPERTIES (Continued)

Valuation inputs and relationships to fair value (Continued)

Description	Fair value at 31 December 2022 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs
Completed investment properties in Chinese Mainland	237,720	Comparison method	Market price	RMB15,400/sq.m. to RMB26,000/sq.m.
	10,185,163	Income method	(1) Market rent (2) Capitalisation rate	(1) RMB43/sq.m./mth to RMB673/sq.m./mth (2) 3.8% to 7.5%
Completed investment properties in Hong Kong	46,115	Comparison method	Market price	HKD4,762/sq.ft to HKD16,782/sq.ft
	654,739	Income method	(1) Market rent (2) Capitalisation rate	(1) HKD7/sq.ft/mth to HKD166/sq.ft/mth (2) 2.8% to 5%

Relationships of unobservable inputs to fair value are as follows:

– The higher the market price, the higher the fair value;

– The higher the market rent, the higher the fair value;

– The higher the rate of capitalisation rate, the lower the fair value.

18. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Investments in joint ventures		
At 1 January	**3,669,855**	3,432,754
Additions	**543,722**	193,296
Capital reduction	**–**	(40,000)
Liquidation of joint ventures	**–**	(3,951)
Conversion to a subsidiary	**–**	(75,220)
Share of profit	**50,528**	162,976
At 31 December	**4,264,105**	3,669,855
Amounts due from joint ventures (note 43(c))	**1,743,591**	2,117,215
Total	**6,007,696**	5,787,070

The joint ventures held by the Group have share capital consisting solely of ordinary shares, which are held directly by the Group. All of the joint ventures are private companies with no quoted market price available for its shares.

As at 31 December 2023 and 2022, there was no joint venture individually material to the Group. Details of the Group's joint ventures as at 31 December 2023 are set out on page 241 to 242.

18. INTERESTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' profit for the year and total comprehensive income	**50,528**	162,976
Aggregate carrying amount of the Group's investments in the joint ventures	**4,264,105**	3,669,855

The Group's joint ventures did not have any significant capital commitments as at 31 December 2023 (2022: nil).

There are no significant contingent liabilities relating to the Group's interests in the joint ventures.

19. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets		
At 1 January	**21,060,187**	14,007,683
Addition	**1,148,046**	8,078,548
Capital reduction	**(1,994,770)**	(195,510)
Dividend declared by associates	**(281,770)**	(674,334)
Share of profit/(loss)	**701,579**	(260,149)
Share of other comprehensive loss	**(61,870)**	(249,366)
Exchange difference	**116,920**	353,315
	20,688,322	21,060,187
Deferred units (note)	**652,733**	714,415
Amounts due from associates (note 43(c))	**1,527,581**	2,066,683
Interests in associates	**22,868,636**	23,841,285

Note: In connection with the disposal of Tower Top Development Limited to Yuexiu REIT in 2012, the Group will, on 31 December of each year, receive from Yuexiu REIT certain numbers of units of Yuexiu REIT starting from 31 December 2016. The number of units to be received each year will be limited to the maximum number of units that may be issued to the Group which will not trigger an obligation on the part of the Group to make a mandatory general offer under Rule 26 of the Takeovers Code for all units not already owned or agreed to be acquired by the Group at the relevant time.

Deferred units are part of the consideration of the business acquisition of Yuexiu REIT. The number of units to be issued to the Group was fixed at disposal date and is not subject to change across time. It is in substance the prepaid forward contract to deliver a fixed number of units for which the consideration has been received in advance. There are no cash option or derivative elements in the deferred unit arrangement. This is a contractual arrangement to physically issue the units in accordance with the issuing schedule and there is no redemption option. The deferred units, once issued, will make the voting right/dividend right of the Group on Yuexiu REIT effective.

19. INTERESTS IN ASSOCIATES (Continued)

All the interests in associates held by the Group are unlisted except for an investment in a material associate, Yuexiu REIT, with a carrying value of approximately RMB5,470 million (2022: RMB6,159 million) which is listed on the Hong Kong Stock Exchange. The fair value of the interest in this associate amounted to approximately RMB2,780 million (2022: RMB4,199 million). The decrease in the fair value was mainly due to the decrease in the market value of the shares of Yuexiu REIT.

Details of the Group's associates as at 31 December 2023 are set out on pages 243 to 244.

Set out below is the summarised financial information of the Group's material associate, Yuexiu REIT, which is accounted for using the equity method.

	2023 RMB'000	2022 RMB'000
Investment properties	**37,771,146**	37,702,232
Other non-current assets (excluding investment properties)	**4,053,740**	4,194,923
Cash and cash equivalents	**1,527,727**	1,333,773
Other current assets (excluding cash and cash equivalents)	**196,101**	305,703
Total assets	**43,548,714**	43,536,631
Non-current liabilities, other than net assets attributable to unitholders	**(20,040,219)**	(21,074,871)
Current liabilities	**(6,870,824)**	(5,367,136)
Total liabilities, other than net assets attributable to unitholders	**(26,911,043)**	(26,442,007)
Net assets attributable to unitholders	**(15,436,532)**	(15,882,939)
Total liabilities	**(42,347,575)**	(42,324,946)
Net assets	**1,201,139**	1,211,685
Revenue	**2,086,855**	1,872,860
Fair value gain/(loss) on investment properties	**27,579**	(95,813)
Depreciation and amortisation	**(99,287)**	(154,902)
Finance income	**36,180**	25,511
Finance expenses	**(1,069,506)**	(1,521,724)
Operating expenses	**(828,959)**	(804,674)
Change in fair value of derivative financial instruments	**145,327**	397,763
Profit/(loss) before taxation	**298,189**	(280,979)
Taxation	**(264,125)**	(164,192)
Post-tax profit/(loss) before transactions with unitholders	**34,064**	(445,171)
Transactions with unitholders	**162,467**	1,089,435
Profit after income tax after transactions with unitholders	**196,531**	644,264
Other comprehensive loss	**(205,109)**	(626,159)
Total comprehensive (loss)/income	**(8,578)**	18,105
Dividends received by the Group from Yuexiu REIT in cash	**(178,801)**	(368,716)

19. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associate is as follows:

	2023 RMB'000	2022 RMB'000
Net assets attributable to unitholders as at 1 January	**15,882,939**	14,498,986
Issuance of units	**167,832**	3,359,022
Transactions with unitholders	**(162,467)**	(1,089,435)
Distributions paid to unitholders	**(451,772)**	(885,634)
Net assets attributable to unitholders at 31 December	**15,436,532**	15,882,939
Net assets attributable to deferred unitholders	**(652,733)**	(714,415)
Net assets attributable to normal unitholders	**14,783,799**	15,168,524
Interest in an associate	**37.89%**	41.39%
Carrying value before exchange reserve	**5,601,581**	6,278,655
Exchange reserve	**(131,120)**	(119,890)
Carrying value	**5,470,461**	6,158,765

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' profits/(losses) for the year and total comprehensive income	**678,119**	(79,702)
Aggregate carrying amount of the Group's investments in the associates	**15,217,861**	14,901,422

The Group's associates did not have any significant capital commitments as at 31 December 2023 (2022: Nil).

There are no significant contingent liabilities relating to the Group's interests in the associates.

20. FINANCIAL ASSETS AT FVOCI

	2023 RMB'000	2022 RMB'000
Opening balance at 1 January	**1,023,964**	1,033,583
Decrease in fair value recognised in other comprehensive income related to equity investments	**(24,834)**	(9,619)
Closing balance at 31 December	**999,130**	1,023,964

Financial assets at FVOCI represent unlisted securities in companies located in Chinese Mainland without external credit ratings.

The fair value of the common shares held is derived mainly using the guideline public company method. In applying this method, the Group has selected comparable public company peers in the same or a similar industry to provide objective evidence as to values at which investors are willing to buy and sell interest of companies in that industry and conclude by applying an appropriate valuation multiple that is a relevant performance measure for its investments.

Valuation multiples are derived from the reported earnings and the period end stock price of companies in the peer group. Applying the valuation multiples and the price-to-earnings multiple have been concluded to be the relevant performance measures for its investments. The Group also adjusts the indicated fair value by using the discount for lack of marketability compared to the publicly traded peer group when it determines that the market participants would take this into account when pricing the investment. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement of equity securities. The Group determines discount of 40% for lack of marketability as the significant unobservable input.

If the discount for lack of marketability had changed by +0.5% or -0.5%, the fair value of the investments and other comprehensive income would have decreased or increased by approximately RMB8 million (2022: RMB9 million). Management believes that reasonable possible changes to other unobservable inputs would not result in a significant change in the estimated fair value of the investments.

21. INTANGIBLE ASSETS

	Goodwill (note) RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2023				
Opening net book amount	260,408	72,762	188,064	521,234
Additions	–	–	52,130	52,130
Amortisation (note 9)	–	(9,413)	(49,823)	(59,236)
Closing net book amount	260,408	63,349	190,371	514,128
At 31 December 2023				
Cost	260,408	92,372	396,024	748,804
Accumulated amortisation	–	(29,023)	(205,653)	(234,676)
Net book amount	260,408	63,349	190,371	514,128
Year ended 31 December 2022				
Opening net book amount	253,332	82,175	93,322	428,829
Additions	–	–	139,472	139,472
Acquisition of subsidiaries	7,076	–	104	7,180
Amortisation (note 9)	–	(9,413)	(44,834)	(54,247)
Closing net book amount	260,408	72,762	188,064	521,234
At 31 December 2022				
Cost	260,408	92,372	343,894	696,674
Accumulated amortisation	–	(19,610)	(155,830)	(175,440)
Net book amount	260,408	72,762	188,064	521,234

Note:

Impairment test for goodwill

The goodwill arose from the acquisition of Guangzhou Metro Environmental Engineering Co., Ltd. ("GZMEE") and its subsidiary Guangzhou Metro Property Management Co., Ltd. ("GZMPM", collectively, the "GZMEE Group") in 2020 and the acquisition of Guangzhou City Bingxin Property Management Co., Ltd. ("BingXin Property Management") in 2022 with carrying amounts of RMB253 million and RMB7 million respectively. Goodwill arising from acquisition of GZMEE Group and Bingxin Property Management is monitored by the management at the level of non-commercial property management and value-added services cash-generating-units (the "CGUs") respectively. Goodwill has been assessed based on the related CGUs for impairment testing.

21. INTANGIBLE ASSETS (Continued)

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2023 and 2022:

	2023	2022
For GZMEE Group CGU:		
Revenue (% annual growth rate)	**15%-29%**	7%-28%
Gross margin (% of revenue)	**15%-17%**	16%-18%
Long-term growth rate	**2.5%**	3%
Pre-tax discount rate	**19.55%**	19.85%
For Bingxin Property Management CGU:		
Revenue (% annual growth rate)	**(11%)-23%**	1%-32%
Gross margin (% of revenue)	**15%-20%**	28%-36%
Long-term growth rate	**2.5%**	3%
Pre-tax discount rate	**18.99%**	18.66%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development
Gross margin	Based on past performance and management's expectations for the future
Long-term growth rate	Weighted average growth rate used to extrapolate cash flows beyond the budget period, which consistent with forecasts included in industry reports
Pre-tax discount rate	Reflects specific risks relating to the relevant CGU

By reference to the recoverable amount assessed by the independent external valuer as at 31 December 2023, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2023 (2022: nil).

22. PROPERTIES UNDER DEVELOPMENT

	2023 RMB'000	2022 RMB'000
Amounts are expected to be completed		
- within the normal operating cycle included under current assets	**202,613,968**	178,450,964
- beyond the normal operating cycle included under non-current assets	**8,739,490**	8,677,923
	211,353,458	187,128,887
At cost		
- Properties without impairment provision	**200,309,494**	177,911,538
- Properties with impairment provision	**11,989,579**	10,226,515
Less: Provision for impairment of properties under development	**(945,615)**	(1,009,166)
	211,353,458	187,128,887

Properties under development are mainly located in Chinese Mainland. The normal operating cycle of the Group's property development generally ranges from 2 to 3 years.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

23. PROPERTIES HELD FOR SALE

	2023 RMB'000	2022 RMB'000
At cost:		
– Properties without impairment provision	**26,316,476**	21,055,856
– Properties with impairment provision	**12,468,296**	12,000,373
Less: Provision for impairment of properties held for sale	**(2,450,021)**	(1,763,104)
	36,334,751	31,293,125

Properties held for sale are mainly located in Chinese Mainland.

The detailed information on assets pledged as securities by the Group is set out in note 40 to the financial statements.

24. CONTRACT COSTS

The Group has recognised an asset in relation to costs to obtain the property sales contracts.

	2023 RMB'000	2022 RMB'000
Assets recognised from costs incurred to obtain a contract at 31 December	**1,121,745**	1,080,517
Amortisation recognised as selling expenses during the year	**(1,159,999)**	(1,124,184)

Management expects the incremental costs, primarily sale commission, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and recognised as expenses when the related revenue is recognised. Management has concluded that there was no impairment loss in relation to the costs capitalised.

25. TRADE AND NOTES RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables from contracts with customers	**867,938**	549,126
Notes receivables	**23,256**	60,986
	891,194	610,112
Less: Loss allowance	**(44,886)**	(40,426)
	846,308	569,686

As at 31 December 2023 and 2022, the ageing analysis of the trade and notes receivables based on invoice date is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**707,245**	551,081
1 to 2 years	**160,822**	41,480
2 to 3 years	**6,097**	6,295
Over 3 years	**17,030**	11,256
	891,194	610,112

As at 31 December 2023, a provision of approximately RMB44,886,000 (2022: RMB40,426,000) was made against the gross amount of trade receivables. The Group's trade and notes receivables are mainly denominated in RMB.

25. TRADE AND NOTES RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**40,426**	38,293
Impairment losses (note 9)	**4,460**	2,133
At 31 December	**44,886**	40,426

26. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023 RMB'000	2022 RMB'000
Amounts due from NCI and related parties of NCI (note)	**18,276,648**	9,703,553
Amounts due from related parties (note 43(c))	**10,702,647**	8,660,398
Deposits	**1,690,378**	993,612
Other receivables	**3,780,485**	2,470,243
	34,450,158	21,827,806
Less: loss allowance	**(22,870)**	(17,543)
	34,427,288	21,810,263
Prepaid value-added taxes and other taxes	**2,823,755**	2,459,094
Prepayments	**608,390**	379,963
	37,859,433	24,649,320

Note:

Out of the total amount of approximately RMB18,277 million (2022: RMB9,704 million), the interest-bearing balance is approximately RMB908 million as at 31 December 2023 (2022: RMB923 million) and bears interest at a weighted average rate of 3.01% (2022: 3.10%) per annum.

The Group's other receivables, prepayments and deposits are mainly denominated in RMB.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

27. CHARGED BANK DEPOSITS

Charged bank deposits mainly represented guarantee deposits for construction. In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank certain amount of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchase of construction materials and settlement of construction fees of the relevant property projects. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

28. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at bank	**29,256,962**	21,844,832
Short-term bank deposits	**8,288**	1,626
	29,265,250	21,846,458

Cash and cash equivalents are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
HKD	**809,021**	1,356,705
RMB	**28,298,712**	20,339,056
USD	**150,229**	142,808
Others	**7,288**	7,889
	29,265,250	21,846,458

The Group's RMB balances are placed with banks in Chinese Mainland. The conversion of these RMB denominated balances into foreign currencies in Chinese Mainland is subject to rules and regulations of foreign exchange control promulgated by the Chinese Government.

The Group's bank deposits are mainly placed with major state-owned financial institutions.

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29. TRADE AND NOTES PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	**982,747**	718,751
Notes payables	**348,067**	923,022
	1,330,814	1,641,773

The ageing analysis of the trade and notes payables based on invoice date is as follows:

	2023 RMB'000	2022 RMB'000
Within 90 days	**654,785**	1,109,020
91 to 180 days	**359,338**	363,842
181 to 365 days	**230,604**	142,249
1 to 2 years	**69,951**	7,242
Over 2 years	**16,136**	19,420
	1,330,814	1,641,773

30. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities	**87,653,832**	74,472,323

(a) Revenue recognised in 2023 that was included in the contract liabilities balance as at 31 December 2022 amounted to approximately RMB56,598 million (2022: RMB55,506 million).

(b) For sales of properties, the Group receives payments from customers based on billing schedules as established in contracts. Payments are usually received in advance of the performance under the contracts mainly of sales of properties. The increase in contract liabilities was mainly attributable to the increase in the Group's contracted sales.

(c) For property management services contract, the Group recognised revenue equals to the right to invoice amount when it corresponds directly with the value of the Group's performance obligations to the customers for these types of contracts. The majority of the property management service contracts do not have a fixed term.

(d) For other contracts, as a practical expedient, the Group does not need to disclose transaction price allocated to the remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

31. OTHER PAYABLES AND ACCRUED CHARGES

	2023 RMB'000	2022 RMB'000
Accrual for construction related costs	**30,208,748**	27,676,446
Amounts due to related parties (note 43(c))	**26,925,427**	23,773,075
Amounts due to NCI and related parties of NCI (note (a))	**11,237,885**	8,770,343
Payables under a supplier settlement scheme (note (b) and note 38(b))	**11,127,195**	9,709,019
Accrued employee benefits costs	**1,479,196**	1,711,145
Payables for value-added tax payables and other taxes	**5,546,137**	3,805,455
Other payables	**4,705,619**	4,081,225
	91,230,207	79,526,708
Less:		
Non-current proportion of amounts due to related parties, NCI and related parties of NCI	**(779,031)**	(3,126,555)
Others	**(61,526)**	(81,639)
	90,389,650	76,318,514

Notes:

(a) Out of the total amount of approximately RMB11,238 million (2022: RMB8,770 million), an interest-bearing balance amounted to approximately RMB2,753 million (2022: RMB3,129 million) as at 31 December 2023 which bore interest at weighted average rate of 6.41% (2022: 6.12%) per annum. Except for an amount of approximately RMB2,062 million which is payable from 2024 to 2026 (31 December 2022: RMB3,592 million payable from 2023 to 2026), the remaining balance is repayable on demand.

(b) The Group has a supplier settlement scheme with certain suppliers. According to the scheme, when the suppliers transfer the legal right to receive cash due from the Group to other entities, the Group's obligations due to suppliers are legally extinguished; and the Group reclassifies payables due to suppliers as "payables under a supplier settlement scheme".

Majority of the Group's other payables and accrued charges are denominated in RMB.

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32. BORROWINGS

	2023 RMB'000	2022 RMB'000
Non-current		
Long-term bank borrowings		
– Secured (c)	23,518,139	21,508,491
– Unsecured	23,126,966	17,529,392
Other borrowings (a)		
– Unsecured	34,749,924	33,516,208
	81,395,029	72,554,091
Current		
Bank overdrafts	35	29
Short-term bank borrowings		
– Unsecured	1,988,524	1,637,612
Current portion of long-term bank borrowings		
– Secured (c)	5,872,217	1,190,588
– Unsecured	5,218,366	3,244,980
Other borrowings (a)		
– Unsecured	9,896,727	9,671,063
	22,975,869	15,744,272
Total borrowings	104,370,898	88,298,363

(a) Other borrowings

	2023 RMB'000	2022 RMB'000
PRC corporate bonds (i)	24,221,809	18,821,709
Medium term notes (ii)	11,625,846	13,867,495
Private placement note (iii)	1,799,996	1,799,067
Real estate debt investment schemes	6,999,000	8,699,000
Total other borrowings	44,646,651	43,187,271

32. BORROWINGS (Continued)

(a) Other borrowings (Continued)

(i) PRC corporate bonds

In 2019, the Group issued corporate bonds with an aggregate nominal value of RMB5,500 million, interest rates ranging from 3.60% to 3.93% per annum and with maturity between 3 years to 5 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,479 million. In 2022, corporate bonds of an amount of RMB4,000 million had matured and the Group adjusted the interest rate of the remaining corporate bonds amounting to RMB1,500 million to 2.53% per annum for the remaining period.

In 2020, the Group issued corporate bonds with an aggregate nominal value of RMB1,500 million with interest rates of 3.13% per annum and with maturity of 5 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,494 million. Corporate bonds of an amount of RMB1,500 million were matured in 2023.

In 2021, the Group issued corporate bonds with an aggregate nominal value of RMB6,000 million with interest rates of 3.17% to 3.55% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,995 million.

In 2022, the Group issued corporate bonds with an aggregate nominal value of RMB9,840 million with interest rates of 2.78% to 3.43% per annum and with maturity of 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB9,830 million.

In 2023, the Group issued corporate bonds with an aggregate nominal value of RMB6,900 million with interest rates of 2.98% to 3.63% per annum and with maturity of 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB6,893 million.

Certain PRC corporate bonds contain early redemption options, which means that, the Group shall be entitled to adjust the coupon rate whereas the investors shall be entitled to sell back in whole or in part the bonds.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantees for all the above corporate bonds.

(ii) Medium term notes

In 2013, the Group issued medium term notes of USD500 million with an interest rate of 4.50% per annum. Such medium term notes were matured in 2023.

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and maturity in 2029.

In 2018, the Group issued medium term notes of USD1,200 million with interest rates of 4.875% and 5.375% per annum and maturity between 2021 and 2023. The net proceeds, after deducting the issuance costs, amounted to approximately USD1,191 million. Medium term notes of amounts of USD800 million and USD400 million were matured in 2021 and 2023, respectively.

In 2021, the Group issued medium term notes with an aggregate nominal value of USD800 million with interest rates ranging from 2.80% to 3.80% per annum and maturity of 5 to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately USD798 million.

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32. BORROWINGS (Continued)

(a) Other borrowings (Continued)

(ii) Medium term notes (Continued)

In 2023, the Group issued guaranteed notes of RMB3,396 million with interest rates ranging from 3.80% to 4.00% per annum, which will mature three years after issuance. The net proceeds after deduction of issuance costs amounted to RMB3,387 million.

In 2023, the Group issued guaranteed notes of RMB510 million with an interest rate of 4.00% per annum, which will mature three years after issuance. The net proceeds after deduction of issuance costs amounted to RMB509 million.

(iii) Private placement note

In 2019, the Group issued private placement note of an aggregate nominal value of RMB1,800 million with interest rate of 4.03% per annum and maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to approximately RMB1,797 million. In 2022, the Group adjusted the interest rate to 3.2% per annum for the remaining period.

(b) As at 31 December 2023, borrowings of the Group amounting to RMB9,194 million (2022: RMB3,339 million) were jointly guaranteed by the Group and NCI and related parties of NCI.

As at 31 December 2023, borrowings of the Group amounting to RMB1,438 million (2022: RMB1,793 million) were secured by equity interests of certain subsidiaries.

(c) Information of securities of the secured borrowings is set out in note 40 to the financial statements.

(d) The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Within one year	**13,079,142**	6,073,209	**9,896,727**	9,671,063
In the second year	**17,989,031**	14,307,463	**4,796,826**	9,694,422
In the third to fifth year	**20,285,584**	22,639,106	**25,720,192**	20,737,784
Over five years	**8,370,490**	2,091,314	**4,232,906**	3,084,002
	59,724,247	45,111,092	**44,646,651**	43,187,271

The fair values of the Group's non-current borrowings approximate their carrying amounts at the end of reporting period as the impact of discounting is not significant or the borrowings carry floating rate of interests.

32. BORROWINGS (Continued)

(d) The effective interest rates at the balance sheet date were as follows:

	2023			2022		
	HKD	RMB	USD	HKD	RMB	USD
Bank borrowings	5.48%	3.52%	–	1.95%	4.55%	1.14%
Other borrowings	6.22%	3.64%	3.69%	6.22%	4.00%	4.00%
Bank overdrafts	6.96%	–	–	5.89%	–	–

The carrying amounts of the borrowings are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
HKD	12,144,179	10,456,826
RMB	86,572,838	66,015,520
USD	5,653,881	11,826,017
	104,370,898	88,298,363

33. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	2023 RMB'000	2022 RMB'000
Current assets		
Capped forward foreign exchange contracts	40,096	–
Foreign currency forward contracts	189,440	–
Total current derivative financial instrument assets	229,536	–
Non-current assets		
Capped forward foreign exchange contracts	–	3,274
Foreign currency forward contracts	–	12,423
Total non-current derivative financial instrument assets	–	15,697
Current liabilities		
Capped forward foreign exchange contracts	–	(3,585)
Foreign currency forward contracts	–	(208,673)
Total current derivative financial instrument liabilities	–	(212,258)
Non-current liabilities		
Capped forward foreign exchange contracts	–	(788)
Foreign currency forward contracts	(55,785)	(183,285)
Total non-current derivative financial instrument liabilities	(55,785)	(184,073)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for as held for trading with gains (losses) recognised in profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Cash flow hedge - Foreign currency risk

At 31 December 2023, the Group had certain foreign currency forward contracts, which were being used to hedge the foreign currency exposure of certain fixed rate bank loans.

There is an economic relationship between the hedged items and the hedging instruments as the terms of these foreign currency forward contracts match the terms of the respective bank loans (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

33. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Cash flow hedge - Foreign currency risk (Continued)

The movements of the Group's hedging reserves are as shown below:

	Cost of hedging reserve RMB'000	Cash flow hedge reserve – Spot component of currency forwards RMB'000	Total hedge reserves RMB'000
As at 1 January 2022	67,778	38,824	106,602
Add: Change in fair value of hedging instrument recognised in other comprehensive income ("OCI") for the year	–	590,368	590,368
Add: Costs of hedging deferred and recognised in OCI	(611,841)	–	(611,841)
Less: Reclassified from OCI to profit or loss	113,965	(644,755)	(530,790)
As at 31 December 2022 and 1 January 2023	**(430,098)**	**(15,563)**	**(445,661)**
Add: Change in fair value of hedging instrument recognised in OCI for the year	**–**	**340,388**	**340,388**
Add: Costs of hedging deferred and recognised in OCI	**133,445**	**–**	**133,445**
Less: Reclassified from OCI to profit or loss	**105,359**	**(305,706)**	**(200,347)**
As at 31 December 2023	**(191,294)**	**19,119**	**(172,175)**

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in profit or loss in relation to derivatives:

	2023 RMB'000	2022 RMB'000
Net gains on foreign currency forward contracts not qualifying as hedges included in finance costs (note 8)	**125,057**	46,900
Hedge ineffectiveness of foreign currency forward contracts - amount recognised in finance costs	**4,364**	16,209

34. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate. The majority of the deferred tax assets and liabilities are expected to be recovered after more than 12 months.

The movements on net deferred tax liabilities are as follows:

	2023 RMB'000	2022 RMB'000
Beginning of the year	**3,465,283**	4,004,741
Acquisition of a subsidiary	**(139,026)**	–
Credit to profit or loss during the year (note 12)	**(924,422)**	(509,895)
Deferred taxation charged to equity (note 12)	**(6,208)**	(29,563)
End of the year	**2,395,627**	3,465,283

The movements in deferred tax assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Provision for accrued LAT and others RMB'000	Provision for impairment of properties and revaluation of properties RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	**783,731**	**1,176,547**	**715,103**	**2,675,381**
Acquisition of a subsidiary	**–**	**–**	**139,026**	**139,026**
Credited/(charged) to profit or loss during the year	**(138,971)**	**333,527**	**689,700**	**884,256**
At 31 December 2023	**644,760**	**1,510,074**	**1,543,829**	**3,698,663**

	Provision for accrued LAT and others RMB'000	Provision for impairment of properties and revaluation of properties RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2022	693,552	372,245	976,397	2,042,194
Credited/(charged) to profit or loss during the year	90,179	804,302	(261,294)	633,187
At 31 December 2022	783,731	1,176,547	715,103	2,675,381

34. DEFERRED TAXATION (Continued)

The movements in deferred tax liabilities (prior to offsetting of balances within the same jurisdiction), during the year are as follows:

	Revaluation of properties and others RMB'000	Revaluation of financial assets at FVOCI RMB'000	Withholding tax on profit to be distributed in future RMB'000	Total RMB'000
At 1 January 2023	**3,339,916**	**236,576**	**2,564,172**	**6,140,664**
(Credited)/charged to profit or loss during the year	**(49,443)**	**–**	**9,277**	**(40,166)**
Credited to reserves	**–**	**(6,208)**	**–**	**(6,208)**
At 31 December 2023	**3,290,473**	**230,368**	**2,573,449**	**6,094,290**

	Revaluation of properties and others RMB'000	Revaluation of financial assets at FVOCI RMB'000	Withholding tax on profit to be distributed in future RMB'000	Total RMB'000
At 1 January 2022	3,422,098	238,981	2,385,856	6,046,935
(Credited)/charged to profit or loss during the year	(82,182)	–	205,474	123,292
Credited to reserves	–	(2,405)	(27,158)	(29,563)
At 31 December 2022	3,339,916	236,576	2,564,172	6,140,664

As at 31 December 2023, the Group has not recognised deferred tax liabilities of RMB22,619,000 (2022: Nil) in respect of temporary differences relating to the unremitted profits of subsidiaries, amounting to RMB452,383,000 (2022: Nil), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

34. DEFERRED TAXATION (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown on the consolidated balance sheet:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**3,698,663**	2,675,381
Set-off of deferred tax liabilities pursuant to set-off provisions	**(223,983)**	(23,888)
	3,474,680	2,651,493
Deferred tax liabilities	**(6,094,290)**	(6,140,664)
Set-off of deferred tax liabilities pursuant to set-off provisions	**223,983**	23,888
	(5,870,307)	(6,116,776)
Deferred income tax liabilities, net	**(2,395,627)**	(3,465,283)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxation profits is probable. As at 31 December 2023, the Group had unrecognised deferred tax benefits of approximately RMB1,507 million (2022: RMB1,137 million) in respect of tax losses of approximately RMB6,475million (2022: RMB4,994 million). Tax losses amounting to RMB5,162 million (2022: RMB3,681 million) will expire at various dates up to and including 2028 (2022: 2027). The remaining tax losses have no expiry date.

35. SHARE CAPITAL

	Number of shares 2023 ('000)	Number of shares 2022 ('000)	Share capital 2023 RMB'000	Share capital 2022 RMB'000
As at 1 January	**3,096,456**	3,096,456	**18,035,015**	18,035,015
Rights issue (note)	**928,937**	–	**7,509,993**	–
As at 31 December	**4,025,393**	3,096,456	**25,545,008**	18,035,015

Note:

A rights issue of 30 rights shares for every 100 existing shares held by the qualifying shareholders on the register of members on 10 May 2023 was made, at an issue price of HKD9.00 per rights share, resulting in the issue of 928,936,826 shares for a total cash consideration, before expenses, of HKD8,360 million.

36. SHARES HELD UNDER SHARE AWARD SCHEME

Adoption of the share award scheme

The share award scheme for employees of the Group was adopted by the Board of the Company on 17 March 2017 (the "Adoption Date"). The share award scheme shall be valid and effective for nine years commencing from the Adoption Date (the "Scheme Period"), subject to any early termination as may be determined by the Board.

Scheme Limit

The total number of shares awarded under the share award scheme shall not exceed 3% (the "Scheme Limit") of the number of shares in issue as at the Adoption Date, and the Board may from time to time "refresh" the Scheme Limit provided that the total number of scheme shares awarded and to be awarded must not exceed 5% of the number of shares in issue as at the date of the resolution to approve the "refreshed" limit.

Operation

Pursuant to the scheme rules of the share award scheme (the "Scheme Rules"), the Board of the Company may from time to time at its absolute discretion select any employee to be a selected senior management participant and determine and allocate the number of shares to be granted to a selected participant pursuant to an award in accordance with the Scheme Rules. The Company has entered into a trust deed with the trustee (the "Trustee") for implementing the share award scheme. The Group will pay to the Trustee the purchase monies for the purchase of shares for the purpose of the share award scheme, and the Trustee shall apply the full amount of such purchase monies received from the Group for the purchase of the maximum number of shares from the market and shall hold such shares on trust during the Scheme Period.

	Number of shares ('000)	Cost of acquired shares RMB'000
At 1 January 2022	30,325	193,282
Acquisition of shares by the Trust	7,909	61,023
Vesting of shares	(11,900)	(78,785)
At 31 December 2022 and 1 January 2023	26,334	175,520
Acquisition of shares by the Trust	3,558	27,382
Vesting of shares	(12,279)	(81,372)
At 31 December 2023	17,613	121,530

12,279,380 shares were vested during the year ended 31 December 2023 (2022: 11,899,906 shares). As at 31 December 2023, the total number of issued ordinary shares of the Company included 17,612,947 (2022: 26,333,927) shares held in trust under the share award scheme.

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37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 119 and 120 of the financial statements.

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associates in Chinese Mainland. As stipulated by regulations in Chinese Mainland, the Company's subsidiaries, joint ventures and associates established and operated in Chinese Mainland are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. The general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may only be used for increasing capital.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2023, the board of directors has declared Special Dividend in the form of the distribution in specie of Units of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders. For details, please refer to note 13 to the financial statements.

During the year ended 31 December 2023, other receivables with amounts of RMB3,300,310,000 were offset against other payables (2022: RMB879,497,000).

(b) Changes in liabilities arising from financing activities

	Borrowings (excluding overdraft) RMB'000	Derivative financial instruments RMB'000	Payables under supplier settlement scheme RMB'000	Lease liabilities RMB'000	Other payables RMB'000
Liabilities from financing activities as at 1 January 2023	(88,298,334)	(396,331)	(9,709,019)	(891,594)	(24,875,714)
Financing cash flows	(8,309,459)	5,415	10,347,824	185,402	2,509,942*
Foreign exchange adjustments	(309,973)	–	–	–	–
New leases	–	–	–	(129,671)	–
Interest expense on lease liabilities	–	–	–	(29,945)	–
Acquisition of subsidiaries	(7,429,397)	–	–	–	99,990
Changes in fair values	–	121,621	–	–	–
Other changes (Note)	(23,700)	213,510	(11,766,000)	26,787	5,176
Liabilities from financing activities as at 31 December 2023	(104,370,863)	(55,785)	(11,127,195)	(839,021)	(22,260,606)

* Financing cash flows excluded the changes in amounts due from related partis and NCI and related parties of NCI of RMB9,118,965,000.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities (Continued)

	Borrowings (excluding overdraft) RMB'000	Derivative financial instruments RMB'000	Payables under supplier settlement scheme RMB'000	Lease liabilities RMB'000	Other payables RMB'000
Liabilities from financing activities as at 1 January 2022	(75,534,134)	(411,599)	(4,148,013)	(871,203)	(34,087,669)
Financing cash flows	(10,578,643)	–	4,713,751	271,598	15,619,334
Foreign exchange adjustments	(2,057,010)	–	–	–	–
New leases	–	–	–	(273,470)	–
Interest expense on lease liabilities	–	–	–	(37,961)	–
Acquisition of subsidiaries	–	–	–	–	(7,910,056)
Changes in fair values	–	(21,473)	–	–	–
Other changes (Note)	(128,547)	36,741	(10,274,757)	19,442	1,502,677
Liabilities from financing activities as at 31 December 2022	(88,298,334)	(396,331)	(9,709,019)	(891,594)	(24,875,714)

Note: Other changes include non-cash transactions, mainly including accrued interest expenses, payables under a supplier settlement scheme, offsetting amounts due to related parties against dividends receivable due from related parties and conversion of amounts due to NCI as capital injection from NCI to subsidiaries.

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	86,945	97,285
Within financing activities	185,402	271,598
	272,347	368,883

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39. GUARANTEES

	2023 RMB'000	2022 RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	**42,364,438**	28,385,590
Guarantees for banking and loan facilities granted to associates and joint ventures (note (b))	**9,316,400**	10,913,450
	51,680,838	39,299,040

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal titles of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

(b) As at 31 December 2023, certain subsidiaries of the Group provided guarantees up to a limit of approximately RMB9,316 million (2022: RMB10,913 million) in respect of loans borrowed by certain joint ventures and associates of the Group, among which guarantees of approximately RMB2,385 million (2022: RMB4,048 million) were utilised and guarantees of approximately RMB6,931 million (2022: RMB6,865 million) were not utilised yet.

40. SECURITIES FOR BANKING FACILITIES AND BORROWINGS

At 31 December 2023, certain banking facilities and borrowings granted to the Group were secured by mortgages of certain of the Group's properties under development and properties held for sale, investment properties and property, plant and equipment with aggregate carrying values of approximately RMB45,243 million (2022: RMB34,897 million), RMB156 million (2022: RMB40 million), RMB4,292 million (2022: RMB4,274 million) and RMB530 million (2022: RMB556 million), respectively.

41. COMMITMENTS

As at 31 December 2023, the Group did not have contractual commitments in respect of purchase of property, plant and equipment (2022: Nil).

42. NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position	廣州宏勝房地產開發有限公司		廣州東耀房地產開發有限公司	
	31 December 2023 RMB'000	31 December 2022 RMB'000	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Current assets	**9,354,421**	10,050,586	**5,281,179**	9,159,952
Current liabilities	**1,470,421**	2,223,766	**923,302**	4,963,208
Current net assets	**7,884,000**	7,826,820	**4,357,877**	4,196,744
Non-current assets	**44,081**	38,130	**188,040**	188,224
Non-current liabilities	**–**	–	**–**	–
Non-current net assets	**44,081**	38,130	**188,040**	188,224
Net assets	**7,928,081**	7,864,950	**4,545,917**	4,384,968
Accumulated NCI	**3,884,760**	3,853,826	**2,227,499**	2,148,634

Summarised statement of comprehensive income	廣州宏勝房地產開發有限公司		廣州東耀房地產開發有限公司	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Revenue	**433,195**	2,970,696	**4,808,765**	1,341,508
Profit for the year	**63,131**	465,243	**160,949**	221,945
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**63,131**	465,243	**160,949**	221,945
Profit allocated to NCI	**30,934**	227,970	**78,865**	108,753
Dividends paid to NCI	**–**	–	**–**	44,100

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42. NON-CONTROLLING INTERESTS (Continued)

Summarised cash flows	廣州宏勝房地產開發有限公司		廣州東耀房地產開發有限公司	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash flows (used in)/from operating activities	(728,214)	127,265	175,933	1,635,053
Cash flows used in investing activities	(161)	–	(146)	–
Cash flows used in financing activities	(62,349)	(1,070,949)	(452,416)	(2,594,508)
Net decrease in cash and cash equivalents	(790,724)	(943,684)	(276,629)	(959,455)

Summarised statement of financial position	廣州市品秀房地產開發有限公司		廣州市品悅房地產開發有限公司		廣州市品薈房地產開發有限公司	
	31 December 2023 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2022 RMB'000
Current assets	9,696,055	13,252,525	4,486,944	7,920,203	6,832,957	7,204,782
Current liabilities	3,320,288	6,586,137	2,953,458	7,563,550	3,436,953	3,140,754
Current net assets	6,375,767	6,666,388	1,533,486	356,653	3,396,004	4,064,028
Non-current assets	1,905,419	1,892,833	2,048,182	2,475,420	1,518,530	2,266,167
Non-current liabilities	1,802,596	1,920,124	–	208,805	436,297	1,464,380
Non-current net assets/(liabilities)	102,823	(27,291)	2,048,182	2,266,615	1,082,233	801,787
Net assets	6,478,590	6,639,097	3,581,668	2,623,268	4,478,237	4,865,815
Accumulated NCI	907,002	929,474	1,755,017	1,285,401	2,194,335	2,384,249

42. NON-CONTROLLING INTERESTS (Continued)

Summarised statement of comprehensive income	廣州市品秀房地產開發有限公司		廣州市品悦房地產開發有限公司		廣州市品薈房地產開發有限公司	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	3,392,788	2,263,261	5,473,631	4,285,461	1,411,301	5,253,347
(Loss)/profit for the year	(160,507)	(372,670)	958,400	730,443	(387,578)	1,107,864
Other comprehensive income	–	–	–	–	–	–
Total comprehensive (loss)/income	(160,507)	(372,670)	958,400	730,443	(387,578)	1,107,864
(Loss)/profit allocated to NCI	(22,472)	(52,173)	469,616	357,917	(189,914)	542,853
Dividends paid to NCI	–	–	–	–	–	-

Summarised cash flows	廣州市品秀房地產開發有限公司		廣州市品悦房地產開發有限公司		廣州市品薈房地產開發有限公司	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash flows (used in)/from operating activities	(325,803)	1,618,992	(261,869)	3,346,848	605,906	1,525,583
Cash flows used in investing activities	(19)	–	–	–	(13)	–
Cash flows used in financing activities	(55,612)	(2,016,368)	(2,695)	(3,626,076)	(961,374)	(1,743,837)
Net decrease in cash and cash equivalents	(381,434)	(397,376)	(264,564)	(279,228)	(355,481)	(218,254)

42. NON-CONTROLLING INTERESTS (Continued)

Summarised statement of financial position	廣州市品輝房地產開發有限公司 31 December 2023 RMB'000	廣州市品輝房地產開發有限公司 31 December 2022 RMB'000	廣州市品冠房地產開發有限公司 31 December 2023 RMB'000	廣州市品冠房地產開發有限公司 31 December 2022 RMB'000
Current assets	7,307,225	10,319,042	6,258,574	5,386,819
Current liabilities	2,958,792	6,510,579	3,536,281	2,611,395
Current net assets	4,348,433	3,808,463	2,722,293	2,775,424
Non-current assets	363	9,611	267	369
Non-current liabilities	210,743	146,384	96,568	353,927
Non-current net liabilities	(210,380)	(136,773)	(96,301)	(353,558)
Net assets	4,138,053	3,671,690	2,625,992	2,421,866
Accumulated NCI	2,027,646	1,799,128	1,286,736	1,186,714

Summarised statement of comprehensive income	廣州市品輝房地產開發有限公司 2023 RMB'000	廣州市品輝房地產開發有限公司 2022 RMB'000	廣州市品冠房地產開發有限公司 2023 RMB'000	廣州市品冠房地產開發有限公司 2022 RMB'000
Revenue	5,681,837	2,808,817	1,675,062	1,195,451
Profit for the year	653,890	283,032	204,126	163,660
Other comprehensive income	–	–	–	–
Total comprehensive income	653,890	283,032	204,126	163,660
Profit allocated to NCI	320,406	138,686	100,022	80,193
Dividends paid to NCI	91,888	–	–	-

Summarised cash flows	廣州市品輝房地產開發有限公司 2023 RMB'000	廣州市品輝房地產開發有限公司 2022 RMB'000	廣州市品冠房地產開發有限公司 2023 RMB'000	廣州市品冠房地產開發有限公司 2022 RMB'000
Cash flows from operating activities	619,898	3,000,440	1,567,049	702,641
Cash flows used in investing activities	(14)	–	–	–
Cash flows used in financing activities	(442,464)	(3,699,854)	(1,020,080)	(1,117,354)
Net increase/(decrease) in cash and cash equivalents	177,420	(699,414)	546,969	(414,713)

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited, which was established in Chinese Mainland. The table below summarises the names of related parties, with whom the Group has significant transactions during the year, and their relationship with the Company as at 31 December 2023:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("Guangzhou Metro")	Substantial shareholder
Yuexiu REIT	An associate
廣州東鑫房地產開發有限公司	An associate
武漢錦秀嘉合置業有限公司	An associate
廣州穗昭置業有限公司	An associate
廣州越創房地產開發有限公司	An associate
長沙長越房地產開發有限公司	An associate
廣州越宏房地產開發有限公司	An associate
佛山市南海區龍光駿惠房地產有限公司	An associate
廣州裕秀房地產開發有限公司	An associate
廣州天盈房地產開發有限公司	An associate
廣州市悦匯城商業經營管理有限公司	An associate
上海樂秀房地產開發有限公司	An associate
湖北宏秀房地產開發有限公司	A joint venture
江門市濱江房地產開發投資有限公司	A joint venture
廣州雲秀健康投資有限公司	A joint venture
武漢安和盛泰房地產開發有限公司	A joint venture
煙台領秀房地產開發有限公司	A joint venture
廣州智聯置業投資發展有限公司	A joint venture
廣州萬宏房地產開發有限公司	A joint venture
青島昌明置業有限公司	A joint venture
西咸新區紫原泊漢置業有限公司	A joint venture
Chong Hing Bank Limited	A fellow subsidiary
Guangzhou Paper Group Ltd. ("Guangzhou Paper")	A fellow subsidiary

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43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

		2023 RMB'000	2022 RMB'000
(I)	Interest income (note 7)		
	– associates	119,408	117,411
	– joint ventures	139,309	51,514
		258,717	168,925
	– a fellow subsidiary (bank deposits)	75,869	34,166
		334,586	203,091
(II)	Interest expense (note 8)		
	– substantial shareholder	–	(66,488)
	– immediate holding company	(309,529)	(218,747)
	– ultimate holding company	(90,254)	(87,057)
	– a fellow subsidiary	(45,634)	(24,042)
	– associates	(35,403)	(3,660)
	– an entity with significant influence over certain subsidiaries	(9,438)	(9,438)
		(490,258)	(409,432)
(III)	Addition of right-of-use assets		
	– fellow subsidiaries	–	7,259
	– associates	37,041	179,841
		37,041	187,100
(IV)	Rental income		
	– associates	18,233	1,346
	– fellow subsidiaries	29,284	7,958
		47,517	9,304
(V)	Short-term leases rental expenses		
	– associates	(36,218)	(31,684)
	– immediate holding company	(2,359)	–
	– substantial shareholder	(699)	(1,959)
		(39,276)	(33,643)

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		2023 RMB'000	2022 RMB'000
(VI)	Consideration for acquisitions of subsidiaries and associates		
	– a fellow subsidiary	–	30,400
	– ultimate holding company	–	4,045,953
		–	4,076,353
(VII)	Revenue from sales of materials		
	– joint ventures	**230,048**	188,220
	– associates	**218,945**	107,541
		448,993	295,761
(VIII)	Property management service income		
	– substantial shareholder	**187,515**	253,195
	– associates	**53,858**	36,484
	– fellow subsidiaries	**33,330**	21,529
	– joint ventures	**20,311**	39,510
		295,014	350,718
(IX)	Construction service income		
	– associates	**47,169**	47,333
	– joint ventures	**11,775**	11,938
	– fellow subsidiaries	**19,179**	25,759
		78,123	85,030
(X)	Others		
	Tenancy service fees income from an associate	**28,548**	27,670
	Naming right expense to an associate	**(20,000)**	(20,000)

The price of above transactions were determined in accordance with the terms as agreed among the relevant contracting parties.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Notes	2023 RMB'000	2022 RMB'000
Amount due from recorded in current assets			
– entities with significant influence over certain subsidiaries	(i), (ii)	**5,613,697**	5,099,197
– associates	(ii), (iii)	**2,151,044**	1,246,376
– substantial shareholder	(i), (ii)	**2,132,629**	1,647,815
– joint ventures	(ii) (iv)	**769,940**	655,358
– fellow subsidiaries	(i), (ii)	**35,337**	11,652
Amount due from recorded in non-current assets	(v)		
– associates		**1,527,581**	2,066,683
– joint ventures		**1,743,591**	2,117,215
Amount due to			
– associates	(ii), (vi)	**(19,318,826)**	(13,083,376)
– immediate holding company	(ii), (vii)	**(3,735,956)**	(7,844,337)
– joint ventures	(ii), (viii)	**(2,261,178)**	(1,982,479)
– fellow subsidiaries	(i), (ii)	**(857,406)**	(231,410)
– substantial shareholder	(ii), (ix)	**(409,162)**	(398,516)
– entities with significant influence over certain subsidiaries	(ii), (x)	**(242,395)**	(232,957)
– ultimate holding company	(i), (ii)	**(100,504)**	–
Bank deposits in a fellow subsidiary	(xi)	**3,231,483**	2,506,444
Bank borrowing from a fellow subsidiary	(xii)	**(956,920)**	(997,640)
Lease liabilities	(xiii)		
– fellow subsidiaries		**(193,665)**	(227,892)
– associates		**(112,266)**	(178,481)
Trade receivables from	(xiv)		
– joint ventures		**233,022**	157,367
– associates		**148,017**	86,079
– fellow subsidiaries		**25,072**	14,620
– substantial shareholder		**55,132**	44,557
Note receivables from associates	(xv)	**–**	49,373

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Except for the amounts denominated in HKD and USD listed below, other balances with related parties are denominated in RMB.

	2023 RMB'000	2022 RMB'000
Denominated in HKD		
Amount due from a joint venture	**21,876**	21,563
Bank deposit in a fellow subsidiary	**5,515**	70,775
Denominated in USD		
Bank deposit in a fellow subsidiary	**2,457**	3,454
Amount due from an associate	**637,443**	638,982

Notes:

(i) These balances are unsecured, interest-free and repayable or receivable on demand.

(ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.

(iii) Except for an amount of approximately RMB126,700,000 (2022: Nil), which is unsecured and interest-bearing at 8.00% per annum (2022: Nil) respectively, the remaining balances are unsecured, interest-free and receivable on demand.

(iv) Except for an amount of approximately RMB28,440,000 (2022: RMB105,717,000), which is unsecured and interest-bearing at 12.61% per annum (2022: 10.47%), the remaining balances are unsecured, interest-free and receivable on demand.

(v) These balances are included in interests in joint ventures and interests in associates. Except for the amounts of approximately RMB1,454,063,000 (2022: RMB1,782,075,000), which are unsecured and interest-bearing at 6.64% (2022: 7.47%) per annum respectively, the remaining balances are unsecured and interest-free.

(vi) Except for the amounts of approximately RMB606,727,000 (2022: RMB451,706,000), which are unsecured and interest-bearing at 4.99% (2022: 5.36%) per annum respectively, the remaining balances are unsecured, interest-free and repayable on demand.

(vii) The balances as at 31 December 2023 were unsecured, interest-free and repayable on demand. Interest incurred for loans from immediate holding company during the year ended 31 December 2023 was charged at 6.04% per annum (2022: 5.3%).

(viii) The balances are unsecured, interest-free and repayable on demand (31 December 2022: Except for RMB62,700,000 which is unsecured and interest-bearing at 8% per annum, the remaining balances were unsecured and interest-free).

(ix) The amounts due to the substantial shareholder, Guangzhou Metro, which are unsecured, interest-free and repayable in 2026 (2022: same).

(x) Except for an amount of approximately RMB163,311,000 (2022: RMB163,311,000), which is unsecured and interest-bearing at 5.7% (2022: 5.7%) per annum, the remaining balances are unsecured, interest-free and repayable on demand.

(xi) These balances are bank deposits maintained with fellow subsidiaries on normal commercial terms.

(xii) These balances were unsecured and interest-bearing at 3.65% (2022: 4.78%) per annum.

(xiii) The Group leases office premises from associates and fellow subsidiaries. The monthly rents payable by the Group during the lease terms are determined with reference to the prevailing market prices.

(xiv) The balances are receivable from Guangzhou Metro, joint ventures, associates and fellow subsidiaries for the provision of property management services, construction services, agency services or materials on normal commercial terms.

(xv) The balance is notes receivable from associates for the provision of materials on normal commercial terms.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

The aggregate amounts of emoluments paid or payable to key management of the Group are as follows:

	2023 RMB'000	2022 RMB'000
Fees	**1,667**	1,357
Other emoluments:		
Basis salaries, housing allowances, other allowances and benefits in kind	**21,356**	27,970
Pension costs	**600**	600
	23,623	29,927

(e) Received guarantees

(i) Guangzhou Yue Xiu provides corporate guarantee for the borrowings of the Group amounting to approximately RMB24,222 million as at 31 December 2023 (2022: RMB18,822 million).

(ii) Guangzhou Paper provides corporate guarantee for the borrowings of the Group, amounting to RMB25 million as at 31 December 2022. The borrowings were repaid in 2023.

(f) Provision of guarantees

The Group provides guarantees for the borrowings of associates and joint ventures, as further detailed in note 39 to the financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at fair value through profit or loss - Mandatorily designated as such RMB'000	Financial assets at FVOCI - Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at FVOCI	–	999,130	–	999,130
Derivative financial instruments	229,536	–	–	229,536
Trade and note receivables	–	–	846,308	846,308
Financial assets included in other receivables, prepayments and deposits	–	–	34,427,288	34,427,288
Charged bank deposits	–	–	16,832,610	16,832,610
Cash and cash equivalents	–	–	29,265,250	29,265,250
Total	229,536	999,130	81,371,456	82,600,122

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and note payables	–	1,330,814	1,330,814
Financial liabilities included in other payables and accrued charges	–	84,204,874	84,204,874
Borrowings	–	104,370,898	104,370,898
Derivative financial instruments	55,785	–	55,785
Total	55,785	189,906,586	189,962,371

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31 December 2023

44. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2022

Financial assets

	Financial assets at fair value through profit or loss-Mandatorily designated as such RMB'000	Financial assets at FVOCI - Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at FVOCI	–	1,023,964	–	1,023,964
Derivative financial instruments	15,697	–	–	15,697
Trade and note receivables	–	–	569,686	569,686
Financial assets included in other receivables, prepayments and deposits	–	–	21,810,263	21,810,263
Charged bank deposits	–	–	13,271,994	13,271,994
Cash and cash equivalents	–	–	21,846,458	21,846,458
Total	15,697	1,023,964	57,498,401	58,538,062

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and note payables	–	1,641,773	1,641,773
Financial liabilities included in other payables and accrued charges	–	74,010,108	74,010,108
Borrowings	–	88,298,363	88,298,363
Derivative financial instruments	396,331	–	396,331
Total	396,331	163,950,244	164,346,575

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Financial assets				
Financial assets at FVOCI	**999,130**	1,023,964	**999,130**	1,023,964
Derivative financial instruments	**229,536**	15,697	**229,536**	15,697
Total	**1,228,666**	1,039,661	**1,228,666**	1,039,661
Financial liabilities				
Borrowings	**104,370,898**	88,298,363	**104,370,898**	88,298,363
Derivative financial instruments	**55,785**	396,331	**55,785**	396,331
Total	**104,426,683**	88,694,694	**104,426,683**	88,694,694

Management has assessed that the fair values of trade and notes receivables, other receivables, charged bank deposits, cash and cash equivalents, trade and notes payables, financial instruments included in other payables and accrued charges approximate to their carrying amounts largely due to the interest rate for receivable/payable is close to current market rates or the instruments are short-term in nature.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes, including level 3 fair values. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) The fair values of interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for borrowings as at 31 December 2023 were assessed to be insignificant.

(b) The fair values of financial assets at FVOCI are determined using either (1) the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry; or (2) the Summation Method by the addition of the separate values of their components.

(c) The fair values of foreign currency forward contracts are determined using present value of future cash flows based on the forward exchange rates at the end of reporting period.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments:

Description	Fair value at 31 December 2023 RMB'000	Valuation technique	Unobservable inputs	Weighted average
Unlisted equity security	**4,885**	Summation method	Value of each asset/liability	N/A
Unlisted equity security	**994,245**	Guideline public company method	(1) Discount of lack of marketability (2) Applicable Price Earnings Ratio	(1) 40% (2) 11.39

Description	Fair value at 31 December 2022 RMB'000	Valuation technique	Unobservable inputs	Weighted average
Unlisted equity security	2,835	Summation method	Value of each asset/liability	N/A
Unlisted equity security	1,021,129	Guideline public company method	(1) Discount of lack of marketability (2) Applicable Price Earnings Ratio	(1) 40% (2) 11.39

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instrument – foreign currency forward contracts (note 33)	–	229,536	–	229,536
Financial assets at FVOCI (note 20)	–	–	999,130	999,130
Total	–	229,536	999,130	1,228,666

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instrument – foreign currency forward contracts (note 33)	–	15,697	–	15,697
Financial assets at FVOCI (note 20)	–	–	1,023,964	1,023,964
Total	–	15,697	1,023,964	1,039,661

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	–	55,785	–	55,785

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Liabilities measured at fair value: (Continued)

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	–	396,331	–	396,331

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Liabilities disclosed at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Borrowings	**–**	**104,370,898**	**–**	**104,370,898**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Borrowings	–	88,298,363	–	88,298,363

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

(i) Foreign exchange risk

A majority of the subsidiaries of the Group operate in Chinese Mainland with most of their transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars ("HKD") and United States dollars ("USD") for certain cash and bank balances of approximately RMB544 million (2022: RMB1,139 million) and borrowings of approximately RMB2,311 million (2022: RMB1,099 million) which were denominated in HKD and cash and bank balances of approximately RMB150 million (2022: RMB143 million) and borrowings of approximately RMB5,653 million (2022: RMB8,342 million) which were denominated in USD as at 31 December 2023. The Group has entered into several forward exchange contracts to hedge its exposure to foreign currency risk during the year ended 31 December 2023.

At 31 December 2023, if RMB had strengthened/weakened by 5 percent against HKD and USD with all other variables held constant (assuming no capitalisation of exchange difference), post-tax profit for the year would have been approximately RMB67 million higher/lower (2022: post-tax profit RMB9 million higher/lower), mainly as a result of the net foreign exchange gains on translation of monetary assets and liabilities denominated in HKD and USD.

(ii) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings at fixed rate which expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group closely monitors the trend of interest rates and its impact on the Group's interest rate risk exposure. As at 31 December 2023, fixed interest rate borrowings accounted for approximately 44% (2022: 51%) of the total borrowings.

At 31 December 2023, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB15 million lower/higher (2022: post-tax profit RMB54 million lower/higher) respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is exposed to equity securities price risk in its financial assets at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The financial assets at FVOCI are mainly unlisted equity instruments in Chinese Mainland and if the fair value of these equity investments had increased or decreased by 10 percent, the Group's equity would have been increased or decreased by approximately RMB68 million in 2023 (2022: RMB70 million).

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, charged bank deposits, trade and notes receivables, and other receivables, including amounts due from related parties.

The carrying amounts of trade and notes receivables, other receivables, cash and cash equivalents and charged bank deposits represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, cash at banks and charged bank deposits are placed with highly reputable financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayment. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group also provides certain financial guarantee to associates and joint ventures. As the associates and joint ventures have strong capacity to meet their contractual cash flow obligations, the Group has assessed that the expected credit loss is immaterial. Detailed disclosure of these guarantees is set out in note 39 to the financial statements.

For trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at year end to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group of receivables are estimated on the basis of historical default rates, adjusted to reflect the effects of existing market conditions as well as forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. As at 31 December 2023, certain customers were in delinquency of payments and their respective trade receivable balances amounting to approximately RMB9 million (2022: RMB9 million) were therefore fully impaired.

Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics. As at 31 December 2023, loss allowance of RMB36 million (31 December 2022: RMB31 million) was provided for according to the simplified approach.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Property management segment				Other segments		Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Balances with known insolvencies	Balances without known insolvencies	
Expected credit loss rate	5%	30%	50%	100%	100%	–*	
Gross carrying amount (RMB'000)	224,980	22,593	3,962	15,754	9,124	591,525	867,938
Expected credit losses (RMB'000)	11,249	6,778	1,981	15,754	9,124	–	44,886

As at 31 December 2022

	Property management segment				Other segments		Total
	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Balances with known insolvencies	Balances without known insolvencies	
Expected credit loss rate	5%	30%	50%	100%	100%	–*	
Gross carrying amount (RMB'000)	144,220	32,383	6,296	11,157	9,195	345,875	549,126
Expected credit losses (RMB'000)	7,211	9,715	3,148	11,157	9,195	–	40,426

* The balances as at 31 December 2023 and 2022 are mainly receivables from related parties and the expected credit loss rate is less than 0.01%.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade and notes receivables	–	891,194	891,194
Financial assets included in other receivables, prepayments and deposits*	34,450,158	–	34,450,158
Charged bank deposits	16,832,610	–	16,832,610
Cash and cash equivalents	29,265,250	–	29,265,250
Total	80,548,018	891,194	81,439,212

As at 31 December 2022

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Simplified approach RMB'000	Total RMB'000
Trade and notes receivables	–	610,112	610,112
Financial assets included in other receivables, prepayments and deposits*	21,827,806	–	21,827,806
Charged bank deposits	13,271,994	–	13,271,994
Cash and cash equivalents	21,846,458	–	21,846,458
Total	56,946,258	610,112	57,556,370

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents (note 28) on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities and lease liabilities by maturity grouping at the end of reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2023					
Borrowings (principal amount plus interest)	26,195,463	25,298,535	49,126,527	14,217,293	114,837,818
Trade and notes payables (note 29)	1,330,814	–	–	–	1,330,814
Other payables and accrued charges (excluding accrued employee benefit costs and value-added tax payables and other taxes payables)	83,417,958	34,094	770,825	–	84,222,877
Lease liabilities	259,714	166,848	303,727	319,467	1,049,756
Derivative financial instruments	–	–	55,785	–	55,785
Total	111,203,949	25,499,477	50,256,864	14,536,760	201,497,050

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2022					
Borrowings (principal amount plus interest)	18,795,153	26,413,592	46,790,082	5,933,168	97,931,995
Trade and notes payables (note 29)	1,641,773	–	–	–	1,641,773
Other payables and accrued charges (excluding accrued employee benefit costs and value-added tax payables and other taxes payables)	71,223,882	2,370,708	1,005,474	–	74,600,064
Lease liabilities	216,589	179,613	280,435	377,461	1,054,098
Derivative financial instruments	212,258	51,890	132,183	–	396,331
Total	92,089,655	29,015,803	48,208,174	6,310,629	175,624,261

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 39 to the financial statements. The earliest period in which the guarantee could be called is less than 12 months.

Capital management

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

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

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position plus net debt.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

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

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Total borrowings (note 32)	**104,370,898**	88,298,363
Lease liabilities (note 16)	**839,021**	891,594
Less: Cash and cash equivalents (note 28)	**(29,265,250)**	(21,846,458)
Net borrowings	**75,944,669**	67,343,499
Total equity (including non-controlling interests)	**102,208,780**	84,792,741
Total capital	**178,153,449**	152,136,240
Gearing ratio (net borrowings divided by total capital)	**42.6%**	44.3%

The decrease in the gearing ratio during 2023 was primarily due to the increase in share capital as a result of the Rights Issue of the Company conducted in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,934	5,816
Intangible assets	18	–
Investment properties	9,968	12,365
Interests in subsidiaries	38,340,066	37,917,205
Interests in associates	27,116	19,299
Derivative financial assets	–	15,697
	38,384,102	37,970,382
Current assets		
Other receivables, prepayments and deposits	866	2,404
Amounts due from subsidiaries	18,282,119	16,280,185
Derivative financial assets	229,536	–
Cash and cash equivalents	671,768	1,227,586
	19,184,289	17,510,175
LIABILITIES		
Current liabilities		
Amounts due to subsidiaries	2,145,132	3,888,028
Amounts due to immediate holding company	3,730,019	7,840,279
Other payables and accrued charges	28,503	12,486
Borrowings	226,555	1,098,722
Derivative financial instruments	–	212,258
	6,130,209	13,051,773
Net current assets	13,054,080	4,458,402
Total assets less current liabilities	51,438,182	42,428,784

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2023 RMB'000	2022 RMB'000
Non-current liabilities		
Amount due to a subsidiary	21,882,572	21,376,987
Borrowings	2,084,306	–
Derivative financial instruments	55,785	184,073
	24,022,663	21,561,060
Net assets	27,415,519	20,867,724
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	25,545,008	18,035,015
Shares held under share award scheme	(121,530)	(175,520)
Reserves (note)	1,992,041	3,008,229
Total equity	27,415,519	20,867,724

Lin Zhaoyuan
Director

Zhu Huisong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Hedging reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	(445,661)	3,453,890	3,008,229
Profit for the year	–	1,502,693	1,502,693
Gains on cash flow hedges	340,388	–	340,388
Costs of hedging	133,445	–	133,445
Hedging gains reclassified to profit or loss	(200,347)	–	(200,347)
Dividends paid	–	(2,792,367)	(2,792,367)
At 31 December 2023	(172,175)	2,164,216	1,992,041

	Hedging reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2022	106,602	1,220,569	1,327,171
Profit for the year	–	3,998,369	3,998,369
Gains on cash flow hedges	590,368	–	590,368
Costs of hedging	(611,841)	–	(611,841)
Hedging gains reclassified to profit or loss	(530,790)	–	(530,790)
Dividends paid	–	(1,765,048)	(1,765,048)
At 31 December 2022	(445,661)	3,453,890	3,008,229

48. COMPARATIVE FIGURES

The basic earnings per share and diluted earnings per share for the year ended 31 December 2022 were restated due to the rights issue of the Company conducted in 2023, as mentioned in note 14 to the financial statements.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2024.

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