



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

Stock Code: 00123

Annual Report 2023



WHERE **GOOD**
LIVING STARTS





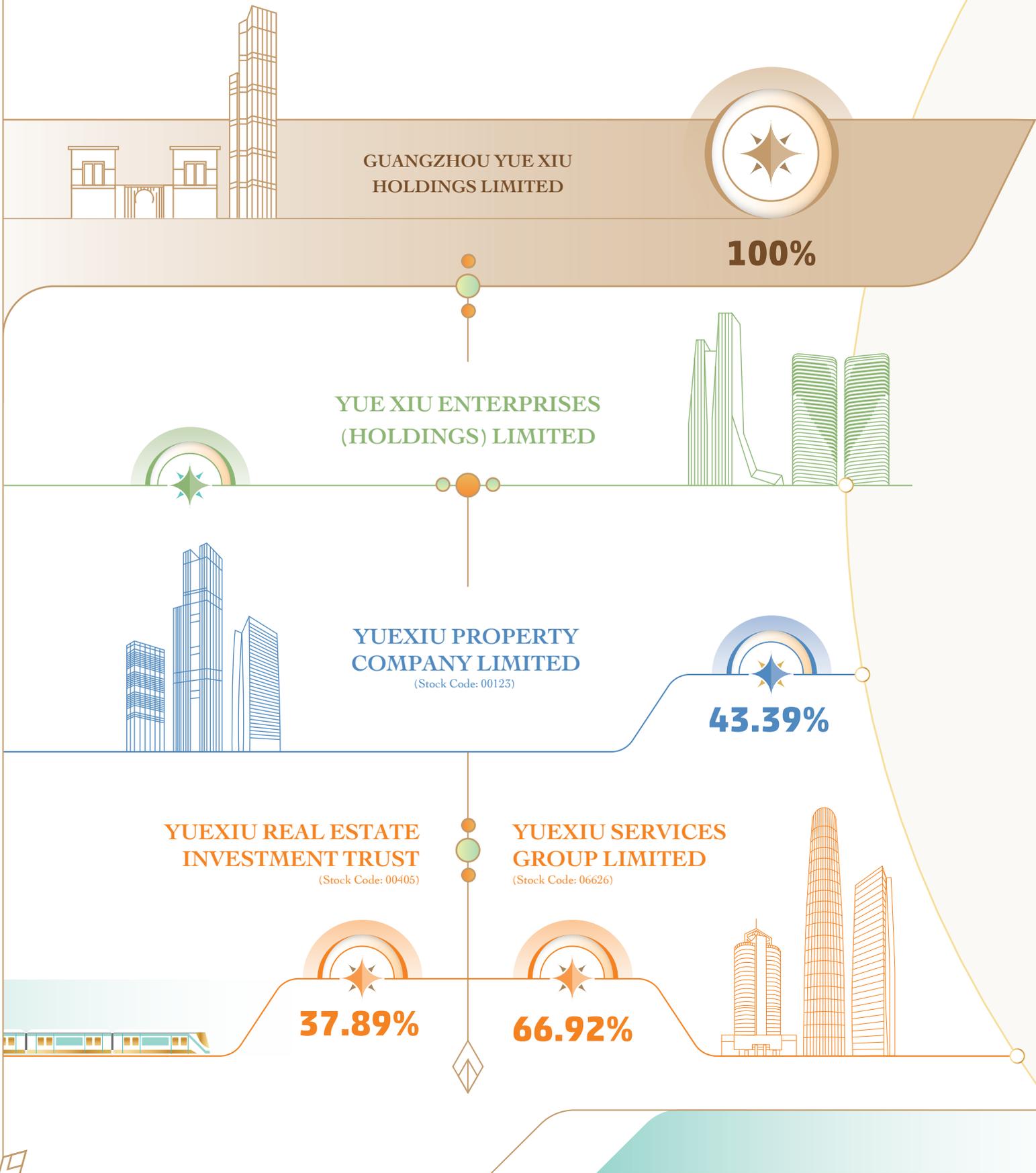


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CORPORATE STRUCTURE

As at 31 December 2023



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr Lin Zhaoyuan (Chairman)
Mr Lin Feng*
Mr Zhu Huisong
Mr He Yuping
Ms Chen Jing
Ms Liu Yan

Non-executive director

Mr Zhang Yibing

Independent non-executive directors & audit committee members

Mr Yu Lup Fat Joseph
Mr Lee Ka Lun
Mr Lau Hon Chuen Ambrose
Mr Cheung Kin Sang

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Lung Bank Limited
DBS Bank Ltd.
China Construction Bank (Asia) Corporation Limited
Agricultural Bank of China Limited

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiuproperty.com>
<http://www.irasia.com/listco/hk/yuexiuproperty>
<http://www.hkexnews.hk>

REGISTERED OFFICE

26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited

Stock codes
The Stock Exchange of Hong Kong Limited - 00123
Reuters - 123.HK
Bloomberg - 123 HK

* Mr Lin Feng resigned as the Vice-Chairman, an Executive Director and the General Manager of the Company on 24 April 2024. Please refer to the announcement of the Company dated 24 April 2024 for further details.

Notes and Bonds

The Stock Exchange of Hong Kong Limited

U.S.\$500,000,000 4.50 per cent. Notes due 2023 (Code: 4597)
(repaid in full on 19 January 2023)
HK\$2,300,000,000 6.10 per cent. Notes due 2029 (Code: 5846)
U.S.\$400,000,000 5.375 per cent. Notes due 2023 (Code: 4468)
(repaid in full on 18 October 2023)
U.S.\$650,000,000 2.80 per cent. Notes due 2026 (Code: 40547)
U.S.\$150,000,000 3.80 per cent. Notes due 2031 (Code: 40548)

Chongwa (Macao) Financial Asset Exchange Co., Ltd.

RMB1,396,000,000 3.80 per cent. Notes due 2026 (Code: MOXTB2305)
RMB2,000,000,000 4.00 per cent. Notes due 2026 (Code: MOXLB2307)
RMB510,000,000 4.00 per cent. Notes due 2026* (Code: MOXTB23083)

* Additional issuance of RMB700,000,000 of such notes was completed in January 2024, totalling RMB1,210,000,000

Shanghai Stock Exchange

RMB1,500,000,000 2.53 per cent. Corporate Bonds due 2024 (19 穗建04 Code: 155760)
RMB1,500,000,000 3.20 per cent. Corporate Bonds due 2024 (21 穗建01 Code: 188438)
RMB1,000,000,000 3.50 per cent. Corporate Bonds due 2026 (21 穗建02 Code: 188439)
RMB1,500,000,000 3.17 per cent. Corporate Bonds due 2024 (21 穗建03 Code: 188730)
RMB500,000,000 3.55 per cent. Corporate Bonds due 2026 (21 穗建04 Code: 188731)
RMB1,500,000,000 3.29 per cent. Corporate Bonds due 2024 (21 穗建05 Code: 188802)
RMB500,000,000 2.90 per cent. Corporate Bonds due 2025 (22 穗建01 Code: 185771)
RMB1,500,000,000 3.38 per cent. Corporate Bonds due 2027 (22 穗建02 Code: 185774)
RMB1,000,000,000 2.84 per cent. Corporate Bonds due 2025 (22 穗建03 Code: 185772)
RMB1,150,000,000 3.35 per cent. Corporate Bonds due 2027 (22 穗建04 Code: 185773)
RMB1,000,000,000 2.85 per cent. Corporate Bonds due 2025 (22 穗建05 Code: 185916)
RMB1,000,000,000 3.37 per cent. Corporate Bonds due 2027 (22 穗建06 Code: 185917)
RMB400,000,000 2.90 per cent. Corporate Bonds due 2025 (22 穗建07 Code: 185965)
RMB700,000,000 3.43 per cent. Corporate Bonds due 2027 (22 穗建08 Code: 155866)
RMB1,500,000,000 2.78 per cent. Corporate Bonds due 2025 (22 穗建09 Code: 137826)
RMB1,090,000,000 3.09 per cent. Corporate Bonds due 2027 (22 穗建10 Code: 137827)
RMB700,000,000 3.15 per cent. Corporate Bonds due 2026 (23 穗建01 Code: 138935)
RMB1,200,000,000 3.50 per cent. Corporate Bonds due 2028 (23 穗建02 Code: 138936)
RMB1,500,000,000 3.40 per cent. Corporate Bonds due 2028 (23 穗建04 Code: 115026)
RMB900,000,000 2.98 per cent. Corporate Bonds due 2026 (23 穗建05 Code: 115478)
RMB1,100,000,000 3.63 per cent. Corporate Bonds due 2033 (23 穗建06 Code: 115479)
RMB600,000,000 3.03 per cent. Corporate Bonds due 2026 (23 穗建07 Code: 240203)
RMB900,000,000 3.25 per cent. Corporate Bonds due 2028 (23 穗建08 Code: 240401)

INVESTOR RELATIONS

For further information about Yuexiu Property Company Limited, please contact:
Mr Michael Jiang
Email: ir@yuexiuproperty.com

FINANCIAL HIGHLIGHTS

INCOME STATEMENT HIGHLIGHTS

RMB'000	For the year ended 31 December				
	2023	2022	2021	2020	2019
Revenue	80,222,011	72,415,643	57,378,861	46,234,259	38,339,112
Gross profit	12,257,627	14,805,616	12,482,465	11,626,088	13,117,387
Profit attributable to equity holders	3,185,085	3,953,352	3,588,929	4,247,860	3,483,351
Basic earnings per share (RMB)	0.8542	1.1932	1.1590	1.3718	0.2410
Core net profit	3,493,235	4,237,930	4,152,049	4,024,032	3,511,604
Dividends per share (RMB)	0.347	0.547	0.536	0.104	0.091

BALANCE SHEET HIGHLIGHTS

RMB'000	As of 31 December				
	2023	2022	2021	2020	2019
Total cash (including cash, cash equivalents and charged bank deposits)	46,097,860	35,118,452	40,499,046	37,307,969	30,189,370
Total assets	401,178,728	346,351,976	313,854,885	263,196,000	234,697,255
Total assets less current liabilities	191,092,189	167,842,384	131,234,093	131,610,541	127,779,621
Shareholders' equity	55,628,905	47,429,623	46,236,070	43,747,657	40,723,508
Shareholders' equity per share (RMB)	13.82	15.32	14.93	14.13	2.63

REVENUE

(RMB million)



GROSS PROFIT

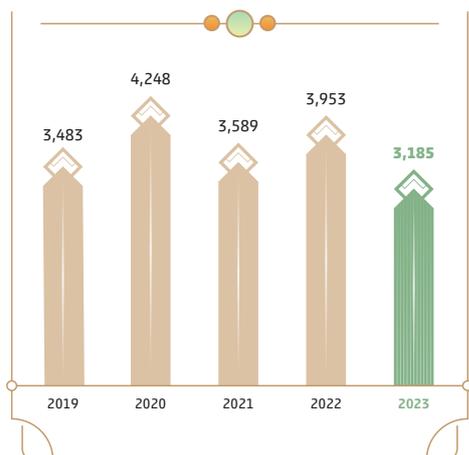
(RMB million)



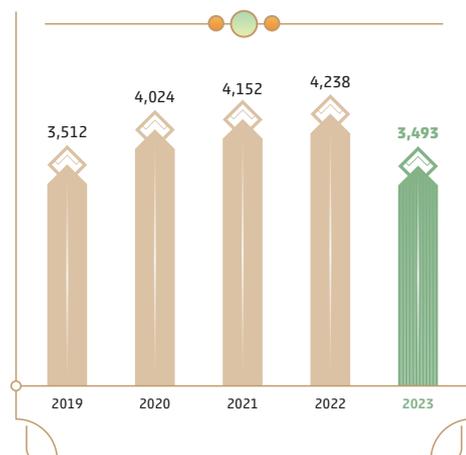
FINANCIAL HIGHLIGHTS

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS CORE NET PROFIT

(RMB million)

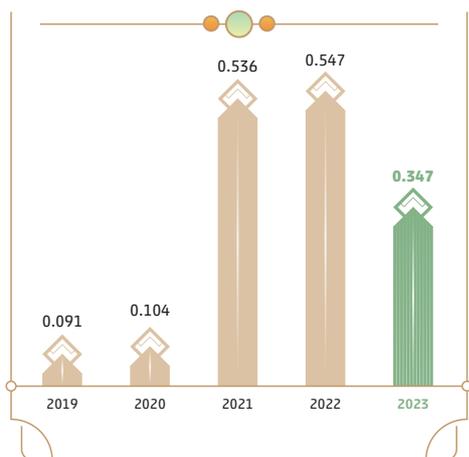


(RMB million)



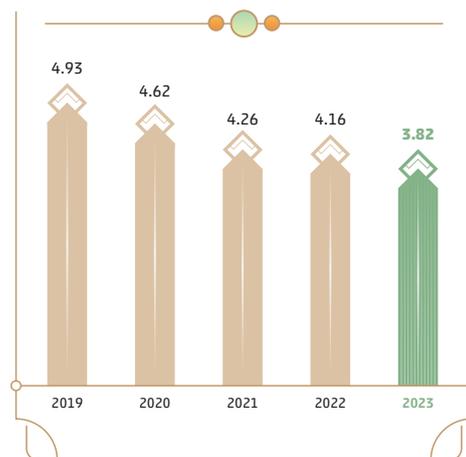
DIVIDENDS PER SHARE

(RMB)



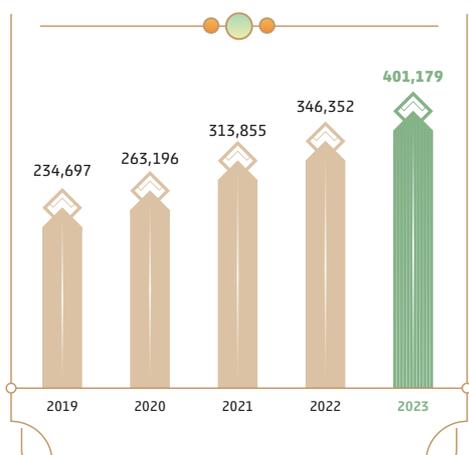
WEIGHTED AVERAGE BORROWING INTEREST RATE

%



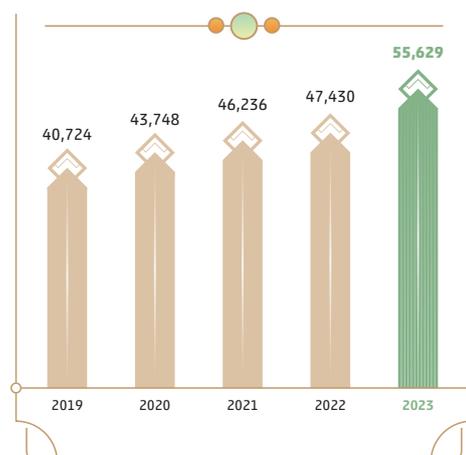
TOTAL ASSETS

(RMB million)



SHAREHOLDERS' EQUITY

(RMB million)



CORPORATE SUSTAINABLE DEVELOPMENT

KEY ACHIEVEMENTS AND ESG HIGHLIGHTS

Sustainable Development Performance of Yuexiu Property in 2023



GRESB rating raised from two stars in 2022 to **four stars**, and the score increased from 79 in 2022 to **92** in 2023



MSCI ESG Rating of **"BB"**



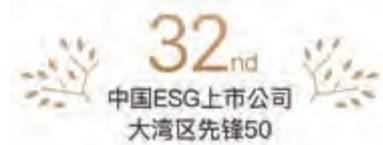
Rated **Medium ESG Risk** by Sustainalytics



HKQAA Sustainability Rating upgraded from "BBB+" in 2022 to **"A-"** in 2023



Wind ESG Rating improved to **"A"** from "BBB" in 2022, ranking **14th** out of 396 companies in the property management and development sector



Selected as the "China ESG Listed Company Greater Bay Area Pioneer 50" (**No. 32**)



The 2022 Environmental, Social and Governance (ESG) Report of Yuexiu Property Company Limited received a **"four and a half-star"** rating in China Enterprise ESG Report



Selected in the Greater Bay Area State-Owned Enterprises ESG Development Index (**No. 4**)



Won the **Best in ESG Awards - Merit** of the "BDO ESG Awards"



Selected into the Listed State-owned Companies - ESG Vanguard 100 Index (**No. 9**)



Won the **Hong Kong Corporate Governance and ESG Excellence Awards** - Honourable Mention



Won the **China Property Award of Supreme Excellence in ESG 2023**

CORPORATE SUSTAINABLE DEVELOPMENT

2023 ESG HIGHLIGHTS

Dual Carbon Strategy



Established dual carbon strategic goals: carbon peaking by 2030 and carbon neutrality by 2060



The carbon emission intensity per unit area for public buildings aims to reduce by 44% compared to 2019 levels by 2030

The carbon emission intensity per unit area for residential projects aims to reduce by 23% compared to 2019 levels by 2030



Adopted a climate risk model to analyse the extent of climate risk impacts on the 29 cities where Yuexiu Property operates its projects when the temperature rises by 1.5°C and 3°C, respectively, and enhance our understanding of the potential business and financial impacts

Sustainable Development

Launched the Yuexiu Property ESG Management System to enhance the ESG management level by digital means



Established a Green Office Working Group and a Climate Change Response Working Group to optimise the sustainability governance structure



Community Development

Up to RMB200 million donations was actually disbursed in 2023 to promote education and youth development, including campus construction, teacher training, special education activities, etc.



Invested more than RMB20 million in maintenance funds for 370 renovations to modernise the community and propel the city towards a more sustainable and smarter future



Corporate Governance

Conducted risk control audits with a coverage rate and rectification rate of 100%



Established the Digital Management Committee to coordinate digital strategic planning and implementation



Green Finance

Approximately 25% of bond and loan financing was sourced from green finance, with continuous increase in the proportion of green finance



CORPORATE SUSTAINABLE DEVELOPMENT

PROGRESS ON THE 2030 OVERALL PLAN FOR SUSTAINABLE DEVELOPMENT



Environment and Product Life Cycle

Carbon emission intensity	<ul style="list-style-type: none"> The carbon emission intensity for public buildings and residential projects is 25.12 tCO₂/10,000 m², 24% lower than the carbon emission intensity per unit area in 2019
Environmental management system	<ul style="list-style-type: none"> Guangzhou Yuejian Engineering Management Co., Ltd., Guangzhou City Construction & Development Engineering Cost Consulting Co., Ltd., Guangzhou City Construction & Development Design Institute Co., Ltd., Yue Xiu Property Management Limited, and Yue Xiu APT Parking Limited, all being subsidiaries of the Group, have obtained ISO 14001 Environmental Management System Certification, with the coverage rate progressively increasing
Capitalised renovation	<ul style="list-style-type: none"> Total investment in capitalised renovation exceeds RMB5.2 million, and it is expected to save 2.3 million kWh of electricity annually
Green building	<ul style="list-style-type: none"> For residential projects, a total of 163 projects meeting green building standard completed or under construction, with a gross floor area of 26,676,300 sq.m. For residential projects, newly added a total of 9 projects meeting green building standard in 2023, with a gross floor area of 1,333,300 sq.m. For commercial projects, newly added 232,000 sq.m. of green building 2-star certified gross floor area, and 97,000 sq.m. of green building 3-star certified gross floor area
Ultra-low-energy building	<ul style="list-style-type: none"> For ultra-low-energy building projects, newly added 58,500 sq.m. of gross floor area



Human Capital

Compliant employment	<ul style="list-style-type: none"> There were no violations of international norms, such as the Universal Declaration of Human Rights, and national laws, with zero child labour and forced labour
Occupational health and safety management system	<ul style="list-style-type: none"> Guangzhou Yuejian Engineering Management Co., Ltd., Guangzhou City Construction & Development Engineering Cost Consulting Co., Ltd., Guangzhou City Construction & Development Design Institute Co., Ltd., Yue Xiu APT Parking Limited, and Yue Xiu Property Management Limited have obtained ISO 45001 Occupational Health and Safety Management System Certification
Occupational health and safety	<ul style="list-style-type: none"> 0 accident with direct liability for work safety above the major level 0 fatality at construction sites 100% coverage rate of health examinations for employees
Talent attraction and retention	<ul style="list-style-type: none"> A total of more than 4,216 courses on the "Yue Learning" online learning platform Recruited over 130 fresh graduates with a bachelor's degree or above, and over 150 graduates from vocational and technical colleges in 2023

CORPORATE SUSTAINABLE DEVELOPMENT



Social Relations and Harmony

Rural revitalisation	<ul style="list-style-type: none"> Invested a total of RMB2.89 million in 2023 to promote the development of products related to rural revitalisation
Urban renewal	<ul style="list-style-type: none"> Allocate RMB25 million to the "Spring Breeze Action" every year, focusing on renovating old communities and equipment
Health and Wellness	<ul style="list-style-type: none"> By 2023, Yuexiu Health Care Industry Company provided nearly 8,000 elderly care beds to society
Community investment	<ul style="list-style-type: none"> Yuexiu Financial Tower and Guangzhou International Commercial Centre have obtained the WELL Mid-term Certification at Platinum level
Product quality	<ul style="list-style-type: none"> Guangzhou Yuejian Engineering Management Co., Ltd., Guangzhou City Construction & Development Engineering Cost Consulting Co., Ltd., Guangzhou City Construction & Development Design Institute Co., Ltd., Yue Xiu Property Management Limited, and Yue Xiu APT Parking Limited have obtained ISO 9001 Quality Management System Certification
Customer satisfaction	<ul style="list-style-type: none"> In 2023, the overall satisfaction score for each of Yuexiu Property's business formats reached an average of 99.48, and Yuexiu Property's overall satisfaction score for its residential products was 89



Organisation and Innovation

Business ethics	<ul style="list-style-type: none"> 100% signing rate of Undertaking for Personal Integrity for new employees 100% signing rate of Undertaking for Personal Integrity for suppliers
Information security and customer privacy	<ul style="list-style-type: none"> 0 complaint or legal action concerning breaches of customer privacy 0 case of significant privacy leakage, theft or loss of customer data
Digital management	<ul style="list-style-type: none"> Established the Digital Management Committee in 2023 with five professional sub-committees
Intellectual property	<ul style="list-style-type: none"> A total of 559 valid registered trademarks A total of 6 valid invention patents A total of 70 utility model patents



Financial Capital

Green finance policy	<ul style="list-style-type: none"> Introduced a green finance policy to guide our financing towards a stronger focus on environmental protection and social responsibility, reinforcing our commitment and responsibility in the field of sustainable development
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KEY EVENTS OF THE YEAR

The Group's contracted sales value maintained resilient growth to RMB142.03 billion for the year, representing a year-on-year increase of 13.6%, and exceeded the full year target of RMB132.0 billion.

01

Through the "6+1" diversified land acquisition model, the Group newly acquired 28 land parcels in 11 cities during the year, with a total GFA of 4.91 million sq.m., all located in tier-1 and major tier-2 cities, including the newly acquired Xingqiao TOD project (now known as Hangzhou Infinite Affluent) in Hangzhou with a total GFA of 0.48 million sq.m., thus continuing to promote the national layout strategy of TOD business. As at the end of the year, the total landbank of the Group was approximately 25.67 million sq.m..

02

03

The Group made breakthrough progress in urban renewal. During the year, the Guangzhou Lirendong Old Village Renovation Project recorded an overall contract signing rate of 82%, with a total saleable value of approximately RMB69.0 billion. The Guangzhou Nanyang Electrical Appliance Factory urban renewal project recorded an overall contract signing rate of 90%, with a total saleable value of approximately RMB4.5 billion. During the year, the Group acquired its first urban renewal project in Hongkou District, Shanghai, with a total saleable value of approximately RMB3 billion, further strengthening its diversified land acquisition model and market position in Shanghai.

04

The Group's "Three Red Lines" indicators all remained in "green lights", with further improvement and optimisation. The total liabilities/total assets ratio (excluding unearned revenue), net gearing ratio and cash to short-term debt ratio amounted to 67.4%, 57.0% and 2.01 times, respectively. With diversified financing channels, the Group continued to optimise its debt structure and capital costs, with a weighted average borrowing interest rate of 3.82% per annum, representing a year-on-year decrease of 34 basis points.

05

The Group's solid operating results and promising development prospects were well recognized by the capital market. During the year, 14 domestic and overseas securities brokerage firms and investment banks covered the Group for the first time, bringing the total to 37, and ten of which, including Citibank, CICC, DBS, Daiwa, ABC International, CCB International, China Securities, BOCOM International, Haitong Securities and Kaiyuan Securities, ranked the Group as "Top Pick", highlighting the attention and recognition of capital market to the Group.



KEY EVENTS OF THE YEAR

06

The Group seized favourable opportunities in the market to successfully complete the fund raising by way of Rights Issue, which was over-subscribed by 1.15 times and raised net proceeds of approximately HKD8.3 billion. The Rights Issue was fully supported and subscribed by the two major shareholders, Yuexiu Group and Guangzhou Metro Group, fully reflecting our shareholders' confidence in the future development of the Group. The funds raised from the Rights Issue will be mainly used for investments in core cities in the Greater Bay Area and Eastern China Region, as well as other key provincial capital cities. The Rights Issue further enhanced the capital base and strengthen the core competitiveness of the Group.

07

The Group continued to improve its ESG management level. During the year, it officially launched the "Yuexiu Property ESG Management System" to enhance its ESG management level by digital means. The rating performance of the Group's ESG indicators continued to improve. During the year, the Group received a four-star rating by the Global Real Estate Sustainability Benchmark (GRESB); was selected as the "China ESG Listed Company Greater Bay Area Pioneer 50" for the first time; and won the "Hong Kong Corporate Governance & ESG Excellence Award" for the first time, becoming the first domestic real estate company in the Greater Bay Area to win the Award since it was organised in 2007.

08

During the year, the Group won the Outstanding Listed Company Award from The Hong Kong Institute of Financial Analysts and Professional Commentators Limited and the Listed Company Awards of Excellence from the Hong Kong Economic Journal. In addition, the Group was selected as the 2023 TOP 10 China Real Estate Enterprise Brand Value by Ehconsulting and 2023 Model State-owned Enterprise by Beijing Daily during the year, indicating the market's sustained recognition of the Group's operation ability and brand value.

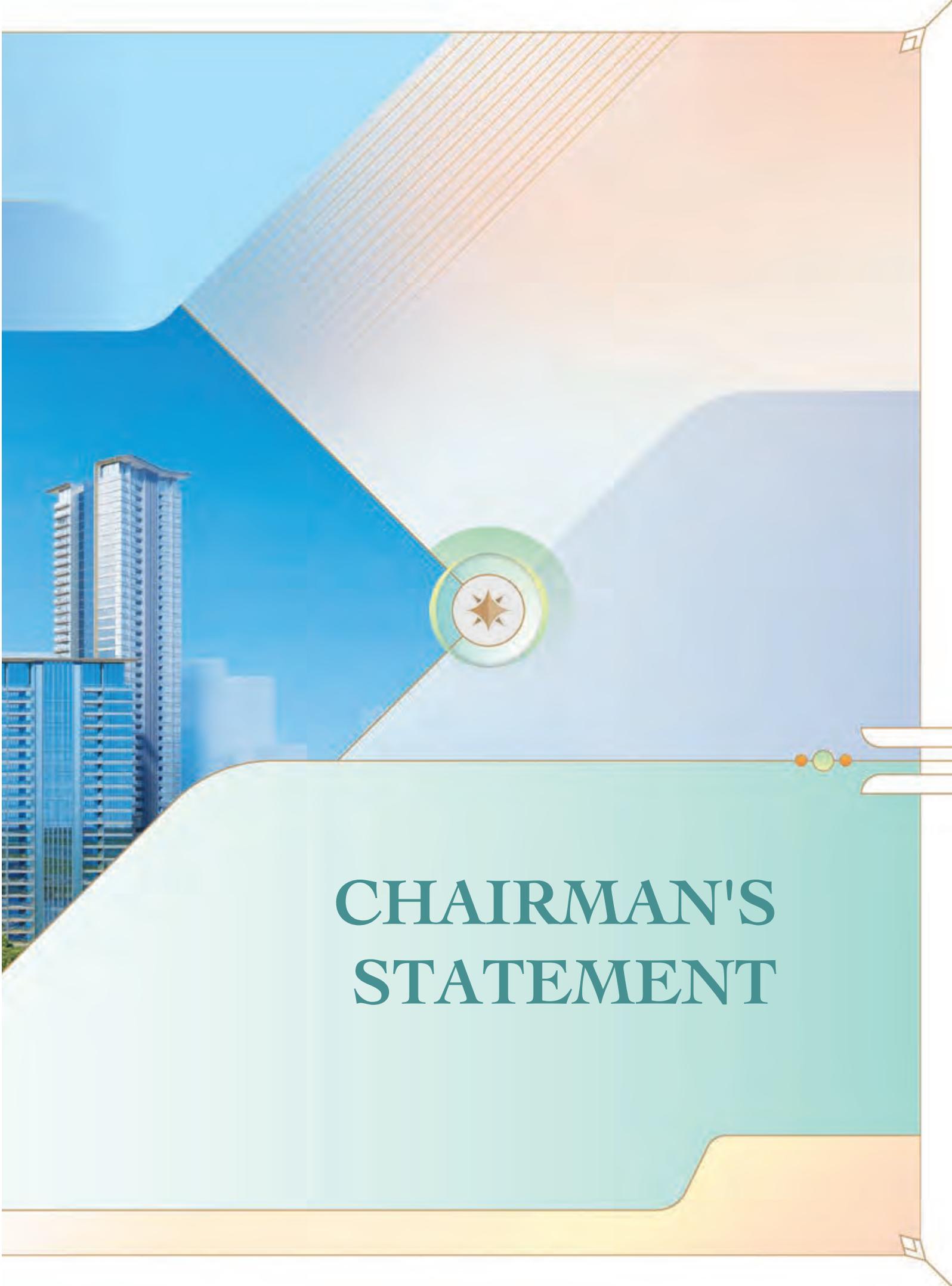
09

The Group's product competitiveness have reached a new level and its market influence has been significantly enhanced. In 2023, the Group ranked 13th among the TOP 100 real estate companies in China in terms of product competitiveness, securing a position among top players. The "Yue Series" and "Tian Series" were selected into the Top 10 Luxury Residential Product Line and Top 10 Luxury Boutique Product Line in China, respectively, while Beijing Fragrant Shade and Chengdu Joy Cloud were selected into the Top 10 Luxury Project and Affordable Luxury Projects in China, respectively.

10

The Group leads the industry in terms of customer satisfaction. Amid the environment with exacerbated market downturn, the Group built and delivered benchmark projects with high standards, thereby continuing to improve customer satisfaction, and enhancing the Company's core values of "Quality Products, Quality Services, Strong Brand, Capable Service Team". During the year, the overall customer satisfaction reached the industry level of top 10%.



The background features a complex geometric design with overlapping shapes in shades of blue, green, and orange. On the left, a tall, modern skyscraper is visible against a clear blue sky. In the center, there is a circular emblem with a gold star-like symbol inside, surrounded by concentric circles in green and gold. To the right of the emblem, there are three small circles in orange, green, and orange, and a white, stylized graphic element resembling a bracket or a set of lines.

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT



I. BUSINESS REVIEW

Economic and Market Environment

In 2023, the global economy experienced a weak recovery due to the impact of multiple factors including inflation, high interest rates and geopolitics. Despite the negative factors such as severe external environment and weak momentum for investment, consumption and export, China's macro-economy showed an overall steady and progressive trend, recording a year-on-year GDP growth of 5.2%, which is among the highest in the world, with major economic indicators remaining basically stable.

In 2023, property regulatory policies remained to be based on the general principle of "housing for living instead of speculation" and "region-specific regulatory policies". However, in response to the ongoing downturn and volatility of the market and the need for stabilising economic growth, the government began to introduce a series of policies and measures to support the recovery and development of the real estate market. As a result, the policy environment of the real estate market remained loose.

CHAIRMAN'S STATEMENT



As indicated by the performance of sales market in 2023, while the real estate market as a whole was still in a bottom-out phase, the market was highly volatile and diverse. The overall market performance was better in the first half than in the second half of the year, as the sales market rebounded significantly in the first quarter but began to cool down from the second quarter. Due to the lack of confidence and expectations in the market, buyers were more prudent about purchasing properties. Therefore, the market had a strong wait-and-see sentiment, and the contracted sales value and area for the full year showed a pulse-like decline year-on-year. Meanwhile, there were more obvious differentiation between markets. Tier-1 cities and major tier-2 cities achieved better sales performance, relying on their advantages in fundamentals such as economy, industry and population. The market showed stronger demand for improved and high-end products and weaker rigid demand. According to the National Bureau of Statistics, the area and value of national commodity housing sales for the full year reported a year-on-year decline of 8.5% and 6.5%, respectively, of which the area and value of residential sales decreased by 8.2% and 6.0%, respectively, and the investment in real estate development decreased by 9.6% year-on-year, of which residential investment decreased by 9.3%. The GFA of the new residential projects which have commenced construction decreased by 20.9%. The real estate market confidence and expectations are yet to be restored.

CHAIRMAN'S STATEMENT

In 2023, the differentiation between land markets remained obvious. Tier-1 cities and major tier-2 cities exhibited relatively stronger market potential and investment attractiveness. Since these markets recorded better sales performance and major property developers have focused more on these cities in their strategic layout, the core areas of these cities saw strong demand for land and fierce competition. As for tier-3 and tier-4 cities, the land market recorded overall depressed performance due to declined market sales as well as weak market confidence and expectations.

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", the Group 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.

Operating Results Generally Remained Stable

In 2023, the Group realised revenue of approximately RMB80.22 billion, representing a year-on-year increase of 10.8%. Gross profit margin was approximately 15.3%, representing a year-on-year decrease of 5.1 percentage points. Profit attributable to equity holders was approximately RMB3.19 billion, representing a year-on-year decrease of 19.4%. Core net profit was approximately RMB3.49 billion, representing a year-on-year decrease of 17.5%. Unrecognised sales value as of 31 December 2023 was RMB199.28 billion, representing an increase of 11.3% comparing with the beginning of the year.

The Board has proposed to declare a final dividend for 2023 of HKD0.148 per share (equivalent to RMB0.134 per share). Together with interim dividend, total dividends for the full year of 2023 was HKD0.380 per share (equivalent to RMB0.347 per share). The payout ratio was approximately 40% of the core net profit.

Contracted Sales Maintained Stable Growth

In 2023, in response to market volatility and ongoing downturn, the Group maintained its strategy of adapting to the changing circumstances, effectively implementing a targeted marketing strategy featuring "one project, one policy" and a prudent and flexible operation strategy. Meanwhile, all regional branches have established dedicated teams to intensify efforts in inventory sales and assessments, while digital marketing was extensively utilised as a driving force. Despite the challenging market environment, the Group achieved stable growth in contracted sales value during the year, with the growth rate leading the industry. In 2023, the Group recorded contracted sales value (including contracted sales of projects of joint ventures and associates) of approximately RMB142.03 billion, representing a year-on-year increase of 13.6% and accounting for 107.6% of the full year contracted sales target of RMB132.0 billion. The Group continued to consolidate its leading position in the Greater Bay Area and its first place in Guangzhou. The Group has also continuously improved its market position in other regions.

CHAIRMAN'S STATEMENT

The Group's 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. The Group achieved contracted sales value of approximately RMB71.60 billion in the Greater Bay Area for the full year, representing a year-on-year increase of 20.0% and accounting for approximately 50.4% of the Group's contracted sales value. In particular, Guangzhou contributed contracted sales value of approximately RMB61.32 billion, representing a year-on-year increase of 15.3% and accounting for approximately 43.2% of the Group's contracted sales value. Having secured the first place in terms of sales value in Guangzhou for three consecutive years, the Group now has a market share of 17.2%. Eastern China contributed contracted sales value of RMB37.38 billion for the full year, representing a year-on-year decrease of 13.0%. The Group's strategy of particularly focusing on Shanghai has achieved significant results, with contracted sales value of RMB13.52 billion for the full year. The contracted sales value for the full year in Central and Western China exceeded RMB20 billion and reached RMB20.06 billion, representing a year-on-year increase of 20.9%. The contracted sales value in Northern China amounted to RMB12.99 billion, representing a year-on-year increase of 123.8%. The Group's strategy of particularly focusing on Beijing has made remarkable progress, with contracted sales value of RMB7.93 billion for the full year, up by 57.3 times from the previous year. During the year, the contracted sales value of the Group's TOD projects amounted to approximately RMB27.37 billion, representing a year-on-year increase of 23.9%.

Targeted Investment to Expand High-quality Landbank

The land markets was highly differentiated in 2023, with intense competition for premium land parcels observed in Tier 1 and key Tier 2 cities where the Group has made significant investment. The Group timely adopted effective strategies in response to changes in the market and the rules for land auctions, and chose cities for investment more precisely. By doing so, the Group acquired lands with even better quality during the year and completed its investment tasks set for the year with both quality and quantity. Through the "6+1" diversified land acquisition model, the Group acquired 28 new land parcels in Beijing, Shanghai, Guangzhou, Hangzhou, Chengdu, Wuhan, Nanjing, Zhengzhou, Hefei, Qingdao and Xi'an, with a total gross floor area ("GFA") of approximately 4.91 million sq.m.. Among those, the Group acquired a total of 3 premium land parcels in Beijing, increasing approximately 0.43 million sq.m. of landbank, and 3 premium land parcels in Shanghai, increasing approximately 0.15 million sq.m. of landbank. Furthermore, the Group acquired its first urban renewal project in Shanghai. The Group acquired a new TOD project in Hangzhou, resulting in an increase of 0.48 million sq.m. of TOD landbank. Cooperation with state-owned enterprises (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, the Group continued to improve its "6+1" unique and diversified land acquisition model with TOD, "city operation", urban renewal, cooperation with SOEs, mergers and acquisitions, industry-driven acquisitions and open market auction. The new land acquisitions for the full year through diversified land acquisition models such as TOD, cooperation with SOEs and industry-driven acquisitions accounted for 10%, 19% and 23% of all new land acquisitions, respectively.

As of 31 December, the total landbank of the Group amounted to approximately 25.67 million sq.m., 95% of which are located in tier-1 cities and tier-2 cities. The quality and structure of the landbank continued to optimise, which can meet the Group's sustainable development needs in the future. The Group's landbank in the Greater Bay Area and Guangzhou amounted to 10.75 million sq.m. and 9.80 million sq.m. respectively, accounting for approximately 41.9% and 38.2% of the Group's total landbank respectively. As at the end of the year, the Group had a total of 9 TOD projects under development in Guangzhou and Hangzhou. The total landbank of TOD projects reached 3.31 million sq.m., accounting for approximately 12.9% of the total landbank of the Group.

CHAIRMAN'S STATEMENT

Further Deepen the "Coordinated Residential and Commercial Development" Strategy

The Group has steadily promoted the strategy of "Coordinated Residential and Commercial Development" and continuously improved the stable income stream from commercial properties. In the face of challenges brought about by the downturn in the commercial property market, the Group continuously optimised the operational and tenant acquisition strategies for different business segments, focused on improving occupancy rates and optimising customer structures, and continuously improved the operation capabilities for commercial properties.

The Group recorded a rental income from commercial properties directly held by it of approximately RMB0.49 billion for the full year, representing a year-on-year increase of 49.7%, and Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), in which the Group holds 37.89% of unit interests as at 31 December 2023, recorded a revenue of approximately RMB2.09 billion, representing a year-on-year increase of 11.4%. The office assets of Yuexiu REIT recorded a rental income of approximately RMB1.20 billion for the full year. The operations of retail malls have recovered steadily. Four Seasons Hotel and Ascott Serviced Apartments recorded significant income growth, while wholesale markets experienced an increase in occupancy rates and a significant increase in income.

Yuexiu Services Group Limited ("Yuexiu Services"), in which the Group holds 66.92% interest as at 31 December 2023, also recorded remarkable operating results, with revenue of approximately RMB3.22 billion for the full year, representing a year-on-year increase of 29.7% and profit attributable to shareholders of approximately RMB0.49 billion, representing a year-on-year increase of 17.0%. The management scale of Yuexiu Services has steadily increased, with contracted GFA of 83.45 million sq.m. and GFA under management of 65.21 million sq.m.. Market expansion brought an increase in area of more than 10.0 million square meters for the first time. Yuexiu Services was engaged in basic property management business of Rural Credit Data Center (the first T4 data center in the national financial system), Line 4 of Fuzhou Metro and Line 12 of Zhengzhou Metro, demonstrating the continuous improvement of the quality of its basic property management services. The revenue from community value-added services amounted to approximately RMB0.93 billion, representing a year-on-year increase of 43.3%.

The Group's healthcare business also recorded a year-on-year increase in revenue, of which 7,273 beds are available for operation. A significant increase in occupancy rates was also recorded, placing the Group's healthcare business at the forefront of the industry.

Promotion of Refined Management in an All-round and In-depth Way

In light of the ongoing market downturn, the Group adhered to efficient management, continued to deepen refined management, accelerated the construction of a customer research system, established a full-cycle customer research mechanism, upgraded and iterated digital customer research tools, thereby gaining insights into cities and customers to better facilitate investment and sales.

CHAIRMAN'S STATEMENT

The Group further promoted the standardisation of products and combined product standardisation with Building Information Management system (BIM). Product standardisation has been implemented in major cities with the official launch of phase I of the BIM system "Yunzhu (雲築)", which covers full-cycle business scenarios including drawing and modeling, quality control, standardisation and decoration, providing a digital foundation platform for refined construction. The Group continued to improve its engineering management capabilities and completed the localisation of the Site Standardization Construction System (SSCS) in major cities, achieving satisfactory results in the delivery of high-quality products.

The Group further strengthened its cost refined management, continued to optimise target costs and further improved the level of construction cost accounting management and comprehensive cost management. The Group further promoted organisational change to continuously release the momentum and vitality of the organisation. By optimising its headquarters functions, the Group strengthened the customer orientation and professional collaboration, and enhanced its product competitiveness and operation capability for mass production. The Group optimised the structure of regional platforms, upgraded the regional platforms and implemented the strategy of urban focus and deep cultivation. The Group continuously optimised the allocation of talents to enrich the mid-level and executive team as well as key professional positions, and introduced external professional leaders. The Group focused on optimising the performance appraisal mechanism at the headquarters, regional and employee levels, and comprehensively implemented the Objectives and Key Results (OKR) approach for employee appraisal.

Continuous Improvement in ESG Management Level

The Group continued to optimise and improve its governance structure and operating mechanism for sustainability. The Group has established and operated a TCFD Working Group under the ESG professional committee of the Board to comprehensively promote the efforts related to climate change and green office. In September 2023, the Company officially launched the "Yuexiu Property ESG Management System" to enhance its ESG management level by digital means. In 2023, Yuexiu Property optimised and iterated the "Sustainability" section on its official website to version 3.0 and launched the "Sustainability" section on its WeChat Official Account respectively, providing more disclosure channels for stakeholders. The Company's ESG efforts continued to empower its frontline operation, as evidenced by the release of the Green Office for Cost Reduction and Efficiency Enhancement Plan in June, and the publication of the Code of Conduct for Suppliers of Yuexiu Property and the Sustainable Procurement Policy of Yuexiu Property on its procurement platform in July for suppliers to have a clear understanding of requirements under the Code of Conduct for Suppliers of Yuexiu Property. The Group is 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.

The rating performance of the Group's ESG indicators continued to improve. In 2023, the Group received a four-star rating by the Global Real Estate Sustainability Benchmark (GRESB); was selected as the "China ESG Listed Company Greater Bay Area Pioneer 50" for the first time; and won the "Hong Kong Corporate Governance & ESG Excellence Award" for the first time, becoming the first domestic real estate company in the Greater Bay Area to win the Award since it was organised in 2007.

CHAIRMAN'S STATEMENT

Prudent and Safe Financial Position

The Group has a healthy financial position as well as sufficient and safe liquidity. As of the end of December, the Group's cash and cash equivalents and charged bank deposits amounted to approximately RMB46.10 billion, representing an increase of 31.3% as compared to that as of the beginning of the year. With the total liabilities/total assets ratio (excluding unearned revenue) of 67.4%, the net gearing ratio of 57.0%, and the cash to short-term debt ratio of 2.01 times, the "Three Red Lines" indicators of the Group remained in "green lights", and the financial indicators were healthy and safe.

In light of the ongoing downturn in the real estate market, the Group, on one hand, accelerated the sales of properties and enhanced cash collection, with the cash collection rate of contracts reached 83% for the year, achieving net cash inflows from operating activities; on the other hand, the Group diversified financing channels to further reduce the average financing cost year-on-year, and the Group's weighted average borrowing interest rate decreased by 34 basis points year-on-year to 3.82% per annum in the full year. The average cost of borrowing further decreased to 3.63% at the end of period. Throughout the period, the Group successfully issued a total of RMB6.9 billion of onshore corporate bonds at a weighted average borrowing interest rate of approximately 3.37% per annum, and issued 10-year onshore corporate bonds for the first time with a coupon rate of 3.63%. In addition, the Group successfully issued a total of RMB3.4 billion of the RMB Bonds in China (Shanghai) Pilot Free Trade Zone at a weighted average borrowing interest rate of approximately 3.92% per annum, and issued its first offshore dim sum bonds of RMB1.21 billion* with a coupon rate of 4%. The Group maintained a leading position among the industry in terms of financing costs.

During the year, the Group seized favourable opportunities in the market to successfully complete the fund raising by way of Rights Issue, which was over-subscribed by 1.15 times and raised net proceeds of approximately HKD8.3 billion. The Rights Issue was fully supported and subscribed by the two major shareholders, Yuexiu Group and Guangzhou Metro Group, fully reflecting our shareholders' confidence in the future development of the Group. The funds raised from the Rights Issue will be mainly used for investments in core cities in the Greater Bay Area and Eastern China, as well as other key provincial capital cities. At the same time, the completion of the Rights Issue will further enhance the capital base and strengthen the core competitiveness of the Group. For details of the Rights Issue, please refer to the Company's announcements dated 20 April 2023, 14 May 2023 and 2 June 2023 and the Company's prospectus dated 11 May 2023.

* comprising RMB510,000,000 4% guaranteed notes due 2026 issued by the Group ("November 2023 Notes") in November 2023 and RMB700,000,000 4% guaranteed notes due 2026 issued by the Group (which are consolidated and form a single series with the November 2023 Notes) in January 2024.

CHAIRMAN'S STATEMENT

II. BUSINESS OUTLOOK

Looking forward to 2024, as inflation continues to slow down, the United States, Europe and other major economies in the world have begun to cut interest rates one after another, which will lead to stable decline in interest rates, driving the global economic growth to recover and improve amid fluctuations. Chinese government will intensify its efforts to stabilise macro-economic growth, therefore major economic indicators are likely to gradually improve and the economy will continue to achieve progress while maintaining stability. It is expected that the government's regulatory policies for the real estate industry will continue to be loose, focusing on "region-specific regulatory policies", "implementing targeted regulatory policies" and "one city, one policy". Many cities independently adjusted their real estate policies according to local conditions to support the rigid and improved demand of residents, aiming at accelerating the destocking of the industry and the robust development of the market. It is expected that confidence in the real estate market will gradually restore, and the real estate market will also bottom out and become stable.

Achieving Various Annual Operation Targets

In 2024, centering on the work theme of "overcoming difficulties for stable growth, and improving performance through refined management", the Group will make every effort to achieve the annual sales and various operating targets for 2024 by focusing on destocking, investment optimisation, capability enhancement, organisation refinement and risks control.

In terms of sales strategy, in response to the changes of the market, the Group will continue to seek to achieve full year sales target and cash collection rate by implementing targeted sales strategy of "one project, one policy", facilitating sales and cash collections, and deepening digital marketing to further increase the proportion of its own sales channels. In terms of product strategy, the Group will continue to enhance its product competitiveness and design the products more suitable to meet the demands of customers by building and improving a full-cycle product operation system, adhering to the concept of "quality products", firmly facilitating the establishment of a customer research system, as well as steadily promoting product standardisation and the integration of design and construction. In terms of operation strategy, the Group will continue to improve operation efficiency, reduce costs and increase efficiency, with an aim to enhance and optimise its cost management system. The Group will continue to optimise its organisational structure by improving the short-, medium- and long-term incentive mechanism.

Adhering to the Prudent and Targeted Investment Strategies

In 2024, the Group will continue to adhere to the prudent investment strategies of "targeted investment" and "investments based on sales", support targeted investments by strengthening its investment research system, and concentrate on core cities and core locations for continuous in-depth cultivation. The Group will optimise its resources allocation, focusing on its investment in tier-1 cities and quality tier-2 cities. By strictly controlling the quality of investment, the Group will 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.

The Group will continue to reinforce and optimise the "6+1" diversified land acquisition platform and increase premium landbank through diversified channels, laying a foundation for continuous and stable development. The Group will keep acquiring premium TOD projects, strengthen the urban renewal business to achieve breakthroughs in multiple cities, and focus on the development of existing urban renewal projects to secure land supply and initiate sales as soon as possible. The Group will also continue to enhance the ability to acquire land resources such as by industry-driven acquisitions, strengthen strategic cooperation with the governments and SOEs in cities where it has made significant investment, and closely monitor the opportunities of acquiring quality projects in the market of M&As at the same time.

CHAIRMAN'S STATEMENT

Constantly Promoting the "Coordinated Residential and Commercial Development" Strategy

Continuously upholding the strategy of "Coordinated Residential and Commercial Development", the Group will steadily increase the support and contribution of commercial properties performance to its financial results. The Group will keep strengthening the customer acquisition and operation capability of commercial projects to create a new driver for its performance growth, with a focus on improving the occupancy rates of various segments and optimising customer structure and quality.

The Group will continue to secure the stable development of its property management and services business. By expanding business scale with targeted and in-depth cultivation, focusing on business segments and strategic adaptation, the Group aims at improving the satisfaction of property owners. The Group will prioritise the enhancement of its community value-added service business to achieve new breakthroughs in operating activities.

For the healthcare segment, the Group will continue to enhance its 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.

Comprehensively Deepening and Facilitating the Refined Management

The Group will comprehensively promote the construction of a company with "Quality Products, Quality Services, Strong Brand, Capable Service Team", and facilitate the cultivation of system development and service operation capability targeting "product competitiveness and service quality", to support the market position of the Company with a strong quality brand.

The Group will continue to strengthen its customer research capability to gain insights into cities and customers, speed up the development of product lines and product standardisation, strengthen the management of excellent suppliers to establish a high-quality supply chain system, emphasise the application of an operation model featuring efficient development and improve costs management at each stage of production to continuously optimise finance cost. The Group will further carry out specific campaigns for refined management to build a streamlined and efficient organisation that is agile, flat at headquarters and regional levels and capable of creating values, thereby achieving the organisational control goal of "agility at headquarters level, empowerment at regional level and execution capabilities at project level". Under the guidance of its corporate culture, the Group is committed to fostering internal and external versatile talents and leaders, stimulating vitality through the reform of incentive mechanism and optimising the internal market-oriented mechanism.

CHAIRMAN'S STATEMENT

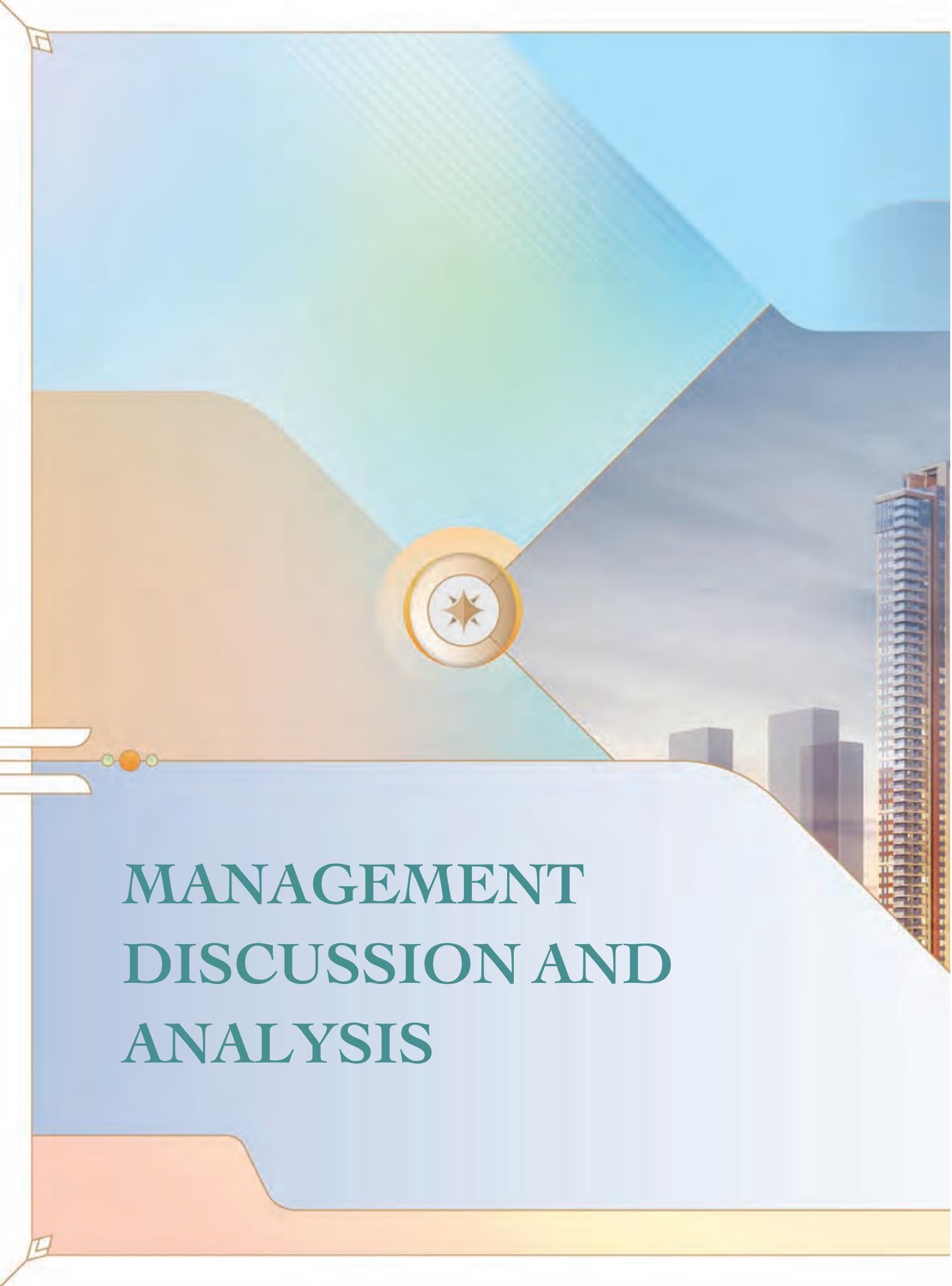
Adhering to Prudent and Safe Financial Policies

The Group will continue to keep the "Three Red Lines" indicators staying in "green lights". Meanwhile, to identify and prevent risk dynamically, the Group will continue to optimise its operational and financial risk monitoring system.

The Group will strengthen the management of capital liquidity risks, enhance the management of cash collection rate, and maintain net cash inflows from operating activities. The Group will reasonably adjust the scale of interest-bearing liabilities based on its business scale, continue to reduce financing costs, and maintain the smooth flow and channel diversification of domestic and overseas financing. The Group will strengthen the overall management of onshore and offshore funds to increase efficiency in capital utilisation, and continue to optimise its debt structure, including both domestic and overseas debt structure and debt maturity structure.

Acknowledgements

In 2024, with "Refined Management" and "New Capabilities, New Mechanisms and New Culture" as the internal development driving forces, the Group will actively respond to market challenges. Adhering to the high-quality and sustainable development under the new environment and competition pattern of the industry, the Group will constantly strive to improve the return on shareholder's capital and value. With respect to the Group's achievements in steady performance and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavours, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In 2023, the Group realised revenue of approximately RMB80.22 billion (2022: RMB72.42 billion), representing a year-on-year increase of 10.8%. The gross profit was approximately RMB12.26 billion (2022: RMB14.81 billion), representing a year-on-year decrease of 17.2%, and the gross profit margin was approximately 15.3%, representing a year-on-year decrease of 5.1 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In 2023, profit attributable to equity holders of the Group was approximately RMB3.19 billion (2022: RMB3.95 billion), representing a year-on-year decrease of 19.4%. The core net profit* was approximately RMB3.49 billion (2022: RMB4.24 billion), representing a year-on-year decrease of 17.5%, and the core net profit margin reached approximately 4.4%.

CONTRACTED SALES

In 2023, the Group recorded aggregate contracted sales value (including sales of projects of joint ventures and associates) of approximately RMB142.03 billion, representing a year-on-year increase of 13.6%, and achieving 107.6% of the full year contracted sales target of RMB132.0 billion. The aggregate contracted sales GFA (including sales of projects of joint ventures and associates) amounted to approximately 4.45 million sq.m., representing a year-on-year increase of 7.5%, while the average selling price was approximately RMB31,900 per sq.m., representing a year-on-year increase of 5.6%.

In terms of regional composition, with respect to the value of the aggregate contracted sales for 2023, the Greater Bay Area accounted for approximately 50.4%, Eastern China Region accounted for approximately 26.3%, Central and Western China Region accounted for approximately 14.1%, and Northern China Region accounted for approximately 9.2%.

GREATER BAY AREA

In 2023, the Greater Bay Area cities took frequent positive regulatory actions and entered into a phase of optimisation and relaxation in policies. The performance of the commercial residential properties market in the Greater Bay Area for the year showed an upsurge before a decline, with the transaction performance of each city varying and increasingly differentiated. The Group continued to deploy its resources in seven cities of the Greater Bay Area, including Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen, Zhongshan and Dongguan. In 2023, the contracted sales value of the Group in the Greater Bay Area amounted to approximately RMB71.60 billion in total, representing a year-on-year increase of 20.0% and accounting for approximately 50.4% of the Group's contracted sales value for the full year.

* Core net profit represents profit attributable to equity holders excluding net foreign exchange gains/(losses) recognised in the consolidated statement of profit or loss and net fair value (losses)/gains on investment properties held on a continuing basis (excluding investment properties disposed during the year) and the related tax effect.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, driven by the positive effects of continuous policy optimisation, the property market in Guangzhou saw a rebound in the transaction volume of commercial residential properties, but the overall supply and demand scale remained at a low level. The Group maintained a steady growth in contracted sales performance in Guangzhou, with a contracted sales value of approximately RMB61.32 billion, representing a year-on-year increase of 15.3% and accounting for approximately 43.2% of the Group's contracted sales value for the full year.

In the second half of 2023, Shenzhen launched the property optimisation policy, which led to the release of some demand for house purchases, with a significant increase in the supply scale of commodity housing throughout the year, while the selling prices recorded a year-on-year decline. In 2023, the Group recorded the contracted sales value in Shenzhen of approximately RMB4.95 billion, representing a year-on-year increase of approximately 10.8 times.

In 2023, the property policies in Foshan, Dongguan, Zhongshan and Jiangmen remained loose, while the overall market performance was relatively weak, with a decline in both supply and demand. In 2023, the contracted sales value of the Group in the aforesaid four cities amounted to approximately RMB5.33 billion, representing a year-on-year decrease of 12.3%.

EASTERN CHINA

In 2023, the Group has established operations in seven cities including Shanghai, Hangzhou, Suzhou, Jiaxing, Nantong, Nanjing and Ningbo within Eastern China, and has generated sales results in Shanghai, Hangzhou, Ningbo, Nanjing, Suzhou and Nantong. In 2023, the stable regulatory policy in Shanghai was gradually loosened, with an increase in both the supply batches and the number of projects of new houses, and the market demand showed a downward trend after rising during the year, resulting in a slight year-on-year increase in the average selling price of new houses. With increasing efforts, the policy in Hangzhou was loosened continuously. Under the effect of multiple policy incentives and the Asian Games, the overall market performance was better than last year, and both the sales area and transaction value recorded a year-on-year increase. The regulatory policies in Suzhou, Nanjing, Ningbo and Nantong were optimised and loosened continuously, but their market sentiments were relatively weak, resulting in a year-on-year decrease in sales area. In 2023, the contracted sales value of the Group in Eastern China was approximately RMB37.38 billion, representing a year-on-year decrease of 13.0% and accounting for approximately 26.3% of the Group's contracted sales value for the full year.

MANAGEMENT DISCUSSION AND ANALYSIS

CENTRAL AND WESTERN CHINA

In 2023, the Group has established operations in nine cities across Central and Western China, including Wuhan, Xiangyang, Zhengzhou, Hefei, Changsha, Chenzhou, Chongqing, Chengdu and Xi'an. Throughout the year, Wuhan kept intensifying its efforts to adjust and optimise real estate policies, as evidenced by the implementation of region-specific regulatory policies and various measures to promote the release of demands, resulting in increased transaction volume and stable price of the real estate market in the main urban area. Hefei continued to maintain a loose policy environment and, despite the complete removal of restrictions on purchases and sales, the residential market saw lower transaction volume and higher price. Changsha has been continuously optimising its real estate policies, with relatively sufficient room for further relaxation, and the overall market is in a moderate recovery and the performance is basically stable. Zhengzhou further relaxed its policies and the transaction of new residential properties in the city showed a trend of rising followed by falling during the year, with a significant year-on-year growth in transaction volume. Chongqing kept optimising its real estate policy environment during the year to stabilise investment in the sector, recording a stable growth in both transaction volume and price of commercial residential properties for the year. Chengdu kept improving its real estate policy environment and its real estate market has shown strong resilience against the backdrop of shrinking industry scale across the country, recording nationwide leading transaction scale. The real estate market in Xi'an saw a rebound in the overall supply and sales thanks to the relaxation of purchase restrictions, recording a slight year-on-year increase in the annual transaction volume. In 2023, the contracted sales value of the Group in Central and Western China amounted to approximately RMB20.06 billion, representing a year-on-year increase of 20.9% and accounting for approximately 14.1% of the Group's contracted sales value for the full year.

NORTHERN CHINA

The Group has established operations in five cities within Northern China including Beijing, Shenyang, Qingdao, Ji'nan and Yantai. In 2023, the property regulation in Beijing gradually eased, and the transaction volume of commercial residential properties remained stable year-on-year, showing a trend of "low-after-high" throughout the year. The overall policy in Qingdao was stable and then relaxed, with the optimisation of provident fund policies, removal of purchase restrictions and relaxation of sales restrictions in the whole region brought increasing benefits to the demand side, but both supply and demand for commercial residential properties were weakening. The property market in Ji'nan remained stable following the relaxation of restrictions. In 2023, the contracted sales value of the Group in Northern China amounted to approximately RMB12.99 billion, representing a year-on-year increase of 123.8% and accounting for approximately 9.2% of the Group's contracted sales value for the full year.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted sales of the Group in 2023 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	1,369,300	61,323	44,800
Shenzhen	62,200	4,947	79,500
Foshan	112,400	2,514	22,400
Dongguan	26,500	710	26,800
Jiangmen	81,100	657	8,100
Zhongshan	100,800	1,445	14,300
Subtotal (Greater Bay Area)	1,752,300	71,596	40,900
Shanghai	182,500	13,523	74,100
Hangzhou	566,800	16,183	28,600
Suzhou	105,900	1,749	16,500
Nantong	3,900	87	22,300
Nanjing	146,700	5,487	37,400
Ningbo	15,100	354	23,400
Subtotal (Eastern China Region)	1,020,900	37,383	36,600
Wuhan	201,000	3,943	19,600
Hefei	253,300	5,108	20,200
Xiangyang	142,300	1,052	7,400
Zhengzhou	187,100	3,003	16,100
Changsha	157,400	1,838	11,700
Chenzhou	30,100	153	5,100
Chongqing	67,200	1,075	16,000
Chengdu	152,500	3,887	25,500
Xi'an	400	4	10,000
Subtotal (Central and Western China Region)	1,191,300	20,063	16,800
Beijing	121,000	7,930	65,500
Shenyang	31,900	225	7,100
Qingdao	195,800	2,976	15,200
Yantai	34,300	239	7,000
Ji'nan	103,300	1,619	15,700
Subtotal (Northern China Region)	486,300	12,989	26,700
Total	4,450,800	142,031	31,900

MANAGEMENT DISCUSSION AND ANALYSIS

RECOGNISED SALES

In 2023, the value of the recognised sales (including the sales of investment properties) and GFA of the recognised sales were approximately RMB75.72 billion and 3.16 million sq.m. respectively, representing a year-on-year increase of 9.7% and 10.2%, respectively, and the average selling price was approximately RMB24,000 per sq.m., basically remaining flat as compared to previous year.

Recognised sales of the Group in 2023 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	1,716,300	51,736	30,100
Shenzhen	700	102	145,700
Foshan	117,000	2,362	20,200
Jiangmen	115,900	988	8,500
Zhongshan	158,300	2,036	12,900
Subtotal (Greater Bay Area)	2,108,200	57,224	27,100
Shanghai	76,800	5,170	67,300
Hangzhou	200,100	3,427	17,100
Jiaxing	5,900	31	5,300
Ningbo	35,000	791	22,600
Suzhou	47,500	571	12,000
Subtotal (Eastern China Region)	365,300	9,990	27,300
Wuhan	40,100	844	21,000
Changsha	344,600	3,881	11,300
Chengdu	300	2	6,700
Chongqing	56,600	832	14,700
Subtotal (Central and Western China Region)	441,600	5,559	12,600
Shenyang	67,700	566	8,400
Qingdao	91,000	768	8,400
Yantai	900	2	2,200
Jinan	84,700	1,615	19,100
Subtotal (Northern China Region)	244,300	2,951	12,100
Total	3,159,400	75,724	24,000

UNRECOGNISED SALES

As of 31 December 2023, the unrecognised sales value amounted to approximately RMB199.28 billion, representing an increase of 11.3% as compared to that as of the beginning of the year, and the unrecognised sales GFA was approximately 5.42 million sq.m., representing a decrease of 5.8% as compared to that as of the beginning of the year. The average selling price was approximately RMB36,800 per sq.m., representing an increase of 18.3% as compared to that as of the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

LANDBANK

In 2023, the Group has newly acquired 28 land parcels located in Beijing, Shanghai, Guangzhou, Hangzhou, Nanjing, Wuhan, Hefei, Zhengzhou, Qingdao, Chengdu and Xi'an with a total GFA of approximately 4.91 million sq.m..

The land parcels newly acquired of the Group in 2023 are summarised as follows:

No.	Project	Equity Holding	Total GFA (sq.m.)
1	Guangzhou Naturalistic Mansion	27.77%	220,600
2	Guangzhou World Grand Land II	27.77%	153,500
3	Guangzhou Pazhou West Land	95.48%	49,500
4	Nansha Hong Kong People's Community	27.77%	478,200
5	Shanghai Jing'an Yue (previous name: Shanghai Jing'an Land)	95.00%	17,800
6	Shanghai Hongkou Land	46.55%	35,900
7	Shanghai Putuo Land	95.00%	101,100
8	Hangzhou Villa Layer	32.14%	137,800
9	Hangzhou Tide Joy City	24.23%	266,800
10	Hangzhou Hushu Land	33.67%	72,500
11	Hangzhou Jadeite	38.86%	213,400
12	Hangzhou Tingcui Mansion	47.98%	200,300
13	Hangzhou Infinite Affluent (previous name: Hangzhou Xingqiao TOD)	18.05%	478,500
14	Nanjing Wonderland	100.00%	45,600
15	Wuhan Qiaokou Land	27.73%	118,900
16	Hefei Baohe Land	99.64%	99,400
17	Hefei Binhu Land	95.48%	55,000
18	Zhengzhou Joy Bay	76.00%	544,900
19	Chengdu Joy Cloud (previous name: Chengdu Chenghua Land)	27.73%	133,200
20	Chengdu Chenghua Land II	27.73%	90,900
21	Chengdu Lakeside Life	27.73%	175,700
22	Xi'an Gaoxin Land I (previous name: Xi'an Gaoxin Land)	49.00%	162,800
23	Xi'an Gaoxin Land II	48.45%	186,800
24	Xi'an Gaoxin Land III	27.73%	303,400
25	Beijing Fragrant Shade (previous name: Beijing Haidian Land)	48.45%	164,700
26	Beijing Yuexiu Tianyue	100.00%	94,100
27	Beijing Yuexiu Melody	100.00%	175,300
28	Qingdao Grand Mansion	51.00%	132,500
	Total		4,909,100

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2023, the landbank of the Group reached approximately 25.67 million sq.m., located in 29 cities in China and the structure and regional layout of the landbank continued to improve. Geographically, Greater Bay Area, Eastern China, Central and Western China, Northern China accounted for approximately 41.9%, 19.1%, 28.9% and 10.1%, respectively.

The landbank of the Group is summarised as follows:

No.	Project	LANDBANK		
		GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
1	Guangzhou Tianhe Grand Mansion	241,700	241,700	–
2	Guangzhou Naturalistic Mansion	220,600	151,100	69,500
3	Guangzhou World Grand Land II	153,500	–	153,500
4	Guangzhou Pazhou South TOD	429,100	429,100	–
5	Guangzhou Pazhou Shade	128,800	128,800	–
6	Guangzhou Pazhou West Land	49,500	–	49,500
7	Guangzhou River Mansion (previous name: Guangzhou Nanhua Land)	28,400	28,400	–
8	Guangzhou Galaxy Bay	270,600	108,700	161,900
9	Guangzhou Jiangwan Grand Mansion	218,700	10,900	207,800
10	Guangzhou Joy Cloud	192,800	192,800	–
11	Guangzhou Joy Lake	231,000	231,000	–
12	Guangzhou Joy Golden Sands	257,300	257,300	–
13	Guangzhou Baiyun Starry City	1,029,400	295,500	733,900
14	Guangzhou Baiyun Guanglong Land II	90,600	–	90,600
15	Guangzhou Skyline Mansion	45,000	45,000	–
16	Guangzhou Oasis Mansion	165,200	165,200	–
17	Guangzhou Infinity TOD	532,300	532,300	–
18	Guangzhou Grand Mansion II	156,300	156,300	–
19	Guangzhou University Grow-up City (previous name: Guangzhou Xingye Avenue Land)	399,600	182,000	217,600
20	Guangzhou Starry Wenxi	46,700	46,700	–
21	Guangzhou University Town Starry City	262,300	262,300	–
22	Guangzhou Panyu Jinan University Land II	329,700	–	329,700
23	Guangzhou University Town Grand Mansion	255,200	255,200	–
24	Guangzhou Voyage TOD	150,600	150,600	–
25	Guangzhou Melody TOD	24,500	24,500	–
26	Guangzhou Fantasy TOD	230,000	230,000	–
27	Guangzhou TOD Town	233,900	233,900	–

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK		
		GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
28	Guangzhou Mountain Living	119,500	119,500	–
29	Nansha Southern Le Sand	417,100	–	417,100
30	Nansha Tianyu Square	50,300	50,300	–
31	Nansha International Financial Center	60,000	60,000	–
32	Nansha Joy Bay	101,100	101,100	–
33	Nansha Flourishing Bay	214,800	214,800	–
34	Nansha Ocean One	87,900	87,900	–
35	Nansha Golden Bay	188,500	188,500	–
36	Nansha Joy Bay	90,800	90,800	–
37	Nansha Bay City	494,100	228,000	266,100
38	Nansha Qingsheng Industrial Park (previous name: Nansha Qingsheng Land)	153,700	75,900	77,800
39	Nansha Hong Kong People's Community	478,200	80,000	398,200
40	Guangzhou Galaxy TOD	858,500	572,500	286,000
41	Zengcheng Joy Mountain	85,000	85,000	–
42	Conghua Glade Village	23,700	–	23,700
43	Shenzhen Shade Walk	80,600	80,600	–
44	Shenzhen Coast Walk	96,500	96,500	–
45	Nanhai Starry Wenhan	96,000	96,000	–
46	Nanhai Imperial Pearl	54,400	54,400	–
47	Dongguan Cloud Lake	55,500	55,500	–
48	Dongguan Joy Bay	199,300	199,300	–
49	Jiangmen Starry Guanlan	227,100	227,100	–
50	Zhongshan Yuexiu Empyrean	71,200	71,200	–
51	Hong Kong Yau Tong Project	72,100	–	72,100
	Subtotal (Greater Bay Area)	10,749,200	7,194,200	3,555,000

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK		
		GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
52	Shanghai Jing'an Yue (previous name: Shanghai Jing'an Land)	17,800	17,800	–
53	Shanghai Hongkou Land	35,900	–	35,900
54	Shanghai Putuo Land	101,100	–	101,100
55	Shanghai City Gather	125,400	125,400	–
56	Shanghai Ubran Prism	268,200	268,200	–
57	Hangzhou Starry City	196,100	–	196,100
58	Hangzhou Villa Layer	137,800	137,800	–
59	Hangzhou Celestial Ocean	219,500	219,500	–
60	Hangzhou Celestial Palace	73,800	73,800	–
61	Hangzhou Tide Joy City	266,800	266,800	–
62	Hangzhou Era Mansion	142,100	142,100	–
63	Hangzhou Hushu Land	72,500	–	72,500
64	Hangzhou Opus Mansion	75,200	75,200	–
65	Hangzhou Jadeite	213,400	213,400	–
66	Hangzhou Infinite Island	370,700	370,700	–
67	Hangzhou Tingcui Mansion	200,300	200,300	–
68	Hangzhou Infinite Affluent (previous name: Hangzhou Xingqiao TOD)	478,500	275,000	203,500
69	Hangzhou Twinkle Mansion	142,800	142,800	–
70	Hangzhou Joy Paragon	69,200	69,200	–
71	Hangzhou Joy Mansion	76,900	76,900	–
72	Suzhou Eastern Cloud	104,200	104,200	–
73	Suzhou Taicang Never Land	626,100	312,000	314,100
74	Nantong Luminous Mansion	168,100	168,100	–
75	Nanjing Grand Mansion	89,100	89,100	–
76	Nanjing Art Cloud	103,400	103,400	–
77	Nanjing Art Times	106,300	106,300	–
78	Nanjing Treasure	237,700	237,700	–

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK		
		GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
79	Nanjing Jade Mansion	130,500	130,500	–
80	Nanjing Wonderland	45,600	45,600	–
	Subtotal (Eastern China Region)	4,895,000	3,971,800	923,200
81	Wuhan Qiaokou Land	118,900	118,900	–
82	Wuhan Hanyang Starry Winking	481,000	203,900	277,100
83	Wuhan Yuexiu Mansion	70,800	70,800	–
84	Xiangyang Starry City	186,000	186,000	–
85	Xiangyang Joy Cloud (previous name: Xiangyang Dongjin Land)	148,200	148,200	–
86	Hefei Starry Junlan	194,900	194,900	–
87	Hefei Tan Gim	169,300	169,300	–
88	Hefei Baohe Land	99,400	99,400	–
89	Hefei Binhu Land	55,000	–	55,000
90	Hefei Joy Yunting	225,100	225,100	–
91	Hefei Joy Winking	171,500	171,500	–
92	Zhengzhou Yuexiu Future Mansion	410,500	410,500	–
93	Zhengzhou Glory Mansion	112,000	112,000	–
94	Zhengzhou Joy Bay	544,900	77,200	467,700
95	Zhengzhou Elegant Mansion	38,800	38,800	–
96	Changsha Scenery Culture	133,600	133,600	–
97	Changsha Smart Science City	171,500	171,500	–
98	Changsha Mountain Mansion	196,300	–	196,300
99	Changsha Starry City	243,400	243,400	–
100	Changsha Joy Star	412,500	186,100	226,400
101	Chenzhou Starry City	848,300	331,300	517,000
102	Chongqing Impressive Lake	130,800	130,800	–
103	Chongqing Avant Garde	147,500	147,500	–
104	Chongqing Galaxy Garden	329,600	76,100	253,500
105	Chengdu Empyreal Winking	64,700	64,700	–

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
106	Chengdu Joy Cloud (previous name: Chengdu Chenghua Land)	133,200	133,200	–
107	Chengdu Chenghua Land II	90,900	–	90,900
108	Chengdu Lake Mansion	196,600	196,600	–
109	Chengdu Lakeside Life	175,700	–	175,700
110	Xi'an Oriental Mansion	374,700	374,700	–
111	Xi'an Gaoxin Land I (previous name: Xi'an Gaoxin Land)	162,800	162,800	–
112	Xi'an Gaoxin Land II	186,800	–	186,800
113	Xi'an Gaoxin Land III	303,400	188,500	114,900
114	Haikou Simapo Island Project	100,500	–	100,500
	Subtotal (Central and Western China Region)	7,429,100	4,767,300	2,661,800
115	Beijing Fragrant Shade (previous name: Beijing Haidian Land)	164,700	164,700	–
116	Beijing Yuexiu Tianyue	94,100	94,100	–
117	Beijing Yuexiu Melody	175,300	175,300	–
118	Beijing Hill Mansion	329,200	329,200	–
119	Shenyang Starry Winking	16,500	16,500	–
120	Shenyang Hill Lake	216,000	38,900	177,100
121	Qingdao Grand Mansion	132,500	98,000	34,500
122	Qingdao Magnificent Bay	37,400	37,400	–
123	Qingdao Inner Peace	666,300	464,100	202,200
124	Qingdao Starry City	186,200	45,600	140,600
125	Qingdao Pingdu Southern New Town Land II	268,200	–	268,200
126	Yantai Joy Mansion	65,300	65,300	–
127	Ji'nan Hillside Mansion	116,800	116,800	–
128	Ji'nan Baimai Delighted Mansion	132,300	132,300	–
	Subtotal (Northern China Region)	2,600,800	1,778,200	822,600
	Total	25,674,100	17,711,500	7,962,600

MANAGEMENT DISCUSSION AND ANALYSIS

Construction progress

The Group strived to accelerate development efficiency and turnover rate. During the year, project development was in line with the Group's schedule. New commencement of construction and completion projects are summarised as follows:

	2023 Actual GFA (sq.m.)	2024 Planned GFA (sq.m.)
Construction progress		
New commencement of construction	4,473,700	4,062,300
Completion*	7,680,600	7,792,800

* Completion for consolidation GFA in 2023 (Actual) and 2024 (Estimated) are 4.93 million sq.m. and 5.21 million sq.m. respectively.

OTHER GAINS AND LOSSES

Other losses, net for 2023 amounted to approximately RMB1,348 million, mainly including net losses on revaluation of investment properties for the year of approximately RMB1,502 million and other miscellaneous income, net of approximately RMB154 million. In 2022, the Group's other gains, net amounted to approximately RMB211 million, mainly including net gains on revaluation of investment properties of approximately RMB125 million and other miscellaneous income, net of approximately RMB86 million.

As at 31 December 2023, the Group owned investment properties under lease of approximately 970,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 36.8%, 49.6% and 13.6%, respectively. The Group recorded rental income of approximately RMB487 million in 2023, representing an increase of 49.7% year-on-year, mainly due to the increase in the rental income of Guangzhou ICC and Wuhan International Financial City.

In 2023, the Group recorded net losses on revaluation of investment properties held for the year of approximately RMB1,502 million, mainly including: losses on revaluation of the self-owned properties of the Guangzhou Luogang project and Chentougang project for the year of approximately RMB538 million and RMB828 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 million due to the impact of the market environment.

SELLING AND MARKETING EXPENSES

In 2023, the Group's selling and marketing expenses were approximately RMB2,451 million, representing an increase of 20.1% year-on-year, mainly due to the increase of the revenue during the year. Selling and marketing expenses accounted for 3.1% of the revenue for the year, up by 0.3 percentage point from last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB1,799 million, representing an increase of 1.7% year-on-year. The administrative expenses accounted for 2.2% of the revenue for the year, down by 0.2 percentage point from 2.4% for last year. The Group continued to strengthen control over expenses and strictly followed the annual expenses budget.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

In 2023, the finance costs of the Group amounted to approximately RMB672 million, mainly including interest expense of RMB852 million and net gains related to foreign exchange of RMB180 million. Finance costs for the year decreased by RMB244 million as compared to 2022, including an increase in interest expense of RMB119 million and a decrease in net foreign exchange effect of RMB363 million. In particular, the decrease in net foreign exchange effect was due to the proceeds of approximately HKD8.31 billion from the Rights Issue made by the Company in the year, and the foreign currency exposure of the Company changed from net foreign currency liabilities to net foreign currency assets, resulting in an exchange gain of approximately RMB180 million recorded for the year against the backdrop of the depreciation of RMB, representing a year-on-year decrease in finance costs of RMB363 million as compared to the exchange loss of approximately RMB183 million for last year. As the overall financing environment has remained moderate since 2023, the Group's weighted average borrowing interest rate for the year declined to 3.82% from 4.16% for 2022.

SHARE OF PROFIT FROM ASSOCIATES

In 2023, the overall net profits from associates attributable to the Group was approximately RMB702 million (2022: net losses of approximately RMB260 million), mainly including gains on the investments in cooperative projects and Yuexiu REIT of approximately RMB679 million and RMB23 million, respectively.

In 2023, the total distributable amount of Yuexiu REIT amounted to approximately RMB410 million, representing a decrease of 23.2% on a year-on-year basis, and the cash distribution attributable to the Group amounted to approximately RMB155 million.

BASIC EARNINGS PER SHARE

In 2023, basic earnings per share attributable to the equity holders of the Company (calculated based on the weighted average number of ordinary shares in issue) were RMB0.8542 (2022: RMB1.1932).

By the end of 2023, 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 full year of 2023 was derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of the Rights Issue abovementioned. The weighted average number of ordinary shares for the purposes of basic earnings per share for the full year of 2022 has been correspondingly adjusted.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2023 of HKD0.148 per share, which is equivalent to RMB0.134 per share (2022: HKD0.307 per share which was equivalent to RMB0.272 per share) to shareholders whose names appear on the Register of Members of the Company at the close of business on 5 July 2024. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about 31 July 2024. Together with the interim dividend of HKD0.232 per share which was equivalent to approximately RMB0.213 per share, total dividends for the year ended 31 December 2023 amounted to HKD0.380 per share which was equivalent to approximately RMB0.347 per share.

Dividends payable to shareholders will be paid in Hong Kong dollars. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China ("PBOC") in the five business days preceding the date of dividend resolved/proposed by the Board.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores other funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

The Rights Issue was successfully completed during the year and was oversubscribed by 1.15 times, raising net proceeds of approximately HKD8.3 billion. The completion of the Rights Issue further enhanced the capital base and strengthened the core competitiveness of the Group.

In 2023, the Group obtained new borrowings of approximately RMB55.62 billion, including onshore borrowings of approximately RMB45.11 billion and offshore borrowings of approximately RMB10.51 billion. As at 31 December 2023, total borrowings amounted to approximately RMB104.37 billion (31 December 2022: RMB88.30 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB46.10 billion, and the net gearing ratio was 57.0%, which was calculated as net debt (i.e., total borrowings less cash and cash equivalents and charged bank deposits) divided by total equity. Borrowings due within one year accounted for approximately 22% of the total borrowings (31 December 2022: 18%); fixed-rate borrowings accounted for approximately 44% of the total borrowings (31 December 2022: 51%). The Group's weighted average borrowing interest rate for the year decreased by 34 basis points to 3.82% from 4.16% for 2022.

As at 31 December 2023, among the Group's total borrowings, approximately 54% was RMB denominated bank borrowings and other borrowings (31 December 2022: 52%), 10% was Hong Kong dollar denominated bank borrowings (31 December 2022: 10%), 7% was Hong Kong dollar and US dollar denominated medium-to-long term notes (31 December 2022: 15%), 29% was RMB denominated medium-to-long term notes (31 December 2022: 23%).

WORKING CAPITAL

As at 31 December 2023, the Group's working capital (current assets less current liabilities) amounted to approximately RMB128.08 billion (31 December 2022: approximately RMB105.46 billion). The Group's current ratio (current assets divided by current liabilities) was 1.6 times (31 December 2022: 1.6 times). Cash and cash equivalents amounted to approximately RMB29.27 billion (31 December 2022: RMB21.85 billion). Charged bank deposits amounted to approximately RMB16.83 billion (31 December 2022: RMB13.27 billion). Undrawn committed bank facilities amounted to approximately RMB68.88 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

Set out below is a summary of the Group's debts:

	As at	
	31 December 2023 RMB'000	31 December 2022 RMB'000
Borrowings and notes		
Denominated in RMB	86,572,838	66,015,520
Denominated in HKD	12,144,144	10,456,797
Denominated in USD	5,653,881	11,826,017
Total borrowings and notes	<u>104,370,863</u>	<u>88,298,334</u>
Bank overdrafts	35	29
Total debts	<u>104,370,898</u>	<u>88,298,363</u>
Ageing analysis:		
Within one year	22,975,869	15,744,272
In the second year	22,785,857	24,001,885
In the third to fifth year	46,005,776	43,376,890
Beyond five years	12,603,396	5,175,316
Total borrowings	104,370,898	88,298,363
Lease liabilities	839,021	891,594
Less: Cash and cash equivalents	<u>(29,265,250)</u>	<u>(21,846,458)</u>
Net borrowings	75,944,669	67,343,499
Total equity	<u>102,208,780</u>	<u>84,792,741</u>
Total capital	<u>178,153,449</u>	<u>152,136,240</u>
Gearing ratio (net borrowings divided by total capital)	<u>42.6%</u>	<u>44.3%</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 31 December 2023, among the total borrowings of the Group, approximately 46% was floating rate bank loans denominated in Renminbi, approximately 10% was floating rate bank loans denominated in Hong Kong dollars, approximately 8% was fixed rate bank loans and other borrowings denominated in Renminbi, approximately 29% was medium-to-long term fixed rate bonds denominated in Renminbi, and approximately 7% was medium-to-long term fixed rate notes denominated in US dollars and Hong Kong dollars.

From early 2022 to July 2023, the Federal Reserve has significantly raised interest rates to control high inflation, and subsequently stopped interest rate hikes. At present, inflation has eased but the decline has not yet met the expectation of 2%. While there were signs of rebound in inflation in January 2024, the market currently expects that inflation will remain under control throughout the year. The Federal Reserve is expected to start cutting interest rates in the second half of 2024, but when it does so will ultimately depend on inflation data. Hong Kong dollar interest rates are expected to follow the trend of US dollar interest rates in the future. The ratio of fixed rate financing against the total financing of the Group is approximately 44%, and offshore floating rate borrowings are mainly borrowings denominated in Hong Kong dollars. As the market expects that Hong Kong dollar interest rates will follow the downward trend of US dollar, the Group did not arrange interest-rate hedging instruments during the reporting year. The Group will continue to track the IRS quotes of market rates to appropriately hedge borrowing interest rate exposure at a reasonable cost. The weighted average borrowing interest rate for the full year of 2023 was approximately 3.82% per annum, decreased by 34 basis points from 4.16% per annum for the same period of 2022.

With respect to Renminbi interest rates, the PBOC has introduced relatively loose and prudent monetary policies in 2023 to stimulate economic recovery and enhance the management and control of the property market exposure. In early 2024, the PBOC stepped up its efforts to cut reserve requirement ratio and interest rate to support economic development. The market expects the central government to introduce more policies to accelerate economic recovery. It is expected that more apparent signs of economic recovery will be observed in the second half of the year.

With respect to US dollar interest rates, the market expected that tightened monetary policy may lead to a recession in the United States, but no recession has occurred. Currently, the United States economic data remains stronger than expected, and generally there is a lag period between tightened monetary policy and economic slowdown. It is estimated that the current interest rate hike cycle of the Federal Reserve may have come to an end. The market estimates that interest rate cuts may begin from June as the 2024 US presidential election is expected to be held in November this year.

With respect to Hong Kong dollar interest rates, Hong Kong dollar interest rates were slightly lower than US dollar interest rates in the first two months of 2024, due to weak demand for short-term Hong Kong dollar loans and sufficient liquidity of Hong Kong dollar. Generally, Hong Kong dollar interest rates will basically follow the trend of US dollar interest rates.

The Group will continue to pay close attention to changes in domestic and foreign interest rate market and continuously optimize its debt structure to manage its interest rate exposure.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are denominated primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to enhance the management and control of the foreign exchange exposure. As at 31 December 2023, among the borrowings denominated in foreign currencies, approximately HKD11.11 billion (equivalent to approximately RMB10.07 billion) was bank borrowings denominated in Hong Kong dollars, approximately USD798 million (equivalent to approximately RMB5.65 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.29 billion (equivalent to approximately RMB2.07 billion) was notes denominated in Hong Kong dollars. Approximately 17% (25% at the beginning of the year) of the total borrowings of the Group 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 RMB8.4 billion. The Group currently has limited foreign exchange exposure with controllable exchange rate risks.

In 2023, China's economic recovery was slower than expected due to challenges faced by its domestic economy, such as the under-performance of the stabilization in real estate market, export growth and domestic consumption, putting pressure on the RMB exchange rates. It is expected that the exchange rate of RMB against US dollar will remain volatile in 2024. However, the market expects a significant improvement in China's economy in the second half of the year, and coupled with the possible interest rate cut of US dollar in the second half of the year, RMB exchange rates will be well supported. As the central government continued to introduce policies to support the economy and stabilize RMB from the second half of 2023, it is expected that the exchange rate of RMB against US dollar will stabilize and improve slightly by the end of the year.

The Group will continue to keep track of developments in the foreign exchange market, appropriately adopt financial instruments to manage its foreign exchange exposure, strike a balance between foreign exchange risk and hedging cost, and continuously optimize its debt structure to manage its foreign exchange exposure.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023, the Group did not have contractual commitments in respect of purchases of property, plant and equipment (31 December 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

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. As of 31 December 2023, the total contingent liabilities relating to these guarantees amounted to approximately RMB42.36 billion (31 December 2022: RMB28.39 billion).

As at 31 December 2023, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB9,316 million (31 December 2022: RMB10,913 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB2,385 million (31 December 2022: RMB4,048 million) was utilised and guarantee of approximately RMB6,931 million (31 December 2022: RMB6,865 million) was not utilised yet.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had approximately 19,300 employees (30 June 2023: 19,510 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme have been respectively disclosed in the announcements dated 2 December 2016 and 17 March 2017.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2023.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICY

The Board of the Group attaches great importance to sustainability management. In accordance with the requirements of the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited, Yuexiu Property 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 environmental, social and governance affairs. The Board, as the highest governing body of the Group, takes the full responsibility for ESG affairs of Yuexiu Property. In March 2022, the ESG Committee chaired by the Chairman of the Company and staffed by the general manager and independent directors of the Company was established and the responsibilities of the ESG Committee are listed in the Corporate Governance Report. In addition, an ESG Leading Group is formed under the committee, with the general manager as the leader and the relevant functional lines or regional leaders as the group members, and is responsible for coordinating and supervising the implementation of ESG management, and periodically reporting ESG performance to the ESG Committee.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company and its subsidiaries (“Loan Agreements”) include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, or (as the case may be) Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company:

- (i) the controlling shareholder remains to be the single largest beneficial shareholder of the Company;
- (ii) the controlling shareholder maintains a shareholding interest of not less than 35% or 30% in the issued voting shares of the Company;
- (iii) the controlling shareholder maintains effective management control over the Company.

As at 31 December 2023, the aggregate balance of the loans provided was HKD11,122,000,000. Such Loan Agreements will expire from 12 April 2024 to 10 October 2026.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 24 January 2013, the Company issued USD350 million 3.25 per cent. notes due 2018 (the “2018 Notes”) and USD500 million 4.50 per cent. notes due 2023 (the “2023 Notes”) to investors under a USD2,000 million medium term note programme established on 11 January 2013. The Company has completed the redemption and cancellation of all the 2018 Notes. Since 17 August 2016, there are no outstanding 2018 Notes in issue. With effect from 29 December 2016, (i) the Company has substituted in its place Leading Affluence Limited, a wholly-owned subsidiary of the Company, as the issuer and the principal debtor in respect of the 2023 Notes; and (ii) the 2023 Notes are unconditionally and irrevocably guaranteed by the Company. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 17 January 2013) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options. The 2023 Notes were repaid in full in January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

On 19 April 2018, Westwood Group Holdings Limited ("Westwood"), an indirect wholly-owned subsidiary of the Company, issued USD800 million 4.875 per cent. guaranteed notes due 2021 (repaid in full on 19 April 2021) and USD400 million 5.375 per cent. guaranteed notes due 2023 (repaid in full on 18 October 2023) to investors under a USD3,000 million guaranteed medium term note programme established on 4 April 2018 ("USD3,000 million Guaranteed MTN Programme"). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 13 April 2018) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 20 January 2021, Westwood issued USD600 million 2.80 per cent. guaranteed notes due 2026 (the "2026 Notes") and USD150 million 3.80 per cent. guaranteed notes due 2031 to investors under the USD3,000 million Guaranteed MTN Programme (updated on 11 January 2021). On 26 January 2021, Westwood issued USD50 million 2.80 per cent. guaranteed notes due 2026 to investors (to be consolidated and form a single series with the 2026 Notes). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcements dated 13 January 2021 and 21 January 2021) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 16 January 2023, Joy Delight International Limited ("Joy Delight"), an indirect wholly-owned subsidiary of the Company, issued CNY2,000 million 4.00 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 10 January 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

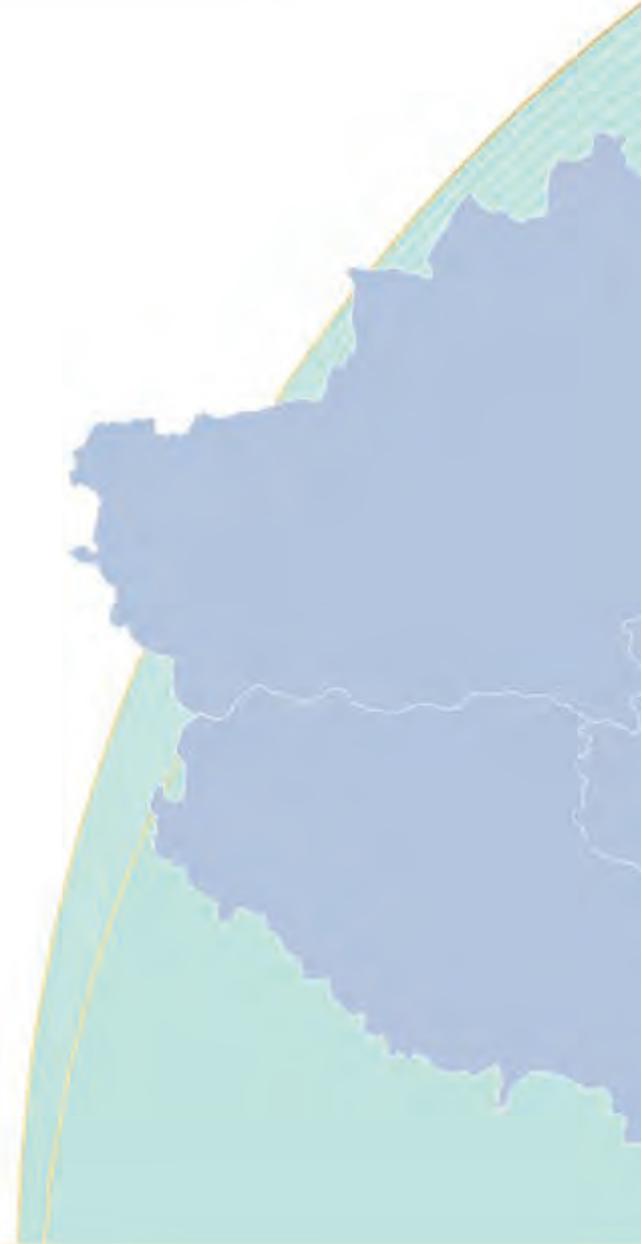
On 12 May 2023, Joy Delight issued CNY1,396 million 3.80 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 8 May 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 15 November 2023, Joy Delight issued CNY510 million 4.00 per cent. guaranteed notes due 2026 (which were upsized on 19 January 2024 such that the aggregate principal amount of such notes reached CNY1,210 million) to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 9 November 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

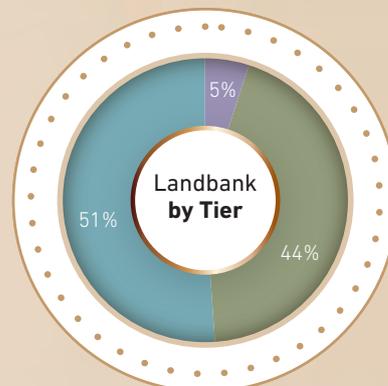
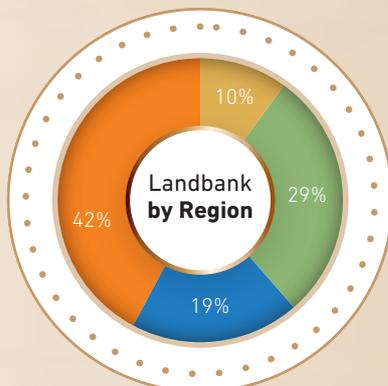
These obligations have been duly complied with for the year ended 31 December 2023.

PROPERTY DEVELOPMENT

REGION		GFA (sq.m.)
Greater Bay Area	41.9%	10,749,200
Guangzhou		9,796,500
Shenzhen		177,100
Foshan		150,400
Dongguan		254,800
Jiangmen		227,100
Zhongshan		71,200
Hong Kong		72,100
Eastern China Region	19.1%	4,895,000
Shanghai		548,400
Hangzhou		2,735,600
Suzhou		730,300
Nantong		168,100
Nanjing		712,600
Central and Western China Region	28.5%	7,328,600
Wuhan		670,700
Xiangyang		334,200
Hefei		915,200
Zhengzhou		1,106,200
Changsha		1,157,300
Chenzhou		848,300
Chongqing		607,900
Chengdu		661,100
Xi'an		1,027,700
Northern China Region	10.1%	2,600,800
Beijing		763,300
Shenyang		232,500
Qingdao		1,290,600
Yantai		65,300
Ji'nan		249,100
Hainan	0.4%	100,500
Haikou		100,500
Total	100%	25,674,100

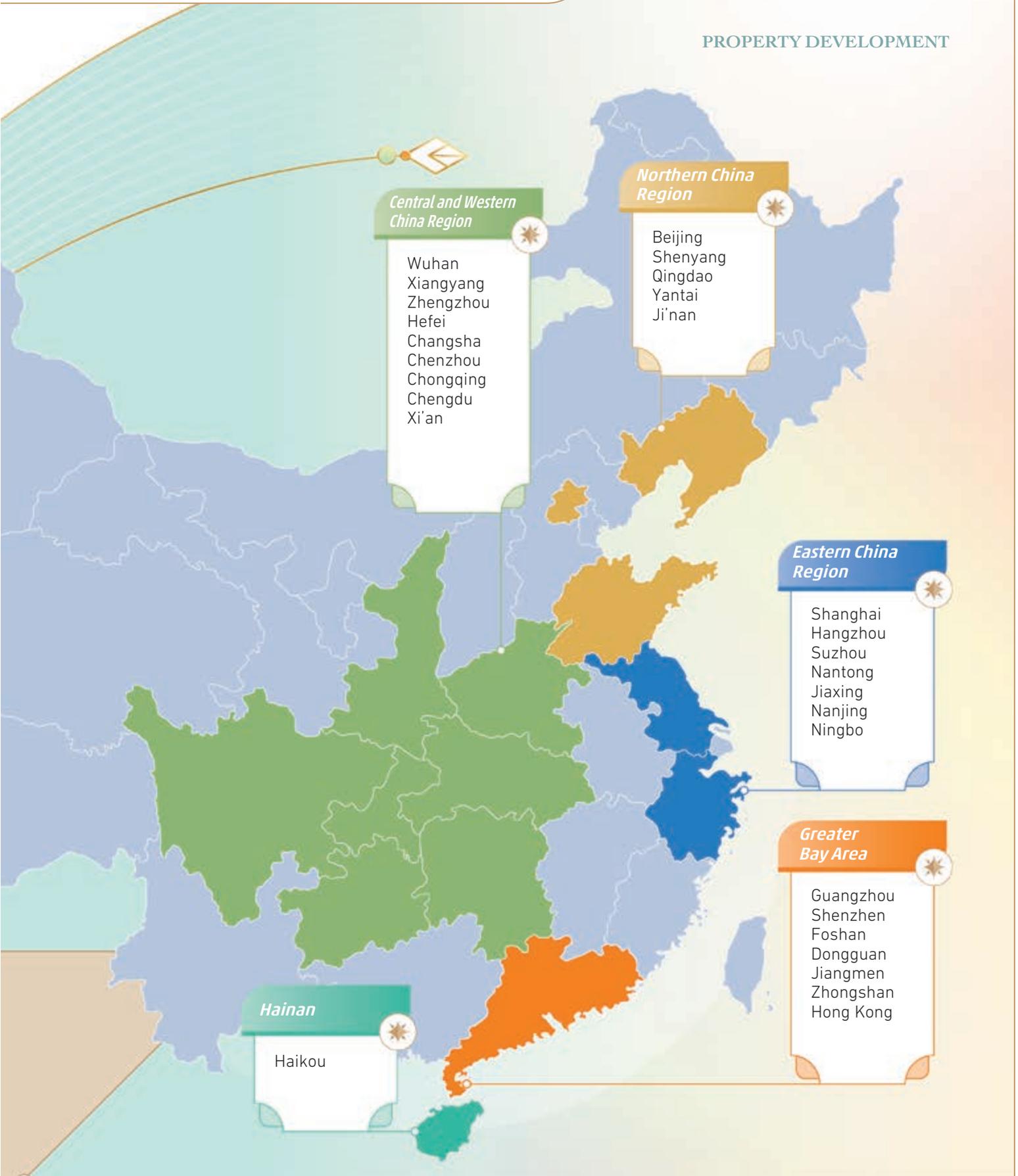


- Greater Bay Area
- Eastern China Region
- Central and Western China Region
- Northern China Region



- Tier 1
- Tier 2
- Tier 3 & 4

PROPERTY DEVELOPMENT



PROPERTY DEVELOPMENT

GREATER BAY AREA

GUANGZHOU TIANHE GRAND MANSION

Location: Tianhe District, Guangzhou
Site area: 46,100 sq.m.
Landbank GFA: 241,700 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 95.48%



GUANGZHOU NATURALISTIC MANSION

Location: Tianhe District, Guangzhou
Site area: 68,700 sq.m.
Landbank GFA: 220,600 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2027
Proportion of the Group's interest: 27.77%



GUANGZHOU PAZHOU SOUTH TOD

Location: Haizhu District, Guangzhou
Site area: 211,800 sq.m.
Landbank GFA: 429,100 sq.m.
Intended use: Residential/Commercial
Project phase: Under construction
Estimated completion time: 2026
Proportion of the Group's interest: 46.78%



PROPERTY DEVELOPMENT

GUANGZHOU PAZHOU SHADE

Location: Haizhu District, Guangzhou
 Site area: 15,500 sq.m.
 Landbank GFA: 128,800 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 95.48%

**SHENZHEN SHADE WALK**

Location: Bao'an District, Shenzhen
 Site area: 9,900 sq.m.
 Landbank GFA: 80,600 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2024
 Proportion of the Group's interest: 95.48%

SHENZHEN COAST WALK

Location: Bao'an District, Shenzhen
 Site area: 16,800 sq.m.
 Landbank GFA: 96,500 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2024
 Proportion of the Group's interest: 95.48%



PROPERTY DEVELOPMENT

GREATER BAY AREA

NANHAI IMPERIAL PEARL

Location: Nanhai District, Foshan
Site area: 62,700 sq.m.
Landbank GFA: 54,400 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2024
Proportion of the Group's interest: 95.00%



DONGGUAN JOY BAY

Location: Shatian Town, Dongguan
Site area: 66,100 sq.m.
Landbank GFA: 199,300 sq.m.
Intended use: Residential/Commercial
Project phase: Under construction
Estimated completion time: 2024
Proportion of the Group's interest: 48.69%



ZHONGSHAN YUEXIU EMPYREAN

Location: Xiaolan Town, Zhongshan
Site area: 40,000 sq.m.
Landbank GFA: 71,200 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2024
Proportion of the Group's interest: 57.29%

PROPERTY DEVELOPMENT

EASTERN CHINA REGION

SHANGHAI JING'AN YUE

Location: Jing'an District, Shanghai
 Site area: 4,300 sq.m.
 Landbank GFA: 17,800 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 95.00%

**SHANGHAI CITY GATHER**

Location: Yangpu District, Shanghai
 Site area: 36,000 sq.m.
 Landbank GFA: 125,400 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2024
 Proportion of the Group's interest: 47.50%

**SHANGHAI UBRAN PRISM**

Location: Jiading District, Shanghai
 Site area: 73,500 sq.m.
 Landbank GFA: 268,200 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 47.50%



PROPERTY DEVELOPMENT

EASTERN CHINA REGION

HANGZHOU JADEITE

Location: Yuhang District, Hangzhou
Site area: 120,700 sq.m.
Landbank GFA: 213,400 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 38.86%



HANGZHOU INFINITE AFFLUENT

Location: Linping District, Hangzhou
Site area: 283,500 sq.m.
Landbank GFA: 478,500 sq.m.
Intended use: Residential/Commercial
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 18.05%

NANJING GRAND MANSION

Location: Jianye District, Nanjing
Site area: 25,900 sq.m.
Landbank GFA: 89,100 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 98.00%



PROPERTY DEVELOPMENT

CENTRAL AND WESTERN CHINA REGION

WUHAN QIAOKOU LAND

Location: Qiaokou District, Wuhan
 Site area: 19,000 sq.m.
 Landbank GFA: 118,900 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 27.73%



HEFEI STARRY JUNLAN

Location: Yaohai District, Hefei
 Site area: 63,200 sq.m.
 Landbank GFA: 194,900 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 99.64%

HEFEI JOY YUNTING

Location: Feixi County, Hefei
 Site area: 69,300 sq.m.
 Landbank GFA: 225,100 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 32.88%



PROPERTY DEVELOPMENT

CENTRAL AND WESTERN CHINA REGION

ZHENGZHOU GLORY MANSION

Location: Jinshui District, Zhengzhou

Site area: 23,100 sq.m.

Landbank GFA: 112,000 sq.m.

Intended use: Residential

Project phase: Under construction

Estimated completion time: 2024

Proportion of the Group's interest: 76.00%



ZHENGZHOU JOY BAY

Location: Jinshui District, Zhengzhou

Site area: 130,300 sq.m.

Landbank GFA: 544,900 sq.m.

Intended use: Residential

Project phase: Under construction

Estimated completion time: 2026

Proportion of the Group's interest: 76.00%



CHANGSHA MOUNTAIN MANSION

Location: Yuelu District, Changsha

Site area: 84,800 sq.m.

Landbank GFA: 196,300 sq.m.

Intended use: Residential

Project phase: Under construction

Estimated completion time: 2025

Proportion of the Group's interest: 95.00%

PROPERTY DEVELOPMENT

CHONGQING IMPRESSIVE LAKE

Location: Yubei District, Chongqing
 Site area: 94,500 sq.m.
 Landbank GFA: 130,800 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 95.48%

**CHENGDU JOY CLOUD**

Location: Chenghua District, Chengdu
 Site area: 45,600 sq.m.
 Landbank GFA: 133,200 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 27.73%

**XI'AN GAOXIN LAND II**

Location: Gaoxin District, Xi'an
 Site area: 46,500 sq.m.
 Landbank GFA: 186,800 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 48.45%



PROPERTY DEVELOPMENT

NORTHERN CHINA REGION

BEIJING FRAGRANT SHADE

Location: Haidian District, Beijing
Site area: 73,900 sq.m.
Landbank GFA: 164,700 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 48.45%



BEIJING YUEXIU TIANYUE

Location: Shijingshan District, Beijing
Site area: 26,100 sq.m.
Landbank GFA: 94,100 sq.m.
Intended use: Residential
Project phase: Under construction
Estimated completion time: 2024
Proportion of the Group's interest: 100.00%

BEIJING YUEXIU MELODY

Location: Changping District, Beijing
Site area: 45,100 sq.m.
Landbank GFA: 175,300 sq.m.
Intended use: Residential/Commercial
Project phase: Under construction
Estimated completion time: 2025
Proportion of the Group's interest: 100.00%



PROPERTY DEVELOPMENT

QINGDAO GRAND MANSION

Location: Laoshan District, Qingdao
 Site area: 39,100 sq.m.
 Landbank GFA: 132,500 sq.m.
 Intended use: Residential
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 51.00%

**QINGDAO INNER PEACE**

Location: Licang District, Qingdao
 Site area: 203,800 sq.m.
 Landbank GFA: 666,300 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2025
 Proportion of the Group's interest: 22.50%

JI'NAN HILLSIDE MANSION

Location: Lixia District, Ji'nan
 Site area: 74,600 sq.m.
 Landbank GFA: 116,800 sq.m.
 Intended use: Residential/Commercial
 Project phase: Under construction
 Estimated completion time: 2024
 Proportion of the Group's interest: 95.00%



INVESTOR RELATIONS REPORT

The Group attaches great importance to an effective two-way communication with investors, and believes that maintaining a good relationship with investors and improving the transparency of the Company's information will help build and enhance confidence from the market in the Group. The Group has set up an investor relations management team to act as an important communication role between the Group on one side and shareholders, investors and analysts on the other side. In 2023, the Group maintained good interaction with investors on the premise of following the laws and regulations for listed companies and ensuring that investors have equal access to information.

An appropriate transparency has been maintained in information disclosure. In particular, the Group constantly optimized the contents of its interim and annual report, announcement, results presentation, press release, etc., and proactively published announcement on unaudited monthly sales and land acquisition, so as to update the capital market with the Company's latest business developments in a timely manner.

An efficient and quality communication has been maintained with investors. The Company announced its annual results via "onsite + telephone conference", maintained a smooth communication with investors around the world, as well as held general meetings, roadshows, investor conferences and one-on-one meetings by using telephone and third-party conference software, through which, investors were empowered by convenient and effective communication channels and enabled to comprehensively understand the Group's operations and development strategies in a timely manner, thus improving the effect of these activities.

The Group is committed to promoting the quality of investor communication. Management of the Group actively participated in multiple offline roadshows and reverse roadshows while maintaining the smooth running of online investor relations activities, which enabled investors to directly and deeply understand the Group's business development and future strategies. Besides, the Group has set up investor relations emails, hotlines and other channels to maintain smooth daily communication and exchanges with investors and facilitate updating investors with the latest developments of the Group.



INVESTOR RELATIONS REPORT

While communicating the Group's business information to the outside world, the Group also pays attention to feedbacks from the capital market and business traction, so as to convey investor feedbacks to management of the Group timely and accurately with conducting relevant research and analysis, thereby promoting the Group to improve its corporate governance level and facilitate good interaction between investors and the management, and eventually create greater value for shareholders.

Key Investor Relations Activities in 2023

January	UBS Greater China Strategy Forum
March	2022 Annual Results Presentation of Yuexiu Property 2022 Annual Results Roadshow of Yuexiu Property
May	SWSC Strategy Forum Citibank Strategy Forum
June	CICC Strategy Forum BOC International Strategy Forum Capital Market Open Day of Yuexiu Property Guosheng Securities Investment Strategy Forum
July	UBS Investment Strategy Forum
August	2023 Interim Results Presentation of Yuexiu Property 2023 Interim Results Roadshow of Yuexiu Property
September	Topsperity Securities Strategy Conference
November	Zheshang Securities Strategy Forum Citibank Investment Strategy Forum CITIC Securities Strategy Forum CICC Investment Strategy Forum SWSC Investment Forum
December	CSC Strategy Forum Industrial Securities Investment Strategy Forum

AWARDS AND RECOGNITIONS



Outstanding Listed Company Award 2023

The Hong Kong Institute of Financial Analysts and Professional Commentators Limited

Listed Company Awards of Excellence 2023

Hong Kong Economic Journal

Hong Kong Corporate Governance and ESG Excellence Awards 2023

Chamber of Hong Kong Listed Companies and Centre for Corporate Governance and Financial Policy of the Hong Kong Baptist University

China Property Award of Supreme Excellence in ESG 2023

Committee of China Property Award of Supreme Excellence and Quality Property Management

2023 Top 10 China Real Estate Enterprise Brand Value

Ehconsulting

2023 Real Estate Outstanding Enterprise Performance

Guandian Index Academy

2023 Model State-owned Enterprise

Beijing Daily

The Most Influential Real Estate Brand in Guangzhou in 2023

Guangzhou Daily

2023 Top 10 Luxury Residential Product Line in China

CRIC

2023 Top 10 Luxury Boutique Product Line in China

CRIC

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

Mr Lin Zhaoyuan, aged 54, was appointed as Chairman of the Company in August 2018. Mr Lin has been an executive director of the Company since November 2015. He had been Vice Chairman and General Manager of the Company. He is also a director, vice chairman and general manager of Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), 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. ("GCCD"), chairman and a non-executive director of Yuexiu Financial Holdings Limited ("YFHL") and a non-executive director of Chong Hing Bank Limited ("Chong Hing Bank"). Mr Lin holds a Bachelor's degree of economics and a master of business administration degree of Sun Yat-sen University 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 Guangzhou Yue Xiu and YXE, and chairman and a non-executive director of Yuexiu REIT Asset Management Limited (the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405), which is listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")). 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 Lin Feng, aged 53, was appointed as Vice Chairman, executive director and General Manager of the Company in August 2018. Mr Lin graduated from Guangdong University of Finance & Economics (formerly known as Guangdong Commercial College) in accounting with a Bachelor's degree in economics. Mr Lin holds a Master's degree in business administration from the University of Western Sydney and the qualification of accountant awarded by the Ministry of Finance of the People's Republic of China (the "PRC"). Since 1994, Mr Lin has joined Guangzhou City Construction Development Holding Co., Limited. He served as deputy general manager of finance department and corporate management department, general manager of finance department of GCCD, assistant to general manager of the Company and the general manager of urban renewal group (i.e., the Company's urban renewal sector). Mr Lin was also a director and general manager of GCCD and chairman and a non-executive director of Yuexiu Services Group Limited ("Yuexiu Services") (Stock Code: 6626), which is listed on the Stock Exchange. He had served as a deputy general manager of the Company since 2014. He has been in charge of investment sector, customer resource management and synergy, Bay West and Hainan companies. He has also participated in various major capital operation and financing projects of the Company with extensive experience in enterprise investment decision making and financing management.

Mr Zhu Huisong, aged 49, was appointed as an executive director and the co-general manager of the Company in April 2023. 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. 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 North China and East China. From April 2020 to March 2023, he acted as the chairman of the regional companies of the Group in North China. Mr Zhu has acted as (i) the chairman of the regional companies of the Group in East China; and (ii) a director and the co-general manager of GCCD since April 2020 and April 2023, respectively. Since April 2024, he has been the chairman and non-executive director of Yuexiu Services (Stock Code: 6626), which is listed on the Stock Exchange. As an executive director and the co-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. Since November 2003, Mr Zhu has been a qualified intermediate economist specialising in commercial economy. Mr Zhu has also qualified as a senior economist specialising in construction and real estate economics in 2023.

DIRECTORS' PROFILES

Mr He Yuping, aged 51, was appointed as an executive director of the Company in April 2023. He has over 15 years of senior management experience in business development, legal compliance and risk management in the group of Guangzhou Yue Xiu. 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 Guangzhou Yue Xiu. 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 Guangzhou Yue Xiu 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 Guangzhou Yue Xiu and YXE, respectively. From July 2015 and February 2017, he has acted as the company secretary of the board of directors and the chief legal adviser of Guangzhou Yue Xiu, respectively. Since October 2022, Mr He has acted as the chief compliance officer of Guangzhou Yue Xiu and YXE. Over the years, Mr He has taken up senior management roles in the group of Guangzhou Yue Xiu, including directorships in a number of subsidiaries of Guangzhou Yue Xiu, 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 Guangzhou Yue Xiu, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000987.SZ). 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 52, was appointed as executive director of the Company in July 2017. Ms Chen is the chief financial officer of the Company. She is also the chief financial officer of Guangzhou Yue Xiu and YXE, a director of GCCD, a non-executive director of YFHL and Chong Hing Bank and an executive director of Yuexiu Transport Infrastructure Limited ("Yuexiu Transport") (Stock Code: 1052), which is listed on the Stock Exchange, and a director of Guangzhou Yuexiu Agriculture and Animal Husbandry Food Technology Co., Ltd. and Guangzhou Yuexiu Dairy Group Co., Ltd.* ("Yuexiu Dairy") (廣州越秀乳業集團有限公司). 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 in audit studies, and holds a master of business administration degree of the School of Management and Economics of the Beijing Institute of Technology and the qualification of auditor and certified internal auditor. Ms Chen joined Guangzhou Yue Xiu in July 2004 and was the deputy general manager of the supervisory (audit) office, the general manager of the audit department and the chairman of the board of directors of Yue Xiu Securities Holdings Limited and general manager of the finance department of Guangzhou Yue Xiu and YXE. Ms Chen has participated in establishing systems to monitor the major risks and finance of Guangzhou Yue Xiu. 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 Guangzhou Yue Xiu, Ms Chen worked in school of business of the Hubei University and Hisense Kelon Electrical Holdings Company Limited.

DIRECTORS' PROFILES

Ms Liu Yan, aged 45, was appointed as executive director of the Company in August 2018. Ms Liu is the chief operating officer and chief human resources officer of Guangzhou Yue Xiu and YXE. She is also a director of GCCD, Guangzhou Paper Group, Yuexiu Dairy, and Liaoning Yuexiu Huishan Holdings Co., Ltd.* (遼寧越秀輝山控股股份有限公司), and the vice chairman of Guangzhou Yuexiu Shared Services Co., Ltd.* (廣州越秀共享服務有限公司). Ms Liu is also the chairman and an executive director of Yuexiu Transport (Stock Code: 1052), which is listed on the 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 Guangzhou Yue Xiu in July 2002 and was a director of GZYCHL, Guangzhou Yuexiu Capital Holdings Company Limited, Guangzhou Yuexiu Financial Leasing Co., Limited and Shanghai Yuexiu Finance Leasing Co., Limited, the director of human resources of Guangzhou Yue Xiu and YXE. She has led the implementation of several major projects for Guangzhou Yue Xiu 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 DIRECTOR

Mr Zhang Yibing, aged 57, was appointed as non-executive director of the Company in March 2022. Mr Zhang is currently the deputy general manager of Guangzhou Metro Group Co., Ltd.* (廣州地鐵集團有限公司). 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Yu Lup Fat Joseph, aged 76, has been an independent non-executive director of the Company 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 69, has been an independent non-executive director of the Company 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 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.

DIRECTORS' PROFILES

Mr Lau Hon Chuen, GBS, JP, alias Ambrose Lau, aged 76, has been an independent non-executive director of the Company 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 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 Nominees & Secretarial Services Limited, Helicoil 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 65, was appointed as an independent non-executive director of the Company 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 Stock Exchange. Mr Cheung is also an independent non-executive director of Dah Sing Bank, Limited, a subsidiary of Dah Sing Banking Group Limited.

* For identification purpose only

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the conduct and growth of its business.

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 (formerly known as Appendix 14) to The Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Throughout the year ended 31 December 2023 ("Year"), the Company has complied with the Code Provisions.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

The Board of Directors ("Board") of the Company plays a crucial role in sustaining high standards of corporate governance, transparency and accountability of the Group's operations.

The key corporate governance principles and practices of the Company are summarised below:

THE BOARD

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs in the interests of the Company.

The Board has delegated the supervision of the day-to-day management of the Company's business to the executive directorate, and focuses its attention on matters affecting the Company'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 Environmental, Social and Governance ("ESG") affairs of the Company and oversees the ESG direction and strategies of the Company. It regularly discusses and reviews the Company's ESG development risks and opportunities. The ESG Committee is responsible for managing and supervising the ESG impact of the Company, and reports the ESG-related performance to the Board on a regular basis. It updates the Company's ESG issues every year and conducts materiality assessment of the ESG 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.

CORPORATE GOVERNANCE REPORT

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Group and to the exercise of independent judgment. The Board comprised six executive directors, one non-executive director and four independent non-executive directors as at 31 December 2023.

For a list of directors during the year ended 31 December 2023 and up to the date of this annual report, please refer to page 79 of the Report of the Directors. The latest list of directors is also available on the Company's website (www.yuexiuproperty.com) and the Stock Exchange's website.

Selection of Board members is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected Board members could bring to the Board, with due regard to the benefits of diversity on the Board. The Board diversity policy is available on the website of the Company. The Board will review and monitor the implementation of the policy to ensure its effectiveness and application from time to time.

None of the members of the Board is related to one another.

During the year ended 31 December 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The number of independent non-executive directors on the Board meets one-third requirement under the Listing Rules throughout the Year.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considered all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors made valuable contributions to the effective direction of the Company.

Mr Cheung Kin Sang has entered into a letter of appointment with the Company for an initial fixed term of three years commencing on 21 April 2023. Other than Mr Cheung, none of the independent non-executive directors of the Company has been appointed for a specific term. However, in accordance with the Company's Articles of Association, all directors of the Company, including independent non-executive directors, are subject to retirement by rotation at least once every three years. All the independent non-executive directors of the Company retired by rotation, offered themselves for re-election, and were re-elected during the past three years.

Shareholders may propose a candidate for election as director in accordance with the Articles of Association of the Company. The procedures for such proposal are available on the websites of the Company and the Stock Exchange.

Training for Directors

On appointment to the Board, each director receives a comprehensive induction package covering business operations, policies and procedures of the Group as well as the general, statutory and regulatory obligations of being a director to ensure that he/she is fully sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, all directors and senior executives are encouraged to participate in continuous professional development relating to the Listing Rules, Companies Ordinance and corporate governance practices to continuously update and further improve their relevant knowledge and skills. From time to time, directors are provided with training materials to develop and refresh their professional knowledge and skills.

CORPORATE GOVERNANCE REPORT

During the Year, the Company arranged training programmes and provided training materials to the Directors with an emphasis on macro-economic situation and future prospects, the outlook for the real estate industry and the latest disclosure requirements of annual report and environmental, social and governance of listed companies. According to the records maintained by the Company, the Directors received trainings in the following areas:

Directors	Corporate Governance/Updates on Laws, Rules & Regulations	
	Read Materials	Attended Seminars/Briefings
<i>Executive Directors</i>		
Lin Zhaoyuan	√	√
Lin Feng	√	√
Zhu Huisong (appointed on 21 April 2023)	√	√
He Yuping (appointed on 21 April 2023)	√	√
Li Feng (resigned on 21 April 2023)	√	√
Chen Jing	√	√
Liu Yan	√	√
<i>Non-Executive Director</i>		
Zhang Yibing	√	√
<i>Independent Non-Executive Directors</i>		
Yu Lup Fat Joseph	√	√
Lee Ka Lun	√	√
Lau Hon Chuen Ambrose	√	√
Cheung Kin Sang (appointed on 21 April 2023)	√	√

CORPORATE GOVERNANCE REPORT

Board Meetings

Number of Meetings and Directors' Attendance

In year 2023, the Board held 5 meetings. The attendance record of each member of the Board is set out below:

Directors	Attendance/ Number of Meetings	
	Board Meetings	Annual General Meeting
<i>Executive Directors</i>		
Lin Zhaoyuan	5/5	1/1
Lin Feng	5/5	1/1
Zhu Huisong (appointed on 21 April 2023)	3/3	1/1
He Yuping (appointed on 21 April 2023)	3/3	1/1
Li Feng (resigned on 21 April 2023)	2/2	–
Chen Jing	5/5	1/1
Liu Yan	5/5	1/1
<i>Non-Executive Director</i>		
Zhang Yibing	2/5	0/1
<i>Independent Non-Executive Directors</i>		
Yu Lup Fat Joseph	5/5	1/1
Lee Ka Lun	5/5	1/1
Lau Hon Chuen Ambrose	5/5	1/1
Cheung Kin Sang (appointed on 21 April 2023)	3/3	1/1

Practices and Conduct of Meetings

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and Board committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least three days before each Board meeting or Board committee meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management as and when they think appropriate.

Minutes of all Board meetings and Board committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to the current Board practice, any material transaction will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their connected entities or associates have a material interest.

CORPORATE GOVERNANCE REPORT

Pursuant to Articles 143 of the Company's Articles of Association, the Directors or other officers of the Company shall be indemnified against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution and discharge of his duties or in relation thereto, including any liability incurred by him. The Company has arranged directors and officer liability insurances for its directors and officers. The relevant provisions of the Articles of Association of the Company and the directors' and officers' liability insurance are currently in force and were in force throughout the Year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year, the position of the chairman was held by Mr Lin Zhaoyuan while the position of General Manager was held by Mr Lin Feng. The position of Co-General Manager was held by Mr Zhu Huisong.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board. The Co-General Manager is responsible for overseeing the overall management, formulation and implementation of business strategies of the Group.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, 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 Stock Exchange's website.

Audit Committee

As at 31 December 2023, 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.
- (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.

CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings during the year ended 31 December 2023 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 change of the external auditors. The composition of the Audit Committee and attendance record of each Audit Committee member are set out below:

Members	Meetings Attended
<i>Independent Non-Executive Directors</i>	
Yu Lup Fat Joseph	2/2
Lee Ka Lun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Kin Sang (appointed on 21 April 2023)	1/1

Remuneration Committee

As at 31 December 2023, 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 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.

The composition of the Remuneration Committee and attendance record of each Remuneration Committee member are set out below:

Members	Meeting Attended
<i>Independent Non-Executive Directors</i>	
Yu Lup Fat Joseph	1/1
Lee Ka Lun	1/1
Lau Hon Chuen Ambrose	1/1
Cheung Kin Sang (appointed on 21 April 2023)	–
<i>Executive Director</i>	
Lin Zhaoyuan	1/1

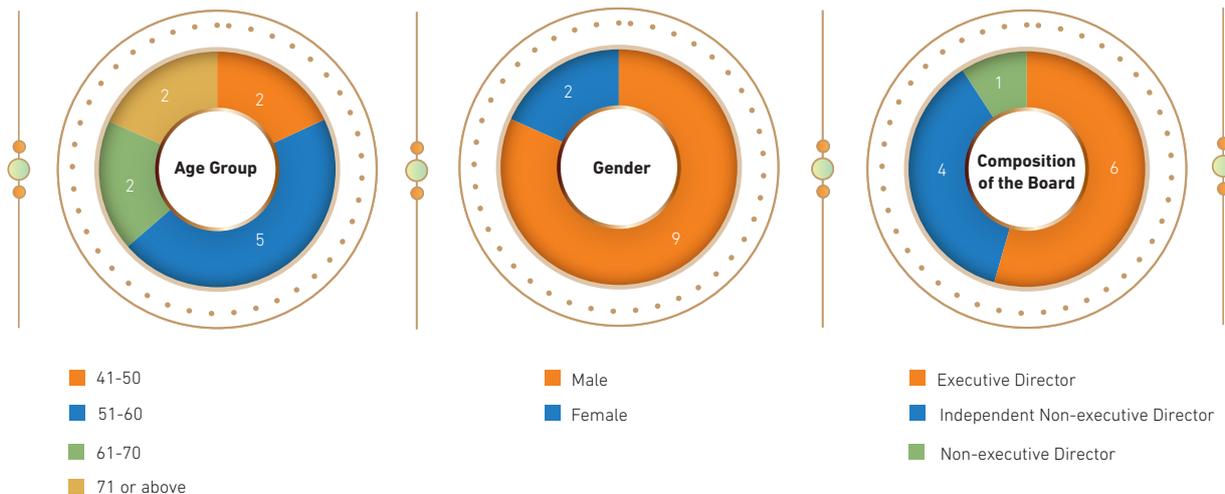
One meeting was held in 2023 to review and make recommendations on the remuneration policy and structure of the Company and remuneration packages of the executive directors and senior management for the year under review.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Board established the Nomination Committee on 1 March 2012. As at 31 December 2023, the Nomination Committee comprises two executive directors and four independent non-executive directors. The committee is chaired by the Chairman of the Board.

The roles and functions of the Nomination Committee include 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 the date of this report, the Board comprised diversified members, including 11 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, one non-executive director and the other four directors, being the independent non-executive directors, contribute extensive experiences in 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.



Procedures of Appointment of Directors

In accordance with the strategic needs of the Board, suitable candidates are identified for consideration by the Nomination Committee. The Nomination Committee will consider such candidates based on various factors such as 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.

CORPORATE GOVERNANCE REPORT

The composition of the Nomination Committee and the attendance record of each Nomination Committee member are set out below:

Members	Meetings Attended
<i>Executive Directors</i>	
Lin Zhaoyuan	2/2
Li Feng (resigned on 21 April 2023)	2/2
He Yuping (appointed on 21 April 2023)	–
<i>Independent Non-Executive Directors</i>	
Yu Lup Fat Joseph	2/2
Lee Ka Lun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Kin Sang (appointed on 21 April 2023)	–

The Nomination Committee held two meetings during the year ended 31 December 2023 to review the structure, size and composition of the Board. During the Year, the Nomination Committee also made recommendation to the Board on the respective appointments of the new Executive Directors and Independent Non-Executive Director.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee (“ESG Committee”) was established on 10 March 2022. As at 31 December 2023, the ESG Committee comprises three executive directors, namely Mr Lin Zhaoyuan, Mr Lin Feng and Mr Zhu Huisong 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 Chairman of the Board.

The main duties of the ESG Committee include the following:

- to review, formulate and approve the Group’s vision, goals, strategies and management policies regarding ESG issues, and make recommendations to the Board on the relevant ESG matters;
- to review and evaluate the adequacy and effectiveness of the management framework for ESG matters at the Group level;
- to review and monitor the Group’s policies on ESG to ensure compliance with legal and regulatory requirements; and
- to review and report to the Board on major international trends in legislation, regulations of corporate ESG, identify and assess the ESG related risks and opportunities that have an impact on the Group’s operation.

The ESG Committee shall report to the Board on their decisions or recommendations not less than once a year.

CORPORATE GOVERNANCE REPORT

The composition of the ESG Committee and attendance record of each ESG Committee member are set out below:

Members	Meetings Attended
<i>Executive Directors</i>	
Lin Zhaoyuan	2/2
Lin Feng	2/2
Zhu Huisong (appointed on 21 April 2023)	1/1
<i>Independent Non-Executive Directors</i>	
Yu Lup Fat Joseph	2/2
Lee Ka Lun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Kin Sang (appointed on 21 April 2023)	1/1

The ESG Committee held two meetings during the year ended 31 December 2023 to review the progress of the ESG issues.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules.

Specific enquiries have been made to all the directors concerning their compliance with the Model Code and all the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2023.

Specific employees who are likely to be in possession of inside information of the Group have been requested to comply with the provisions of the Model Code. No incident of non-compliance was noted by the Company.

COMPANY SECRETARY

Mr Yu Tat Fung has been the company secretary of the Company since 2004. He is the Group General Counsel of YXE, and also the company secretary of YXE, Yuexiu Transport Infrastructure Limited (Stock Code: 1052), Yuexiu Services Group Limited (Stock Code: 6626) and Yuexiu REIT Asset Management Limited, the manager of Yuexiu Real Estate Investment Trust (Stock Code: 405). Mr Yu obtained a bachelor's degree in Social Sciences from the University of Hong Kong in 1981. He attained the Solicitors Final Examination in England in 1983. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1986. He was also admitted to the Bar of the Province of British Columbia in Canada in 1995. Prior to joining the Company in 1997, he was engaged in private practice with an emphasis on corporate and commercial law. Mr Yu is responsible for advising the Board on governance matters. During 2023, Mr Yu has taken no less than 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

Responsibilities in respect of the financial statements and auditor's remuneration

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE REPORT

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditor's Report".

The remuneration paid or payable to Ernst & Young, the external auditor of the Company, in respect of audit services and non-audit services for the year ended 31 December 2023 amounted to approximately RMB4,770,000 and RMB2,250,000 respectively. The non-audit services conducted mainly include bond offering services, consulting and tax services.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard shareholders' interests and the Company's assets and for reviewing, through its Audit Committee, the effectiveness of the system. The internal auditor shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks. The risk management and internal control system of the Group, which covers all material controls, including financial, operational and compliance controls, is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group against material errors, losses or fraud. However, any risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objects; and can provide only reasonable but not absolute assurance of full protection against material errors, losses, fraud or failure to meet its business objectives.

In meeting its responsibilities, the Board seeks to increase risk awareness of its business operations and puts in place policies and procedures, including the parameters of delegated authority, to provide for the identification and management of business risks. The Board assumes overall responsibility in monitoring the operation of the businesses within the Group. Executive directors are appointed to the Boards of all significant material operating subsidiaries to attend their board meetings and to oversee the operations of those companies. Monitoring activities include the review and approval of business strategies, budgets and plans, and the setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

Business plans and budgets are prepared annually by the management of individual businesses which are subject to review and approval by both the executive management teams and the executive directors as part of the Group's corporate planning. The executive directors hold monthly meetings to review management reports on the business results and key operating statuses of each core business.

The Group has established guidelines and procedures for the approval and control of expenditure. Operating expenditure is subject to overall budget control and is controlled within each business with the approval levels for such expenditure being set by reference to the level of responsibilities of each executive and officer.

For the year ended 31 December 2023, the Board has conducted review of the effectiveness of the risk management and internal control system of the Company on a half-yearly basis. The Board believes that the risk management and internal control system is adequate and effective and does not note any material deviation.

Internal audit

The Group's audit and risk management department plays an important role in reviewing and monitoring the overall internal compliance and governance systems of the Group. The department directly reports to the Audit Committee and performs specific internal audit projects. The department has unrestricted access to review all the Group's business activities, departments and subsidiaries and identify the areas of concern. During the Year, the department has completed 90 internal audit projects covering performance auditing, economic responsibility auditing and special projects auditing.

CORPORATE GOVERNANCE REPORT

Handling and dissemination of inside information

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the directors and relevant employees regularly, disseminating information to specified persons on a need-to-know basis with regard closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make informed investment decisions.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairman of the board committees are available to answer questions at the general meetings. Separate resolutions are proposed at general meetings on each substantial issue.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at www.yuexiuproperty.com, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

Resolutions put to vote at the general meetings of the Company (other than on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the websites of the Company and the Stock Exchange respectively on the same day as the poll.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may request the directors to call a general meeting of the Company. The requisition must state the general nature of the business to be dealt with at the meeting; and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The requisition may consist of several documents in like form. The requisition may be sent to the Company in hard copy form or in electronic form; and must be authenticated by the person or persons making it. If the directors of the Company do not within 21 days after the date on which they become subject to the requirement call a general meeting for a date not more than 28 days after the date of notice convening the meeting, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting, and the meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a meeting. Pursuant to Sections 615 and 616 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), shareholder(s) representing at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at an annual general meeting to which the request relates, or at least 50 shareholders having a right to vote on the resolution at an annual general meeting to which the request relates, may submit a written request to put forward a resolution which may properly be moved at an annual general meeting.

The Board has reviewed the Shareholders' communication policy during the Year and was satisfied with the effectiveness of the shareholders' communication policy.

CORPORATE GOVERNANCE REPORT

PROCEDURES FOR RAISING ENQUIRIES

To ensure effective communication between the Company and the Shareholders:

- (1) Shareholders may direct their questions about their shareholdings to the Company's share registrar in Hong Kong.
- (2) Shareholders may at any time send their enquires and concerns to the Board in writing to the Capital Management Department of the Company whose contact details are as follows:

Capital Management Department
Yuexiu Property Company Limited
26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

- (3) Shareholders may also make enquiries with the Board at the general meetings of the Company.

DIVIDEND POLICY

The Company is committed to maintaining a relatively stable and sustainable dividend policy. The dividend policy is based on the principle of balancing shareholders' expectations and maintaining the Company's sustainable development, with consideration of various factors, such as current business position, future operations and income, and financial position of the Company, current and future macro-economic environment and development, capital needs and capital reserves, future major investment or acquisition plans, external financing environment, adjustment to relevant tax rates, adjustments to industry policies, all relevant legal and regulatory restrictions, continuity of past dividend policies and other factors as considered relevant by the Board. Generally speaking, the total dividend of the Company for a year represents 30% to 40% of the core net profit attributable to equity holders. Core net profit represents profit attributable to equity holders excluding net foreign exchange gains/(losses) recognised in the consolidated statement of profit or loss and net fair value (losses)/gains on investment properties held on a continuing basis (excluding investment properties disposed during the year) and the related tax effect. The Board will review and monitor the implementation of said policy from time to time to ensure its effectiveness and application.

CONSTITUTIONAL DOCUMENTS

In 2023, the new amended and restated Articles of Association was adopted to incorporate certain amendments in order to (i) bring the Articles of Association in line with the relevant requirements of the Companies Ordinance and the Listing Rules; (ii) provide flexibility to the Company in relation to the holding of general meetings; and (iii) make other consequential and housekeeping amendments. A special resolution in respect of the adoption of the new amended and restated Articles of Association of the Company was duly passed by the Shareholders at the annual general meeting held on 18 May 2023. For further details, please refer to the Company's circular dated 25 April 2023.

The Company's amended and restated Articles of Association is available on the websites of the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report together with the audited consolidated financial statements for the year ended 31 December 2023 ("Year").

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of development, selling and management of properties and holding of investment properties. The principal activities of its principal subsidiaries, joint ventures, associated entities are set out in the section headed "Group Structure" on pages 223 to 244.

An analysis of the Group's performance for the Year by business and geographical segments is set out in Note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 115.

The Directors have declared an interim dividend and have recommended the payment of a final dividend in respect of the year ended 31 December 2023. They are summarised as follows:

	RMB'000
Interim dividend of HKD0.232 equivalent to RMB0.213 per ordinary share paid on 21 November 2023	857,409
Proposed final dividend of HKD0.148 equivalent to RMB0.134 per ordinary share	539,403
	<u>1,396,812</u>

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 26 June 2024, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 20 June 2024.

In addition, the register of members of the Company will be closed from Thursday, 4 July 2024 to Friday, 5 July 2024, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Wednesday, 3 July 2024.

DONATIONS

Public welfare donations of RMB63.25 million were recorded in the Company's consolidated statement of profit or loss for the year ended 31 December 2023.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

The business review of the Group including the important events affecting the Group that have occurred since the end of 2023 and the possible future developments in the Group's business, is set out in the "Chairman's Statement", and "Management Discussion and Analysis" sections of this Annual Report. Principal risks and uncertainties facing the Group are set out in the Risk Management Report. Details about the Group's financial risk management are set out in note 46 to the Consolidated Financial Statements.

In addition, discussions on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, Management Discussion and Analysis, the Corporate Governance Report, this Report of the Directors and Investor Relations Report. The environmental, social and governance report to be issued by the Company will also contain the Group's environmental policies and performance.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the Hong Kong Companies Ordinance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the Year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Year.

INTEREST CAPITALISED

During the Year, interest capitalised as development cost in respect of investment properties, properties under development and property, plant and equipment amounted to approximately RMB3,902 million (2022: RMB3,797 million).

DISTRIBUTABLE RESERVES

As at 31 December 2023, the distributable reserves, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap.622), of the Company available for distribution amounted to RMB1,992 million (2022: RMB3,008 million).

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Year and up to the date of this report were:

Mr Lin Zhaoyuan
Mr Lin Feng
Mr Zhu Huisong (appointed on 21 April 2023)
Mr He Yuping (appointed on 21 April 2023)
Mr Li Feng (resigned on 21 April 2023)
Ms Chen Jing
Ms Liu Yan
Mr Zhang Yibing¹
Mr Yu Lup Fat Joseph²
Mr Lee Ka Lun²
Mr Lau Hon Chuen Ambrose²
Mr Cheung Kin Sang² (appointed on 21 April 2023)

¹ *Non-executive Director*

² *Independent non-executive Directors*

The Directors' Profiles are set out on pages 61 to 64.

ROTATION AND RE-ELECTION OF DIRECTORS

Mr Lin Zhaoyuan, Mr Zhang Yibing, Mr Yu Lup Fat Joseph and Mr Lau Hon Chuen Ambrose will retire by rotation in accordance with Article 91 of the Company's Articles of Association at the forthcoming annual general meeting and, being eligible, all offer themselves for re-election.

The Board recommends the re-appointment of all directors standing for re-election at the forthcoming general meeting of the Company.

DIRECTOR'S SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The names of all the Directors who have served on the boards of the Company's subsidiaries during the Year and up to the date of this report are available on the Company's website (www.yuexiuproperty.com).

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of Directors' emoluments and emoluments of five highest paid individuals of the Company are set out in notes 10 and 11 to the consolidated financial statements, respectively.

Directors and senior management of the Company may receive emoluments in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of the Directors and senior management, as well as the performance of the Group. No Director is involved in deciding his or her own remuneration.

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, the Company's subsidiaries, its holding companies or its fellow subsidiaries was a party and in which any Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in the paragraph headed "Continuing Connected Transactions and Connected Transaction" as set out in this report and other related party transactions and balances disclosed in note 43 (b) and (c) to the consolidated financial statements, there were no other contracts of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries, or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisting at the end of the Year or at any time during the Year.

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution and discharge of the duties of his/her office or otherwise in relation thereto. The Company have arranged and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

Continuing Connected Transactions:

During the reporting year, the following continuing connected transactions were entered into on normal and commercial terms:

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
(1) 3 November 2022	Chong Hing Bank Limited ("Chong Hing Bank")	A fellow subsidiary	The Company entered into a bank deposits master agreement with Chong Hing Bank on 3 November 2022 ("2023 Bank Deposits Agreement"), and pursuant to which the aggregate maximum balance of the bank deposits maintained by the Group with Chong Hing Bank and its subsidiaries on any given day would not exceed RMB13,000 million, RMB14,500 million and RMB16,000 million for the years ended 31 December 2023, 2024 and 2025 respectively.	The aggregate balance of bank deposits amounted to RMB3,233,544,759 as at 31 December 2023 The highest daily aggregate amount of bank deposits during the year ended 31 December 2023 amounted to RMB12,867,216,376

REPORT OF THE DIRECTORS

(2)

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
5 January 2022	Chong Hing Bank	A fellow subsidiary	The Company entered into a foreign exchange framework agreement with Chong Hing Bank on 5 January 2022 ("2022 Foreign Exchange Framework Agreement"), pursuant to which the Group entered into FX Transactions (namely, spot contracts and forward contracts) with the Chong Hing Bank group during the term of 3 years commencing from 1 January 2022. With respect to the spot contracts for the years ended 31 December 2022, 2023 and 2024, the aggregate amount of the Spread of those spot contracts are subject to the annual caps of HKD2,280,000, HKD2,840,000 and HKD3,550,000 respectively. With respect to the forward contracts for the years ended 31 December 2022, 2023 and 2024, the aggregate amount of hedging cost of those forward contracts are subject to the annual caps of HKD96,730,000, HKD120,910,000 and HKD151,140,000 respectively.	Total Spread of Spot Contract: HKD1,406,990 Total Hedging Cost of Forward Contract: Nil

REPORT OF THE DIRECTORS

(3)

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
22 November 2022	廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.*) ("Guangzhou Metro")	The substantial shareholder of the Company	<p>On 22 November 2022, Yuexiu Services Group Limited ("Yuexiu Services", together with its subsidiaries, the "Yuexiu Services Group") (an indirect non wholly-owned subsidiary of the Company) entered into the 2023 GZ Metro Property Management and Related Services Framework Agreement with Guangzhou Metro ("2023 GZ Metro Property Management and Related Services Framework Agreement"), pursuant to which the Yuexiu Services Group may provide, and Guangzhou Metro and its associates may procure, the 2023 GZ Metro Property Management and Related Services for a term of three years commencing from 1 January 2023.</p> <p>The annual caps for the 2023 GZ Metro Property Management and Related Services Framework Agreement for the years ended 31 December 2023, 2024 and 2025 are RMB335,219,000, RMB420,547,000 and RMB504,657,000 respectively.</p>	RMB187,515,000

REPORT OF THE DIRECTORS

(4)

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
7 June 2021	廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) ("Guangzhou Yue Xiu")	The ultimate holding company of the Company	On 7 June 2021, Yuexiu Services entered into the (i) the Property Management Services Framework Agreement; (ii) the Commercial Operation and Management Services Framework Agreement; (iii) the Value-Added Services Framework Agreement; and (iv) the Market Positioning Consultancy and Tenant Sourcing Services Framework Agreement with Guangzhou Yue Xiu and the Company, the Yuexiu Services Group has been providing property management and value-added services to the non-commercial properties and commercial properties of Guangzhou Yue Xiu, the Company and their respective associates under the aforesaid framework agreements (the "Yuexiu Services Framework Agreements").	
22 November 2022	(i) Guangzhou Yue Xiu and (ii) companies jointly held by Guangzhou Metro and the Company ("Guangzhou Metro and the Company JVs")	(i) The ultimate holding company of the Company and (ii) connected subsidiary of the Company	On 22 November 2022, Yuexiu Services entered into the 2022 Property Management and Value-Added Services Framework Agreement with Guangzhou Yue Xiu and the Company ("2022 Property Management and Value-Added Services Framework Agreement") to renew and consolidate the Yuexiu Services Framework Agreements, pursuant to which the Yuexiu Services Group may provide, and Guangzhou Yue Xiu, the Company and their respective associates (including Guangzhou Metro and the Company JVs) may procure, the Property Management and Value-Added Services for a term commencing on the effective date of the agreement and ending on 31 December 2024.	

REPORT OF THE DIRECTORS

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
			<p>The annual caps for Guangzhou Yue Xiu and its associates for the years ended 31 December 2022, 2023 and 2024 for the Property Management Services are RMB3,535,000, RMB36,229,000 and RMB43,357,000 respectively; for the Commercial Operation and Management Services are RMB17,004,000, RMB 87,867,000 and RMB92,009,000 respectively; for the Value-added Services are RMB17,542,000, RMB24,854,000 and RMB 33,766,000, respectively; for the Market Positioning Consultancy and Tenant Sourcing Services are RMB20,176,000, RMB 22,318,000 and RMB24,134,000, respectively.</p>	<p>Guangzhou Yue Xiu and its associates: Property Management Services: RMB15,541,000</p> <p>Commercial Operation and Management Services: RMB9,662,000</p> <p>Value-added Services: RMB19,630,000</p> <p>Market Positioning Consultancy and Tenant Sourcing Services: RMB1,264,000</p>
			<p>The annual caps for Guangzhou Metro and the Company JVs for the years ended 31 December 2022, 2023 and 2024 for the Property Management Services are RMB43,000, RMB294,000 and RMB362,000 respectively; for the Commercial Operation and Management Services are RMB3,000,000, RMB3,630,000 and RMB4,175,000 respectively; for the Value-added Services are RMB 58,564,000, RMB92,183,000 and RMB131,855,000 respectively.</p>	<p>Guangzhou Metro and the Company JVs: Property Management Services: RMB199,000</p> <p>Commercial Operation and Management Services: RMB179,000</p> <p>Value-added Services: RMB65,256,000</p>

REPORT OF THE DIRECTORS

(5)

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
9 December 2022	Guangzhou Yue Xiu	The ultimate holding company of the Company	<p>On 9 December 2022, the Company and Guangzhou Yue Xiu entered into the Construction Services Framework Agreement pursuant to which the Group agreed to provide to Guangzhou Yue Xiu, its subsidiaries and associates (excluding the Company and its subsidiaries) ("Guangzhou Yue Xiu Entities") the Construction Services.</p> <p>The Annual Caps under the Construction Services Framework Agreement are RMB50,000,000, RMB63,000,000 and RMB80,000,000 for the years ended 31 December 2022, 2023 and 2024, respectively.</p>	RMB20,803,200

REPORT OF THE DIRECTORS

(6)

Date	Connected Party	Relationship with the Company	Nature of Transaction	Aggregate transaction value for the reporting year
3 November 2022	Guangzhou Yue Xiu	The ultimate holding company of the Company	On 3 November 2022, the Company and Guangzhou Yue Xiu entered into the Master Lease Agreement pursuant to which the Group shall from time to time lease or sub-lease (as the case may be) properties in the PRC that are owned or leased by the Group to the Guangzhou Yue Xiu Entities for use as dormitories for employees of the Guangzhou Yue Xiu Entities after refurbishment work performed by the Group on the Lease Properties. The Annual Caps for the Lease Transactions are RMB31,000,000, RMB63,000,000 and RMB70,000,000 for the years ended 31 December 2023, 2024 and 2025, respectively.	RMB14,811,400

The aforesaid continuing connected transactions have been reviewed by independent non-executive directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

REPORT OF THE DIRECTORS

The Company has engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual cap in respect of the disclosed continuing connected transactions.

Connected Transaction:

Commercial property sale and car parking space sale

On 21 December 2023 (after trading hours), 廣州越秀城開房地產開發有限公司 (Guangzhou Yuexiu Chengkai Real Estate Development Co., Ltd.*), 廣州東耀房地產開發有限公司 (Guangzhou Dongyao Real Estate Development Co., Ltd.*) and 廣州市品輝房地產開發有限公司 (Guangzhou City Pinhui Property Development Company Limited*)(the "Sellers", all of which are indirect non-wholly owned subsidiaries of the Company) and 廣州越秀住房租賃發展投資有限公司 (Guangzhou Yuexiu Housing Loan Development Investment Co., Ltd.)*(the "Purchaser", an indirect wholly owned subsidiary of Guangzhou Yue Xiu, the controlling shareholder of the Company) entered into 73 Commercial Property Sale Agreements and one Car Parking Space Sale Agreement for 73 Commercial Properties and one Car Parking Space located in Guangzhou, the PRC, pursuant to which, the Sellers agreed to sell and the Purchaser agreed to purchase the Commercial Properties and the Car Parking Space under the respective Agreements. The total Commercial Property Sale Consideration is approximately RMB67,073,000. The total Car Parking Space Sale Consideration is approximately RMB769,000.

Please refer to the announcement of the Company dated 21 December 2023 for further details.

Other related party transactions disclosed in note 43(b) (other than 43(b)(VII) and 43(b)(X)) and note 43(c) to the consolidated financial statements also constitute connected transactions or continuing connected transactions (as the case may be) entered into or continued by the Group during the Year and are regarded as "exempted transaction" or "de minimis transaction", pursuant to the Listing Rules. The Company confirmed that it has complied with the disclosure requirements (if any) in accordance with chapter 14A of the Listing Rules.

* For identification purpose only

REPORT OF THE DIRECTORS

SHARE CAPITAL

During the Year, the Company successfully 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 existing shares held by the qualifying shareholders. The subscription price of HKD9.00 per rights share represented a discount of approximately 28.3% to the closing price of HKD12.56 per share as quoted on the Stock Exchange on 19 April 2023, being the last trading day of the shares on the Stock Exchange prior to the release of the rights issue announcement of the Company dated 20 April 2023. The Rights Issue was over-subscribed by 1.15 times and raised net proceeds of approximately HKD8.3 billion. A total of 928,936,826 ordinary shares of the Company were allotted and issued pursuant to the Rights Issue. On this basis, the net issue price per rights share was approximately HKD8.93. The completion of the Rights Issue further enhanced the capital base and strengthened the core competitiveness of the Group. As at 31 December 2023, the Group has utilised the net proceeds as follows:

Category	Intended use of the net proceeds (HKD million)	Percentage of total proceeds %	Actual use of proceeds during the year ended 31 December 2023 (HKD million)
The Company's further investment in core cities in the Greater Bay Area, the Eastern China Region and other key provincial capital cities, including the TOD projects, urban redevelopment projects, and etc.	5,810	70%	5,810
Working capital and/or optimising financing structure of the Company	2,490	30%	2,490
Total	8,300	100%	8,300

Please refer to the prospectus of the Company dated 11 May 2023 and the announcement of the Company dated 2 June 2023 in relation to the Right Issue for further details.

Details of movements in share capital of the Company during the Year are set out in note 35 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Analysis of bank loans and other borrowings of the Group as well as information on charges on the Group's assets as at 31 December 2023 are set out in note 32 and note 40 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DEBENTURES ISSUED

During the Year, the Group issued corporate bonds and medium term notes in an aggregate principal amount of RMB10.81 billion for repaying the bank loans, corporate bonds and medium term notes of the Group. Details of the bonds payable of the Group are set out in note 32 to the consolidated financial statements.

INTERESTS OF DIRECTORS/CHIEF EXECUTIVE

As at 31 December 2023, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "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 % of interest (Note 3)
Mr Lin Zhaoyuan (Note 1)	Beneficial owner/Beneficiary of a trust	1,515,560	0.03765
Mr Lin Feng (Note 2)	Beneficial owner/Beneficiary of a trust/Spouse interest	2,102,835	0.05224
Mr Zhu Huisong	Beneficial owner	64,757	0.00161
Ms Liu Yan	Beneficial owner	3,400	0.00008
Mr Yu Lup Fat Joseph	Beneficial owner	260,000	0.00646
Mr Lee Ka Lun	Beneficial owner	858,000	0.02131
Mr Lau Hon Chuen Ambrose	Beneficial owner	1,258,712	0.03127

Note 1: Mr Lin Zhaoyuan is interested in 1,515,560 Shares, out of which 1,048,185 Shares are owned by him as beneficial owner, 467,375 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

Note 2: Mr Lin Feng is interested in 2,102,835 Shares, out of which 1,401,492 Shares are owned by him as beneficial owner, 675,343 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 26,000 Shares are held by his spouse.

Note 3: The total number of 4,025,392,913 shares of the Company in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

REPORT OF THE DIRECTORS

Yuexiu Transport Infrastructure Limited

Long positions in shares of Yuexiu Transport Infrastructure Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest (Note)
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

Note: The total number of 1,673,162,295 shares of Yuexiu Transport Infrastructure Limited in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 31 December 2023, none of the directors and 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 other associated corporations (within the meaning of Part XV of the SFO), which are 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 Stock Exchange pursuant to the Model Code.

Save as disclosed in this report, at no time during the Year was the Company or a subsidiary a party to any arrangement to enable the directors of the Company (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 SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SFO

As at 31 December 2023, the following persons (other than the Directors and 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 % of interest (Note 3)
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
Yue Xiu Enterprises (Holdings) Limited ("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.) (Note 2)	Interests of controlled corporations	801,053,190 (Long position)	19.90

REPORT OF THE DIRECTORS

Note 1:

Pursuant to the SFO as at 31 December 2023, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) was deemed to be interested in 1,746,724,198 shares in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long positions in shares
YXE	1,746,724,198
Superb Master Ltd. ("Superb")	104,517,301
Bosworth International Limited ("Bosworth") (Note i)	1,238,030,690
Novena Pacific Limited ("Novena") (Note i)	254,297,135
Morrison Pacific Limited ("Morrison") (Note i)	71,049,347
Greenwood Pacific Limited ("Greenwood") (Note i)	61,019,210
Goldstock International Limited ("Goldstock") (Note i)	15,838,713
Yue Xiu Finance Company Limited ("Yue Xiu Finance") (Note i)	1,971,802

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

Note 2:

Pursuant to the SFO as at 31 December 2023, 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 in the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, details of which was as follows:

Name	Long positions in shares
Guangzhou Metro Investment Finance (HK) Limited (Note 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 Right Shares in respect of the Right Issue, increasing its interests to 801,053,190 shares. Please refer to the prospectus of the Company dated 11 May 2023 and the announcement of the Company dated 2 June 2023 in relation to the Right Issue for further details.

Note 3:

The total number of 4,025,392,913 shares of the Company in issue as at 31 December 2023 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 31 December 2023, the Company had not been notified of any other persons (other than the Directors and 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.

REPORT OF THE DIRECTORS

SHARE INCENTIVE SCHEME

The Company adopted the Share Incentive Scheme (the "Share Incentive Scheme") on 2 December 2016 (the "Adoption Date") in order to (i) provide any Senior Manager selected by the Board (the "Selected Senior Management Participants") with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Company and its shareholders, 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. Pursuant to the scheme rules of the Share Incentive Scheme (the "Scheme Rules"), the Board may from time to time at its absolute discretion select any Senior Manager to be a Selected Senior Management Participant and determine the amount, to be applied for the purchase of ordinary shares of the Company (the "Shares") under the Share Incentive Scheme (the "Reference Awarded Sum") in respect of each Selected Senior Management Participant. The Senior Managers agree that, if they are selected by the Board to be Selected Senior Management Participants, they would like to apply the part of their bonus entitlements accrued for the financial periods ended 31 December of each year and their Bonus Entitlement, which would otherwise have been payable in cash, to purchase Shares under the Share Incentive Scheme.

The Share Incentive Scheme shall be valid and effective for nine years commencing from the Adoption Date (i.e. 2 December 2016) (the "Scheme Period"), subject to any early termination as may be determined by the Board. Pursuant to the Scheme Rules, BOCI-Prudential Trustee Limited (the "Trustee"), shall apply the Reference Awarded Sum received from the Company towards the purchase of the maximum number of Shares from the market and shall hold such Shares on trust during the Scheme Period. The relevant Shares which are purchased by the Trustee using the Reference Awarded Sum as determined by the Board (the "Scheme Shares") and their related income will be released to the relevant Selected Senior Management Participants in accordance with the release schedules as set out in the Scheme Rules. The vesting period of the Scheme Shares will be vested in three equal tranches from the second to the fourth year after the date of approval of the Scheme Shares by the Board.

The total number of Shares awarded under the Share Incentive Scheme shall not exceed 3% (equivalent to 92,893,682 shares after the effect of Share Consolidation) (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. The Share Incentive Scheme does not mention the maximum number of Shares for each participant under the Share Incentive Scheme. Details of the Scheme Rules are set out in the announcement of the Company dated 2 December 2016.

During 2023, a total of 1,583,691 shares, representing 0.05% of the Company's total number of issued shares as at 1 January 2023, were awarded or allocated to Selected Participants.

Since the Adoption Date and up to the date of this report, a total of 22,563,706 shares had been awarded under the Share Incentive Scheme, representing about 0.73% of the number of the Company's shares in issue on the Adoption Date (after the effect of Share Consolidation). The total number of Shares which is available for being further awarded under the Share Incentive Scheme (i.e., 70,329,976 shares) represents 1.75% of the total number of the Company's shares in issue as at the date of this report. The vesting of the awarded shares is subject to the conditions as set out in the Share Incentive Scheme and the fulfillment of such conditions as specified by the Board.

As at 31 December 2023, taking into account the Shares acquired out of the dividends from the Shares held under the trust, there were 6,619,503 shares held in trust under the Share Incentive Scheme (excluding shares vested but not yet transferred to awardees).

REPORT OF THE DIRECTORS

The details of the interests of the Selected Senior Management Participants under the Share Incentive Scheme during the year ended 31 December 2023 are as below:

	Date of award	Number of awarded shares	Vesting period ¹	Number of shares						Closing price of the Shares before the vesting date (HKD)	
				Balance as at 1 January 2023	Increase upon completion of Rights issue during the Year ⁴	Shares acquired during the Year	Vested during the Year	Lapsed during the Year	Cancelled during the Year		Balance as at 31 December 2023
Directors											
Lin Zhaoyuan	26 Mar 2020	185,419	13 Apr 2021 - 13 Apr 2023	61,807	-	-	61,807	-	-	-	8.85
	30 Sep 2020	376,138	27 Nov 2021 - 17 Oct 2023	125,380	-	-	125,380	-	-	-	8.51
	26 Apr 2021	104,726	27 Apr 2022 - 27 Apr 2024	69,818	-	-	34,908	-	-	34,910	8.85
	7 Oct 2021	636,672	7 Dec 2022 - 1 Dec 2024	424,448	-	-	212,224	-	-	212,224	7.12
	23 May 2022	330,361	1 Jul 2023 - 1 Jul 2025	330,361	-	-	110,120	-	-	220,241	8.60
Lin Feng	26 Mar 2020	170,622	13 Apr 2021 - 13 Apr 2023	56,874	17,062	-	56,874	-	-	-	8.85
	30 Sep 2020	376,137	27 Nov 2021 - 17 Oct 2023	125,380	37,614	-	125,380	-	-	-	8.51
	26 Apr 2021	96,369	27 Apr 2022 - 27 Apr 2024	64,246	9,637	-	32,123	-	-	32,123	8.85
	7 Oct 2021	636,672	7 Dec 2022 - 1 Dec 2024	424,448	3,194	-	212,224	-	-	212,224	7.12
	23 May 2022	324,933	1 Jul 2023 - 1 Jul 2025	324,933	32,493	-	108,310	-	-	216,623	8.60
	28 Jun 2023	83,585 ²	1 Jul 2024 - 1 Jul 2026	-	-	83,585	-	-	-	83,585	-
	16 Oct 2023	130,788 ³	26 Oct 2024 - 26 Oct 2026	-	-	130,788	-	-	-	130,788	-

REPORT OF THE DIRECTORS

Date of award	Number of awarded shares	Vesting period ¹	Number of shares							Closing price of the Shares before the vesting date (HKD)	
			Balance as at 1 January 2023	Increase upon completion of Rights Issue during the Year ²	Shares acquired during the Year	Vested during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 31 December 2023		
Senior Managers											
2 Dec 2016	1,692,933	–	750,544	–	–	–	–	–	–	750,544	–
14 Nov 2017	1,508,579	–	62,649	–	–	–	–	–	–	62,649	–
12 Jul 2018	1,900,152	–	73,950	–	–	–	–	–	–	73,950	–
9 Oct 2019	1,606,147	3 Sep 2020 – 8 Jul 2022	234,292	–	–	–	–	–	–	234,292	–
26 Mar 2020	1,176,744	13 Apr 2021 – 13 Apr 2023	392,246	41,616	–	392,246	–	–	–	–	8.85
30 Sep 2020	2,020,408	27 Nov 2021 – 17 Oct 2023	830,551	28,927	–	597,562	–	–	–	232,989	8.51
26 Apr 2021	516,739	27 Apr 2022 – 27 Apr 2024	344,495	–	–	172,244	–	–	–	172,251	8.85
7 Oct 2021	3,590,914	7 Dec 2022 – 1 Dec 2024	2,528,774	42,384	–	1,062,140	–	–	–	1,466,634	7.12
23 May 2022	1,527,916	1 Jul 2023 – 1 Jul 2025	1,527,916	44,618	–	509,300	–	–	–	1,018,616	8.60
28 Jun 2023	547,506 ²	1 Jul 2024 – 1 Jul 2026	–	–	547,506	–	–	–	–	547,506	–
16 Oct 2023	821,812 ³	26 Oct 2024 – 26 Oct 2026	–	–	821,812	–	–	–	–	821,812	–

Notes:

1. The Award Shares and the related income are vested in three equal tranches in the second to fourth year after the grant.
2. The closing price of the Shares immediately before the date of award on 28 June 2023 was HKD9.24 per share.
3. The closing price of the Shares immediately before the date of award on 16 October 2023 was HKD8.51 per share.
4. The fair value of the Award Shares is determined in accordance with HKFRS13 by reference to the cost of the purchase of the Award Shares. During 2023, the total fair value of the Award Shares granted was HKD13,331,426.
5. The weighted average closing price of the Shares immediately before the dates on which the awards were vested in 2023 was HKD8.30 per share.
6. As at 5 June 2023, the number of Shares outstanding increased upon completion of the Company's Rights Issue on the basis of 30 Rights Shares for every 100 Shares.

REPORT OF THE DIRECTORS

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme (the "Share Award Scheme") on 17 March 2017 ("SA Adoption Date") in order to (i) provide any employee selected by any person or group of persons (the "Selected Participants") approved by the Board from time to time and delegated with the power and authority by the Board to administer the Share Award Scheme (the "Board Delegation") with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with Guangzhou City Construction & Development Co. Ltd. (廣州市城市建設開發有限公司) (the "GCCD") (indirectly owned as to 95% by the Company) and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of GCCD and the Group, with a view to achieving the objective of increasing the value of the Group and aligning the interests of the Selected Participants with those of the shareholders of the Company. The eligible participant is any employee of GCCD or a member of the Group (as the case may be), or any other person the Board Delegation (in consultation with the GCCD Board) shall determine to be an eligible employee for the purpose of the Scheme. Pursuant to the Scheme Rules, the Board Delegation (after consultation with and having taken into account the recommendations of the board of directors of GCCD) may from time to time at its absolute discretion select any Employee to be a Selected Participant and determine and allocate the number of ordinary shares of the Company (the "Shares") to be granted to a Selected Participant pursuant to an Award in accordance with the Scheme Rules.

The Share Award Scheme shall be valid and effective for nine years commencing from the SA Adoption Date (i.e. 17 March 2017) (the "Scheme Period"), subject to any early termination as may be determined by the Board. Subject to the Restrictions, GCCD will cause to be paid to BOCI-Prudential Trustee Limited (the "Trustee") the monies approved by the Board Delegation (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 GCCD towards the purchase of the maximum number of Shares from the market and shall hold such Shares on trust during the Scheme Period. The relevant shares which are purchased by the Trustee using the Purchase Monies as determined by the Board Delegation (the "Award Shares") and their related income will vest in the relevant Selected Participant in accordance with the vesting schedules and terms as set out in the Scheme Rules. The vesting period of the Scheme Shares will be vested in three equal tranches from the second to the fourth year after the date of approval of the Scheme Shares by the Board.

The total number of Shares awarded under the Share Award Scheme shall not exceed 3% (equivalent to 92,893,682 shares after the effect of Share Consolidation) (the "SA Scheme Limit") of the number of Shares in issue as at the SA Adoption Date, and the Board may from time to time "refresh" the Scheme Limit provided that the total number of Award 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. The Share Award Scheme does not mention the maximum number of Shares for each participant under the Share Award Scheme. Details of the Share Award Scheme Rules are set out in the announcement of the Company dated 17 March 2017.

During 2023, a total of 3,558,400 shares, representing 0.11% of the Company's total number of issued shares as at 1 January 2023, were awarded or allocated to Selected Participants.

Since the SA Adoption Date and up to the date of this report, a total of 57,257,024 shares had been awarded under the Share Award Scheme, representing about 1.85% of the number of the Company's shares in issue on the SA Adoption Date (after the effect of Share Consolidation). The total number of Shares which is available for being further awarded under the Share Award Scheme (i.e., 35,636,658 shares) represents 0.89% of the total number of the Company's shares in issue as at the date of this report. The vesting of the Awarded Shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

As at 31 December 2023, taking into account the Shares acquired out of the dividends from the Shares held under the trust, there were 17,612,947 shares held in trust under the Share Award Scheme (excluding shares vested but not yet transferred to awardees).

Further details of the Share Award Scheme are set out in note 36 to the Consolidated Financial Statements.

REPORT OF THE DIRECTORS

The details of the interests of the Selected Participants under the Share Award Scheme during the year ended 31 December 2023 are as below:

Date of award	Number of awarded shares	Vesting period ¹	Number of shares					Closing price of the Shares before the vesting date (HKD)		
			Balance as at 1 January 2023	Shares acquired during the year	Vested during the year	Lapsed during the year	Cancelled during the year		Balance as at 31 December 2023	
Employees										
14 Nov 2017	3,438,493	–	154,874	–	–	–	–	154,874	–	
6 Jul 2018	5,418,155	–	491,844	–	–	–	–	491,844	–	
9 Oct 2019	6,333,132	3 Sep 2020 – 8 Jul 2022	511,333	–	–	–	–	511,333	–	
30 Sep 2020	10,257,061	27 Nov 2021 – 17 Oct 2023	3,552,585	–	3,211,948	–	–	340,637	8.51	
7 Oct 2021	20,343,065	7 Dec 2022 – 1 Dec 2024	13,714,573	–	6,491,701	–	–	7,222,872	7.12	
23 May 2022	7,908,718	1 Jul 2023 – 1 Jul 2025	7,908,718	–	2,575,731	–	–	5,332,987	8.60	
16 Oct 2023	3,558,400	26 Oct 2024 – 26 Oct 2026	–	3,558,400	–	–	–	3,558,400	–	

Notes:

- The Award Shares and the related income are vested in three equal tranches in the second to fourth year after the grant.
- The closing price of the Shares immediately before the date of award on 16 October 2023 was HKD8.51 per share.
- The fair value of the Award Shares is determined in accordance with HKFRS13 by reference to the cost of the purchase of the Award Shares. During 2023, the total fair value of the Award Shares granted was HKD28,681,237.
- The weighted average closing price of the Shares immediately before the dates on which the awards were vested in 2023 was HKD7.78 per share.

EQUITY LINKED AGREEMENT

No equity-linked agreements were entered into by the Company during 2023 or subsisted at the end of 2023.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, there was a sufficiency of public float of the Company's securities as required under the Listing Rules as at the latest practicable date prior to the issue of this report.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

No disclosures with regard to the Group's major customers and suppliers are made since the aggregate percentages of sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total sales and purchases for the year ended 31 December 2023.

AUDITOR

The consolidated financial statements have been audited by Ernst & Young ("EY"), Certified Public Accountants and Registered Public Interest Entity Auditor.

At the annual general meeting of the Company held on 18 May 2023, PricewaterhouseCoopers retired as the auditor of the Company and EY was appointed as the new auditor of the Company.

EY will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Lin Zhaoyuan

Chairman

Hong Kong, 26 March 2024

RISK MANAGEMENT REPORT

I. RISK MANAGEMENT CONCEPT

Risks of the Group refer to any factors that may affect the realization of its strategic goals by the Group, including positive or negative incidents, accidents or acts that have a substantial impact on the success potential (e.g. reputation), assets, capital, profitability or liquidity (cash) of the Group. In the process of formulating and realizing strategic goals, the Board, management and employees of the Group jointly participate in the cultural integration, capacity building and various practices of risk management, using risk management to create, maintain and realize value for the Group. Risk management infiltrates all operation and management of the Group. Through risk management, we identify the potential items that may affect the Group and manage risks within the range of risk appetite so as to provide reasonable assurance for achieving the goals of the Group.

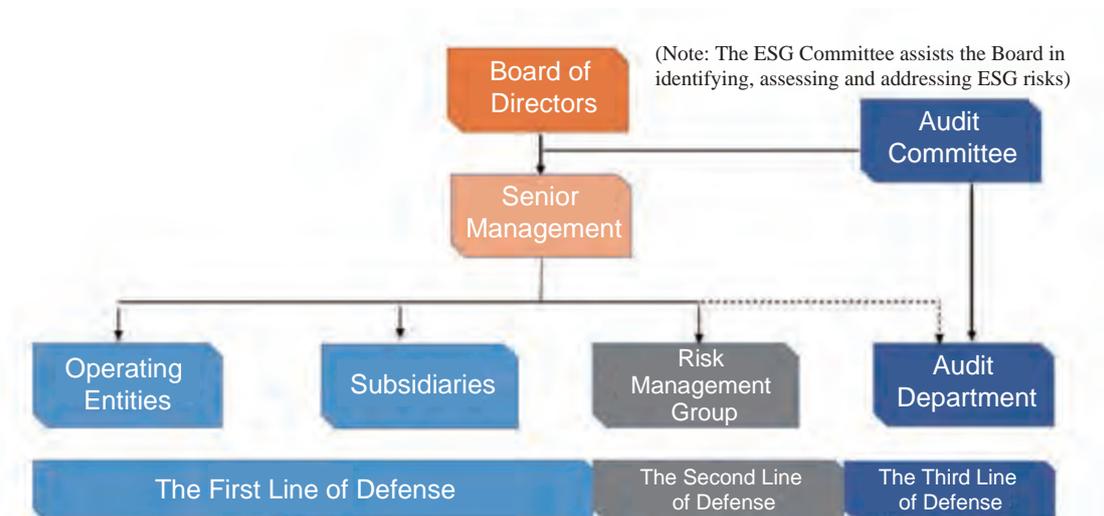
II. RISK APPETITE

The Group will implement the “strive for progress with balance” overall risk appetite policy, maintain a stable capital and liabilities structure and maintain sufficient capital to resist various kinds of risks that might be faced through striking a balance between risks and income return:

1. Strategy risk refers to the risk that the strategic objectives do not fully consider changes in the market environment or the implementation of the strategic objectives is not in place, resulting in damage to corporate value. The Group manages strategy risks through review of effect of strategy implementation;
2. Financial and liquidity risk refer to inadequate financial management and unreasonable liquidity arrangements, resulting in obstruction to the Group's operations, or resulting in idle funds or reduced use efficiency. The Group manages financial and liquidity risks through indicators including gearing ratio, the ratio of funds return to signed contracts, cash ratio in total assets and the total assets turnover ratio;
3. Market risk refers to the drastic changes in the capital market and fund market and has a significant impact on the financing cost and capital cost of the enterprise, resulting in damage to the Group's enterprise value. The Group manages market risk through indicators such as financing cost and price-to-book ratio;
4. Operation risk refers to the risk of unexpected losses caused by the Group's internal control system defects. The Group manages operation risks by improving its internal control system, coordinating risk incident management and enhancing the accountability of risk incidents;
5. Reputation risk refers to the risk of negative public opinion, a certain amount of customer complaints, and the failure of internal response of the group, which ultimately damages the value of the group and causes negative effects. The Group manages reputational risks through customer satisfaction and other indicators;
6. Environmental, Social and Governance (ESG) risk refers to risk arising from environmental protection and sustainable development, people-oriented concepts and assumption of social responsibilities, and corporate governance in the process of operation and management of an enterprise. The Group manages ESG risks by establishing the ESG Committee, improving relevant risk identification, assessment and response mechanisms, and strengthening fulfillment of corporate social responsibility as well as internal governance.

RISK MANAGEMENT REPORT

III. RISK MANAGEMENT ORGANISATIONAL STRUCTURE



The risk management organisational structure of the Group comprises: the Board of Directors (and its Audit Committee), the senior management, functional departments in head office and the subsidiaries, the Risk Management Group and the Audit Department.

1. The Board of Directors (and its Audit Committee) is the governing body for comprehensive risk management tasks of the Group and is ultimately responsible for the overall risk management and internal control systems. It is responsible for designing and implementing the risk control and internal control system and reviewing the effectiveness of their operation on a regular basis. Its purpose is to manage rather than to eliminate risks of failure to meet business objectives, and to strive to ensure that no major misrepresentation or loss will occur. Its major responsibilities include reviewing and approving the overall organization structure and their terms of reference of risk management, formulating the overall objectives and requirements of risk management, reviewing and approving annual risk appetite policy and various risk management reports, supervising the investment of risk management resources, supervising the implementation and continuous operation of the risk management system, and monitoring the construction of the Company's risk management culture. There is an ESG Committee established under the Board, which assists the Board in identifying, assessing and addressing ESG risks.

RISK MANAGEMENT REPORT

2. The senior management is responsible for organizing daily risk management and deciding on risk management matters subject to the authorisation of the Board of Directors. Its main responsibility is to implement and promote the task to establish a comprehensive risk management system of the Company, to establish and improve the organisation and responsibility system of the three lines of defense of the Group, continue to operate the risk management process and mechanism, to review the effective of risk management system, and confirm with the Board (and its Audit Committee), and to construct the enterprise risk management culture.
3. All functional departments in the head office and the subsidiaries are the first lines of defense in risk management, discharging their respective duties of risk management during business management. They are the risk bearer and the chief risk supervisor, monitoring the core capabilities and resources of various departments, establishing and improving the risk management and control mechanism of the department, being responsible for identification and assessing the main risks within the responsible scope, making effective risk management strategy, and implementing risk mitigation measures.
4. The Risk Management Group represents the second line of defense of risk management, responsible for the organization, collaboration and coordination of overall risk management, coordinating formulation of risk appetite, risk management systems and policies of the Group, summarizing and monitoring the risk exposure and management of all business areas and regularly reporting to the senior management. In addition, it is responsible for pushing the first line of defense to continuously improve risk management and control measures, constantly promoting the enhancement of the Group's risk management level, researching on advanced risk management concepts and tools, taking into account the external data and giving professional advice for major risk decision-making matters.
5. The Audit Department is the third line of defense with independence and objectiveness. It is responsible for carrying out independent tests, verification and evaluation on the integrity and effectiveness of the risk management framework and the internal control system and providing independent and objective assessments of the effectiveness of the risk management system that has been established, and constantly monitoring the compliance of handling and dissemination of inside information. It is also responsible for reporting severe internal errors to the senior management and Board of Directors, and enforcing the relevant organizations to rectify and improve in time.

RISK MANAGEMENT REPORT

IV. RISK MANAGEMENT PROCEDURE

The Group carries out risk identification, evaluation and management in respect of the impact on operation efficiency, sustainable development capability and reputation by reference to the ERM framework of COSO and in accordance with the frequency of the occurrence of various kinds of risks and the degree of attention of the management of the Group and taking into account possible financial losses arising from risks. On this basis, risk management strategies, monitoring model and response plans are designed in respect of major risks so as to raise the management and control standard and such strategy and monitoring model and plans are implemented in the ordinary course of business.

1. Collection of Initial Risk Management Information

All functional departments in the head office (such as the strategic investment centre, the finance (banking) department, the marketing centre, ESG-related functional departments, etc.) and the subsidiaries continue to collect in their daily operation risk-related internal and external information, including historical data, future forecasts and risk loss cases occurred in relevant enterprises within and outside China, with focus on monitoring risks and risk performance that affect achievement of objectives of the Company; conduct dynamic management of risk information; identify risks associated with the functions or business of their own units based on risk information collected for business and submit the same to the Risk Management Group in the head office as required; the Risk Management Group carries out professional analysis, screening, refinement and aggregation of risk information identified and reported by all units, sets up the risk library of the Company and reports risk identification results to the senior management; for key risks in key areas, the Risk Management Group collects first-hand key risk information on its own, and submits the same to the senior management on a regular basis.

2. Risk Evaluation

The Risk Management Group formulates risk assessment standards and carries out assessment of all kinds of risks identified based on the risk types and the actual needs of risk management with reference to dimensions such as possibilities of risk occurrence and the degree of impact of risk occurrence. Assessment methods include qualitative and quantitative methods: qualitative methods can be in forms of questionnaires, consultation with experts and interviews with the management, while quantitative methods can be in forms of statistical inference, computer simulation and machine learning.

Implementation of risk assessment is in the form of a combination of periodic assessments and routine assessments. Under normal circumstances, risk assessment is carried out on an annual basis. In cases of significant changes such as restructure of organization structure, change in business model and change in management model, or significant change in external environment and economic policies, risk assessment of particular areas or topics can be carried out in light of the circumstance.

RISK MANAGEMENT REPORT

3. Formulation of Risk Management Strategies

The Risk Management Group prepares an annual risk appetite policy every year and reports the same to the senior management for their review and submits to the Board of Directors for its approval. The policy is eventually communicated to various departments and business lines for implementation through setting different levels of risk appetite indicators. Quantitative indicators that accurately reflect risk factors and appropriate management strategies are developed for various risks. For risks causing possible losses within the enterprise's sustainable scope and having a minimal impact on the overall objective of the Group, strategies such as risk taking and risk control can be adopted. For other risks that might have more significant impact, prudent risk management strategies such as risk avoidance and risk transfer are adopted to reduce or prevent losses arising from risks.

4. Improvement of Risk Management Measures

The Group has sound procedures and mechanisms for monitoring implementation of the annual risk appetite policy. The Board of Directors approves an annual risk appetite policy on annual basis and determines overall targets and requirements for the risk management. The senior management are responsible for organising the implementation of the risk appetite policy by various divisions of the head office and the subsidiaries, setting up various risk appetite indicators for departments in charge and their management duties on the operation of indicators; The Risk Management Group collects data about risk appetite on a regular basis, conducts in-depth analysis for indicators not operating normally, and makes improvements through corresponding management measures. All functional departments of the head office and the subsidiaries are responsible for monitoring various specific risks and working out risk management measures in respect of major risks.

5. Supervision and Improvement

The Audit Department is responsible for monitoring effectiveness of risk management and internal control systems. On one hand, risk management and evaluation of internal control are conducted on a regular basis, and whether the risks borne by the Company deviate from the Company's risk appetite is objectively determined through analysis of the types and characteristics of risks encountered by the Company and the Company's business operation activities. On the other hand, auditing and supervision are conducted on the performance of risk management functions and work, and operation of internal control system. The results will be reported to the senior management and the Board to improve the effectiveness of internal control.

V. PROCEDURES AND INTERNAL CONTROL MEASURES FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis with regard closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

RISK MANAGEMENT REPORT

VI. MAJOR RISK MANAGEMENT INITIATIVES IN 2023

In terms of optimizing the risk management system, the Group made continuous improvement on the basis of the established system to manage its risk appetite and formulated annual risk appetite policy and supporting management mechanism. Closed-loop management was formed through monitoring, feedback and assessment to ensure the achievement of overall business objectives of the Company. Through enhancement of the identification and evaluation of major risks and deepening of the audit of core business processes such as marketing management, investment management, progress management, etc., the Group achieved integration and interaction of risk management functions and internal audit functions, which strengthened the support of the risk management system.

For strategic risks, the Group continued to deepen the implementation of the "1+4" national strategic layout, timely adopted effective strategies in response to changes in the market and the rules for land auctions, to achieve targeted investments in tier-1 cities and major tier-2 cities. Adhering to the investment philosophy of prudent investment and investment based on sales cash inflows, the Group continued to improve its "6+1" unique and diversified land acquisition model with TOD, "city operation", urban renewal, cooperation with SOEs, mergers and acquisitions, industry-driven acquisitions and open market auction. In terms of sales, the Group actively adapted to the evolving market, effectively implementing a targeted marketing strategy featuring "one project, one policy" and a prudent and flexible operation strategy. Meanwhile, all regional branches have established dedicated teams to intensify efforts in inventory sales and assessments, while digital marketing was extensively utilised as a driving force. The Group has steadily promoted the strategy of "Coordinated Residential and Commercial Development", continuously improved the stable income stream from commercial properties, continuously optimised the operational and tenant acquisition strategies for different business segments, focused on improving occupancy rates and optimising customer structures, and continuously improved the operation capabilities for commercial properties.

For financial and liquidity risks, the Group ensures healthy financial position as well as sufficient and safe liquidity, maintains the "Three Red Lines" indicators in "green lights", with healthy and sound financial indicators. The Group accelerated the sales of properties and enhanced cash collection, achieving net cash inflows from operating activities, and diversified financing channels to further reduce the average financing cost year-on-year. The Group seized favourable opportunities in the market to successfully complete the fund raising by way of Rights Issue, further enhancing the capital base and strengthening the core competitiveness of the Group.

For operation risks, the Group accelerated the construction of a customer research system, established a full-cycle customer research mechanism, upgraded and iterated digital customer research tools, thereby gaining insights into cities and customers to better facilitate investment and sales. The Group further promoted the standardisation of products and combined product standardisation with Building Information Management system (BIM). Product standardisation has been implemented in major cities. The Group continued to improve its engineering management capabilities and completed the localisation of the Site Standardization Construction System (SSCS) in major cities. The Group continued to optimise target costs and further improved the level of construction cost accounting management and comprehensive cost management. The Group further promoted organisational change to optimise its headquarters functions and the structure of regional platforms. The Group continuously optimised the allocation of talents to enrich the mid-level and executive team as well as key professional positions, and introduced external professional leader.

RISK MANAGEMENT REPORT

For market risk, the Group reduced the impact of exchange rate fluctuations on profit and loss by reasonably matching foreign currency assets and foreign currency liabilities, examining the foreign exchange exposure on a regular basis, and conducting stress measurement and evaluation; the Group reduced the impact of uncertainty in money markets and capital markets on the value of the Group by establishing close ties with capital markets and investment institutions, and managing and following up on the credit ratings of listed companies of the Group.

For reputational risk, the Group established relationships with various media organizations to manage the Group's brand value; conducted monitoring of online public opinion to prevent its damage to the Group's brand value; and improved the customer service system to effectively respond to customer complaints, to reduce reputational risk.

For ESG risk, the Group improves the ESG issues database every year by combining ESG risk identification, macro policies and trends and benchmarking against leading peer companies, and conducts materiality assessments on ESG issues through surveys and expert evaluations to determine the priority. The Board has participated in the materiality assessment of ESG issues and held regular discussions on material ESG risks and opportunities, and reviewed and confirmed the Group's annual materiality analysis results.

VII. 2024 OUTLOOK AND MAJOR MEASURES

1. The Group continued to comply with the Listing Rules and the best practices of the industry to enhance the risk management system:

Focus on the positioning of "strategic protection", adhere to the strategic goals and business plans of the Group and continue to implement the risk appetite management system. Through risk identification, evaluation, response, and monitoring the reported risk and the process of continued improvement, foundation for healthy development of the Group was laid to facilitate the realisation of its strategic goals.

Persist with the concept of integrating risk management with business management, vigorously push forward the combination of risk management and daily operations, combine the enhancement of system establishment with the improvement of business processes, and embody the ideas and requirements of risk management in various specific management and business activities.

Enhance the function of the "Three Lines of Defense" and refine the risk management system. Reinforce the duty of "managing risks" of the "First Line of Defense" of functional departments and responsible units through regulating business processes and internal control; reinforce the duty of the "Second Line of Defense" of the risk management functional departments through strengthening the risk assessment and accountability mechanism, enhancing the binding force of risk management, and developing the culture of risk management; fully capitalize on the "Third Line of Defense" function of internal audit and supervision.

RISK MANAGEMENT REPORT

2. For management of specific risks, after the process of risk identification and assessment, the Group considers that the following major risks should be attended to (there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future):

Risk	Risk Description	Risk Management and Control Measures Intended to be optimized
Real estate market risk	The real estate market involves uncertainties. In the event that the recovery of market confidence falls short of expectations, or that the risks of some property developers materialise and lead to intensified market concerns, the market may continue to decline or fluctuate	<ol style="list-style-type: none"> 1. Monitor and evaluate market supply and demand and situation, and formulate effective response policies in a timely manner. 2. Implement a targeted marketing strategy featuring "one project, one policy", accelerate cash collection, promote digital marketing, and increase the proportion of proprietary channels.

RISK MANAGEMENT REPORT

Risk	Risk Description	Risk Management and Control Measures Intended to be optimized
Investment feasibility study and decision-making risk	The risk of making wrong judgment and jeopardizing the interest of the Group due to lack of completeness and accuracy of the feasibility study of investment projects or failure to implement comprehensive risk identification	<ol style="list-style-type: none"> 1. Adhere to the prudent investment strategies of "targeted investment" and "investments based on sales", support targeted investments by strengthening its investment research system, and concentrate on core cities and core locations for continuous in-depth cultivation. 2. Continue to reinforce and optimise the "6+1" diversified land acquisition platform and increase premium landbank through diversified channels. 3. Monitor the return and risk of investment projects in a dynamic manner.

RISK MANAGEMENT REPORT

Risk	Risk Description	Risk Management and Control Measures Intended to be optimized
Exchange rate risk	When the companies which the Group held shares have foreign currency assets or liabilities, exchange rate fluctuation may result in loss that may indirectly affect the Group's financial performance	<ol style="list-style-type: none"> 1. Arrange a reasonable match of assets and liabilities denominated in foreign currency to control foreign exchange exposure. 2. Pay close attention to information about foreign exchange market, and exchange experience in changes of the foreign exchange market and risk management with experienced experts in the foreign exchange industry.
Product positioning risk	The risk of the Group's dull sale or business results being hurt as a result of deviation from the market demand in respect of product design, product functions and quality, time of launch and product positioning in the market	<ol style="list-style-type: none"> 1. Build and improve a full-cycle product operation system. 2. Firmly facilitate the establishment of a customer research system. 3. Steadily promote product standardisation and the integration of design and construction. 4. Continue to enhance product competitiveness.

RISK MANAGEMENT REPORT

Risk	Risk Description	Risk Management and Control Measures Intended to be optimized
Business operation risk	Inadequate business management model and positioning of commercial properties which affect the realization of the business objectives of the commercial properties of the Group	<ol style="list-style-type: none"> 1. Uphold the strategy of "Coordinated Residential and Commercial Development", steadily increase the contribution of commercial properties performance to the financial results. 2. Strengthen the customer acquisition and operation capability of commercial projects to create a new driver for performance growth. 3. Improve the occupancy rates of various segment and optimising customer structure and quality.

INDEPENDENT AUDITOR'S REPORT



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.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investment properties held by the Group</i></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The related disclosures for the valuation of investment properties held by the Group are included in notes 3 and 17 to the financial statements.</p>	<p>Our procedures in relation to management's valuation of investment properties included:</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<p><i>Net realisable value of properties under development and properties held for sale held by the Group</i></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our procedures in relation to management's assessment on net realisable value of properties under development and properties held for sale included:</p> <ul style="list-style-type: none"> • 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.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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 ASSETS			
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	Shares held under share award scheme	Statutory reserves	Exchange fluctuation reserve	Financial assets at FVOCI	Hedging reserve	Others	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	<u>18,035,015</u>	<u>(175,520)</u>	<u>2,288,604*</u>	<u>(976,736)*</u>	<u>639,270*</u>	<u>(445,661)*</u>	<u>510,804*</u>	<u>27,553,847</u>	<u>47,429,623</u>	<u>37,363,118</u>	<u>84,792,741</u>

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Module Rules</i>

The adoption of the above new and revised standards has had no significant financial effect on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	No mandatory effective date yet determined but available for adoption
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments") *</i>	1 January 2024
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments") *</i>	1 January 2024
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to HKAS 21	<i>Lack of Exchangeability</i>	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

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31 December 2023

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.

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31 December 2023

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

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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.

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31 December 2023

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.

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31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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 of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>75,216,351</u>	<u>2,336,966</u>	<u>474,109</u>	<u>2,194,585</u>	<u>80,222,011</u>
Segment results	<u>7,056,130</u>	<u>375,189</u>	<u>(1,107,966)</u>	<u>267,243</u>	<u>6,590,596</u>
Depreciation and amortisation	<u>(238,244)</u>	<u>(86,372)</u>	<u>–</u>	<u>(61,498)</u>	<u>(386,114)</u>
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	<u>–</u>	<u>–</u>	<u>(1,366,252)</u>	<u>–</u>	<u>(1,366,252)</u>
Losses on revaluation of other investment properties held at the end of the year, net	<u>–</u>	<u>–</u>	<u>(135,845)</u>	<u>–</u>	<u>(135,845)</u>
Share of profits/(losses) of:					
– joint ventures	<u>52,507</u>	<u>154</u>	<u>–</u>	<u>(2,133)</u>	<u>50,528</u>
– associates	<u>657,702</u>	<u>–</u>	<u>8,119</u>	<u>35,758</u>	<u>701,579</u>
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	<u>68,728,194</u>	<u>1,840,964</u>	<u>324,581</u>	<u>1,521,904</u>	<u>72,415,643</u>
Segment results	<u>10,654,041</u>	<u>182,507</u>	<u>233,557</u>	<u>125,081</u>	<u>11,195,186</u>
Depreciation and amortisation	<u>(252,275)</u>	<u>(78,962)</u>	<u>–</u>	<u>(97,573)</u>	<u>(428,810)</u>
Gains on revaluation of investment properties, net	<u>–</u>	<u>–</u>	<u>125,185</u>	<u>–</u>	<u>125,185</u>
Share of profits/(losses) of:					
– joint ventures	<u>164,054</u>	<u>116</u>	<u>–</u>	<u>(1,194)</u>	<u>162,976</u>
– associates	<u>(133,240)</u>	<u>–</u>	<u>(181,307)</u>	<u>54,398</u>	<u>(260,149)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>354,617,979</u>	<u>6,118,733</u>	<u>22,908,834</u>	<u>6,143,475</u>	<u>389,789,021</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>162,827</u>	<u>24,838</u>	<u>6,955,477</u>	<u>130,836</u>	<u>7,273,978</u>
As at 31 December 2022					
Total reportable segments' assets	<u>306,821,946</u>	<u>5,472,291</u>	<u>19,611,933</u>	<u>4,805,612</u>	<u>336,711,782</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>1,047,223</u>	<u>92,682</u>	<u>–</u>	<u>311,093</u>	<u>1,450,998</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>401,178,728</u>	<u>346,351,976</u>

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
<i>Revenue from contracts with customers</i>		
Property development	75,216,351	68,728,194
Property management	2,324,115	1,840,180
Others	2,194,585	1,521,904
	<u>79,735,051</u>	<u>72,090,278</u>
<i>Revenue from other sources</i>		
Property investment	486,960	325,365
	<u>80,222,011</u>	<u>72,415,643</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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:	<u>75,216,351</u>	<u>2,324,115</u>	<u>2,194,585</u>	<u>79,735,051</u>
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:	<u>75,216,351</u>	<u>2,324,115</u>	<u>2,194,585</u>	<u>79,735,051</u>

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:	<u>68,728,194</u>	<u>1,840,180</u>	<u>1,521,904</u>	<u>72,090,278</u>
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:	<u>68,728,194</u>	<u>1,840,180</u>	<u>1,521,904</u>	<u>72,090,278</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	Pension costs RMB'000	Housing allowance RMB'000	Estimated	Total RMB'000
			bonuses (note (i)) RMB'000			money value of other benefits (note (ii)) 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:

- 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.
- Mr Zhu Huisong and Mr He Yuping were appointed as executive directors on 21 April 2023.
- Mr Cheung Kin Sang was appointed as an independent non-executive director on 21 April 2023.
- Mr Li Feng has resigned as an executive director on 21 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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:

Emolument bands (in HKD)	Number of individuals	
	2023	2022
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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
	<u>4,070,016</u>	<u>5,202,161</u>
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
	<u>(924,422)</u>	<u>(509,895)</u>
	<u>3,145,594</u>	<u>4,692,266</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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
	<u>1,396,812</u>	<u>1,693,761</u>

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)	<u>0.8542</u>	<u>1.1932</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

	Leasehold improvements, furniture, fixtures and office equipment				Total RMB'000
	Buildings RMB'000	Construction in progress RMB'000	Motor vehicles 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 At 31 December 2023	1,586,275	856,972	353,665	5,159	2,802,071
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>1,370,252</u>	<u>3,195,569</u>	<u>179,448</u>	<u>2,914</u>	<u>4,748,183</u>
At 31 December 2022					
Cost	1,786,001	3,195,569	345,067	50,796	5,377,433
Accumulated depreciation and impairment	<u>(415,749)</u>	<u>–</u>	<u>(165,619)</u>	<u>(47,882)</u>	<u>(629,250)</u>
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>54,460</u>	<u>768,436</u>	<u>822,896</u>
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	<u>3,121,038</u>	<u>866,286</u>	<u>3,987,324</u>

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	<u>839,021</u>	<u>891,594</u>
Analysed into:		
Current portion	219,490	178,709
Non-current portion	<u>619,531</u>	<u>712,885</u>

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
	<u>(1,303)</u>	<u>(9,283)</u>
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)	<u>(86,945)</u>	<u>(97,285)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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
	<u>2,053,895</u>	<u>1,576,821</u>

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	<u>16,083,692</u>	<u>701,948</u>	<u>16,785,640</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>10,422,883</u>	<u>700,854</u>	<u>11,123,737</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	Valuation technique	Unobservable inputs	Range of unobservable inputs
	31 December 2023 RMB'000			
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

17. INVESTMENT PROPERTIES (Continued)

Valuation inputs and relationships to fair value (Continued)

Description	Fair value at	Valuation technique	Unobservable inputs	Range of unobservable inputs
	31 December 2022 RMB'000			
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.

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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>4,264,105</u>	<u>3,669,855</u>

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
	<u>20,688,322</u>	<u>21,060,187</u>
Deferred units (note)	652,733	714,415
Amounts due from associates (note 43(c))	1,527,581	2,066,683
Interests in associates	<u>22,868,636</u>	<u>23,841,285</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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)

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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:

	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.

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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	<u>999,130</u>	<u>1,023,964</u>

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.

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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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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).

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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
	<u>211,353,458</u>	<u>187,128,887</u>
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)
	<u>211,353,458</u>	<u>187,128,887</u>

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)
	<u>36,334,751</u>	<u>31,293,125</u>

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.

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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	<u>(1,159,999)</u>	<u>(1,124,184)</u>

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	<u>23,256</u>	<u>60,986</u>
	891,194	610,112
Less: Loss allowance	<u>(44,886)</u>	<u>(40,426)</u>
	<u>846,308</u>	<u>569,686</u>

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	<u>17,030</u>	<u>11,256</u>
	<u>891,194</u>	<u>610,112</u>

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.

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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	<u>44,886</u>	<u>40,426</u>

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
	<u>34,450,158</u>	21,827,806
Less: loss allowance	(22,870)	(17,543)
	<u>34,427,288</u>	21,810,263
Prepaid value-added taxes and other taxes	2,823,755	2,459,094
Prepayments	608,390	379,963
	<u>37,859,433</u>	<u>24,649,320</u>

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.

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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
	<u>29,265,250</u>	<u>21,846,458</u>

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
	<u>29,265,250</u>	<u>21,846,458</u>

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.

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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
	<u>81,395,029</u>	<u>72,554,091</u>
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
	<u>22,975,869</u>	<u>15,744,272</u>
Total borrowings	<u>104,370,898</u>	<u>88,298,363</u>

(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	<u>44,646,651</u>	<u>43,187,271</u>

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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
	<u>59,724,247</u>	<u>45,111,092</u>	<u>44,646,651</u>	<u>43,187,271</u>

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.

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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

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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	<u>229,536</u>	<u>–</u>
Non-current assets		
Capped forward foreign exchange contracts	–	3,274
Foreign currency forward contracts	–	12,423
Total non-current derivative financial instrument assets	<u>–</u>	<u>15,697</u>
Current liabilities		
Capped forward foreign exchange contracts	–	(3,585)
Foreign currency forward contracts	–	(208,673)
Total current derivative financial instrument liabilities	<u>–</u>	<u>(212,258)</u>
Non-current liabilities		
Capped forward foreign exchange contracts	–	(788)
Foreign currency forward contracts	(55,785)	(183,285)
Total non-current derivative financial instrument liabilities	<u>(55,785)</u>	<u>(184,073)</u>

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.

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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

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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	<u>2,395,627</u>	<u>3,465,283</u>

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	<u>644,760</u>	<u>1,510,074</u>	<u>1,543,829</u>	<u>3,698,663</u>

	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	<u>783,731</u>	<u>1,176,547</u>	<u>715,103</u>	<u>2,675,381</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	<u>3,290,473</u>	<u>230,368</u>	<u>2,573,449</u>	<u>6,094,290</u>

	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	<u>3,339,916</u>	<u>236,576</u>	<u>2,564,172</u>	<u>6,140,664</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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)
	<u>3,474,680</u>	<u>2,651,493</u>
Deferred tax liabilities	(6,094,290)	(6,140,664)
Set-off of deferred tax liabilities pursuant to set-off provisions	223,983	23,888
	<u>(5,870,307)</u>	<u>(6,116,776)</u>
Deferred income tax liabilities, net	<u>(2,395,627)</u>	<u>(3,465,283)</u>

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	<u>4,025,393</u>	<u>3,096,456</u>	<u>25,545,008</u>	<u>18,035,015</u>

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.

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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	<u>(104,370,863)</u>	<u>(55,785)</u>	<u>(11,127,195)</u>	<u>(839,021)</u>	<u>(22,260,606)</u>

* Financing cash flows excluded the changes in amounts due from related parties and NCI and related parties of NCI of RMB9,118,965,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	<u>(88,298,334)</u>	<u>(396,331)</u>	<u>(9,709,019)</u>	<u>(891,594)</u>	<u>(24,875,714)</u>

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
	<u>272,347</u>	<u>368,883</u>

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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
	<u>51,680,838</u>	<u>39,299,040</u>

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	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	2022	2023	2022
	RMB'000	RMB'000	RMB'000	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	2022	2023	2022
	RMB'000	RMB'000	RMB'000	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		廣州市品菁房地產 開發有限公司	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

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42. NON-CONTROLLING INTERESTS (Continued)

Summarised statement of comprehensive income	廣州市品秀房地產 開發有限公司		廣州市品悅房地產 開發有限公司		廣州市品菁房地產 開發有限公司	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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		廣州市品悅房地產 開發有限公司		廣州市品菁房地產 開發有限公司	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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)

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42. NON-CONTROLLING INTERESTS (Continued)

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 2023 RMB'000	31 December 2022 RMB'000	31 December 2023 RMB'000	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		廣州市品冠房地產 開發有限公司	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	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		廣州市品冠房地產 開發有限公司	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	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)

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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 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
廣州市悅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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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
	<u>258,717</u>	<u>168,925</u>
– a fellow subsidiary (bank deposits)	75,869	34,166
	<u>334,586</u>	<u>203,091</u>
(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)
	<u>(490,258)</u>	<u>(409,432)</u>
(III) Addition of right-of-use assets		
– fellow subsidiaries	–	7,259
– associates	37,041	179,841
	<u>37,041</u>	<u>187,100</u>
(IV) Rental income		
– associates	18,233	1,346
– fellow subsidiaries	29,284	7,958
	<u>47,517</u>	<u>9,304</u>
(V) Short-term leases rental expenses		
– associates	(36,218)	(31,684)
– immediate holding company	(2,359)	–
– substantial shareholder	(699)	(1,959)
	<u>(39,276)</u>	<u>(33,643)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>229,536</u>	<u>999,130</u>	<u>81,371,456</u>	<u>82,600,122</u>

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	<u>55,785</u>	<u>189,906,586</u>	<u>189,962,371</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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:

- 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.
- 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.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	Valuation technique	Unobservable inputs	Weighted average
	31 December 2023 RMB'000			
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	Valuation technique	Unobservable inputs	Weighted average
	31 December 2022 RMB'000			
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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) 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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) 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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Derivative financial instruments	–	55,785	–	55,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) 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			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Borrowings	–	104,370,898	–	104,370,898

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Borrowings	–	88,298,363	–	88,298,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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)	<u>11,249</u>	<u>6,778</u>	<u>1,981</u>	<u>15,754</u>	<u>9,124</u>	<u>—</u>	<u>44,886</u>

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)	<u>7,211</u>	<u>9,715</u>	<u>3,148</u>	<u>11,157</u>	<u>9,195</u>	<u>—</u>	<u>40,426</u>

* 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	Lifetime ECLs	Total
	Stage 1 RMB'000	Simplified approach 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	Lifetime ECLs	Total
	Stage 1 RMB'000	Simplified approach 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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	<u>92,089,655</u>	<u>29,015,803</u>	<u>48,208,174</u>	<u>6,310,629</u>	<u>175,624,261</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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 RMB'000	2022 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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
	<u>24,022,663</u>	<u>21,561,060</u>
Net assets	<u>27,415,519</u>	<u>20,867,724</u>
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	<u>27,415,519</u>	<u>20,867,724</u>

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.

GROUP STRUCTURE

31 December 2023

As at 31 December 2023, the Company held shares/interests in the following principal subsidiaries, joint ventures and associates.

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries							
Able Step Investment Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Acon Investment Ltd.	British Virgin Islands	1 Ordinary share of USD1 each	–	100	–	100	Investment holding
Beexiu Industrial (Shenzhen) Co., Ltd.	China, limited liability company	Registered capital HKD7,000,000	–	100	–	100	Property development
Bond Master Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Charm Smart Development Limited	Hong Kong	HKD2	–	100	–	100	Property development
Companhia de Fomento Predial Yue Xiu (Macau), Limitada	Macau	1 share of MOP198,000 and 1 share of MOP2,000	–	100	–	100	Property development
Crystal Path Investment Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Dragon Yield Holding Limited	British Virgin Islands	1 Ordinary share of USD1 each	100	–	100	–	Investment holding
Elsburg Limited	Hong Kong	HKD10,000	–	100	–	100	Property investment
Extra Act Limited	Hong Kong	HKD1,000	–	100	–	100	Investment holding
Fundscore Development Limited	Hong Kong	HKD500,000	–	100	–	100	Property investment
Green Park Development Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Guangzhou Baima Business Operation Property Management Co., Ltd	China, limited liability company	Registered capital RMB19,000,000	–	66.92	–	66.92	Property management
Guangzhou Bright Growth City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB88,315,800	–	95	–	95	Property development
Guangzhou Carry Win City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB28,684,800	–	95	–	95	Property development
Guangzhou Central Funds City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB37,236,300	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
Guangzhou Charcon Real Estate Co., Ltd.	China, limited liability company	Registered capital HKD259,670,000	–	100	–	100	Property development
Guangzhou Charfar Real Estate Company Limited	China, limited liability company	Registered capital RMB111,450,000	–	100	–	100	Property development
Guangzhou Charho Real Estate Company Limited	China, limited liability company	Registered capital RMB190,000,000	–	100	–	100	Property development
Guangzhou City Construction & Development Co. Ltd.	China, limited liability company	Registered capital RMB6,600,000,000	–	95	–	95	Property development
Guangzhou City Construction & Development Consulting Ltd.	China, limited liability company	Registered capital RMB2,145,800	–	98.13	–	98.13	Consulting services in property development
Guangzhou City Construction & Development Decoration Ltd.	China, limited liability company	Registered capital RMB18,200,000	–	98.62	–	98.62	Decoration and design
Guangzhou City Construction & Development Group Nansha Co. Ltd.	China, limited liability company	Registered capital RMB500,000,000	–	95.48	–	95.48	Property development
Guangzhou City Construction & Development Jingcheng Property Co. Ltd.	China, limited liability company	Registered capital RMB13,712,500	–	99.75	–	99.75	Property development
Guangzhou Yuexiu Property Development Co., Ltd	China, limited liability company	Registered capital RMB100,000,000	–	66.92	–	66.92	Property management
Guangzhou Yuejian Project Management Co., Ltd.	China, limited liability company	Registered capital RMB11,520,000	–	100	–	100	Project management
Guangzhou City Construction & Development Weicheng Enterprise Ltd.	China, limited liability company	Registered capital RMB955,300	–	66.92	–	66.92	Property management
Guangzhou Yuexiu Xingye Property Agent Ltd.	China, limited liability company	Registered capital RMB37,520,000	–	97.6	–	97.6	Real estate agency
Guangzhou Construction & Development Holdings (China) Limited	British Virgin Islands	1 Ordinary share of USD1 each	100	–	100	–	Investment holding
Guangzhou Cowan City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB28,684,800	–	95	–	95	Property development
Guangzhou Eastern Growth City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB12,734,400	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
Guangzhou Faithbond City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB16,231,400	–	95	–	95	Property development
Guangzhou Huicheng Industry Development Company Limited	China, limited liability company	Registered capital RMB2,730,600	–	99.06	–	99.06	Car parking management
Guangzhou Grandcity Development Ltd.	China, limited liability company	Registered capital RMB3,000,000	–	100	–	100	Property development
Guangzhou Guangxiu City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB18,287,700	–	95	–	95	Property development
Guangzhou Honour City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB16,386,800	–	95	–	95	Property development
Guangzhou Investment Finance Company Limited	Hong Kong	HKD2	100	–	100	–	Financing services
Guangzhou Keen Asia City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB14,083,200	–	95	–	95	Property development
Guangzhou May Hua City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB12,853,900	–	95	–	95	Property development
Guangzhou Million Top City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB28,684,800	–	95	–	95	Property development
Guangzhou Seaport City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB23,074,600	–	95	–	95	Property development
Guangzhou Sincere Land City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB14,083,200	–	95	–	95	Property development
Guangzhou Talent Gather City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB11,952,000	–	95	–	95	Property development
Guangzhou Top Jade City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB11,952,000	–	95	–	95	Property development
Guangzhou Tung Win City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB11,952,000	–	95	–	95	Property development
Guangzhou Unionwin City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB19,776,700	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
Guangzhou White Horse Clothings Market Ltd.	China, limited liability company	Registered capital RMB118,873,900	–	100	–	100	Property investment
Guangzhou Winbase City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB11,952,000	–	95	–	95	Property development
Guangzhou Winner City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB28,684,800	–	95	–	95	Property development
Guangzhou Xingcheng Enterprise Development Ltd.	China, limited liability company	Registered capital RMB154,612,700	–	99.75	–	99.75	Property investment
Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd.	China, limited liability company	Registered capital RMB100,000,000	–	66.92	–	66.92	Property management
Guangzhou Yieldwise City Real Estates Co. Ltd.	China, limited liability company	Registered capital RMB14,083,200	–	95	–	95	Property development
Hangzhou Yuexiu Property Development Limited	China, limited liability company	Registered capital USD529,070,000	–	100	–	100	Property development
Honstar Investments Limited	British Virgin Islands	1 Ordinary share of USD1 each	–	100	–	100	Investment holding
Jamsin Limited	Hong Kong	HKD2	100	–	100	–	Property holding
Jiangmen Yue Xiu City Construction Property Development Limited	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property development
Intellect Aim Management Ltd.	British Virgin Islands	1 Ordinary shares of USD1 each	–	100	–	100	Financing services
Jumbo Good Development Limited	Hong Kong	HKD2	–	100	–	100	Property investment
Keen Million Investment Limited	Hong Kong	HKD1	100	–	100	–	Financing services
Kingswell Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Leading Affluence Limited	Hong Kong	HKD1	–	100	–	100	Financing services
Merry Growth Development Limited	Hong Kong	HKD100	–	100	–	100	Property investment
Nation Harvest Development Limited	Hong Kong	HKD2	–	100	–	100	Investment holding
Sino Peace Development Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Smart Rise Development Limited	Hong Kong	HKD100	–	100	–	100	Property investment

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
Westwood Group Holdings Limited	Hong Kong	HKD1	–	100	–	100	Financing services
Winston Investment Limited	Hong Kong	HKD1	–	100	–	100	Property investment
Yue Xiu APT Parking Limited	Hong Kong	HKD28,010,000	–	66.92	–	66.92	Car parking management
Yue Xiu Property Agency Limited	Hong Kong	HKD2	–	100	–	100	Property agency services
Yue Xiu Property Management Limited	Hong Kong	HKD10,000	–	66.92	–	66.92	Building management services
Yuexiu Property (B.V.I.) Limited	British Virgin Islands	1 Ordinary share of USD1 each	100	–	100	–	Investment holding
Yuexiu Property (China) Company Limited	British Virgin Islands	5,000 Ordinary shares of HKD1 each	–	100	–	100	Investment holding
Yuexiu Property (HK) Company Limited	British Virgin Islands	1 Ordinary share of HKD1 each	–	100	–	100	Investment holding
Yuexiu Property (Macau) Company Limited	British Virgin Islands	1 Ordinary share of HKD1 each	–	100	–	100	Investment holding
Yuexiu International Investment Limited	British Virgin Islands	1 Ordinary share of USD1 each	100	–	100	–	Investment holding
Yuexiu Services Group Limited	Hong Kong	HKD3,041,453,175.20	–	66.92	–	66.92	Investment holding
廣州華振科技服務有限公司	China, limited liability company	Registered capital RMB20,000,000	–	100	–	100	Investment holding
海南白馬建設開發有限公司	China, limited liability company	Registered capital RMB523,613,085	–	47.5	–	47.5	Property development
昆山市越秀廣電投資發展有限公司	China, limited liability company	Registered capital RMB50,000,000	–	48.45	–	48.45	Property development
煙台越秀地產開發有限公司	China, limited liability company	Registered capital RMB560,000,000	–	100	–	100	Property development
煙台越星地產開發有限公司	China, limited liability company	Registered capital HKD1,220,810,000	–	100	–	100	Property development
中山越星房地產開發有限公司	China, limited liability company	Registered capital USD99,800,000	–	100	–	100	Property development
中山市越秀地產開發有限公司	China, limited liability company	Registered capital RMB3,005,000,000	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
中山市金滿房地產開發有限公司	China, limited liability company	Registered capital RMB700,000,000	–	100	–	100	Property development
青島越秀地產開發有限公司	China, limited liability company	Registered capital HKD2,289,000,000	–	100	–	100	Property development
瀋陽越星房地產開發有限公司	China, limited liability company	Registered capital HKD624,000,000	–	100	–	100	Property development
杭州越雋房地產開發有限公司	China, limited liability company	Registered capital USD290,000,000	–	100	–	100	Property development
廣州東秀房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95.48	–	95.48	Property development
瀋陽鐵海房地產有限公司	China, limited liability company	Registered capital USD59,800,000	–	99.95	–	99.95	Property development
越秀地產(瀋陽)物業管理有限公司	China, limited liability company	Registered capital RMB3,000,000	–	66.92	–	66.92	Property management
越秀地產(山東)物業管理有限公司	China, limited liability company	Registered capital RMB3,000,000	–	66.92	–	66.92	Property management
瀋陽越秀地產有限公司	China, limited liability company	Registered capital HKD2,910,000,000	–	100	–	100	Property development
中山市越秀地產物業管理有限公司	China, limited liability company	Registered capital RMB3,000,000	–	66.92	–	66.92	Property management
廣州悅秀會信息科技有限公司	China, limited liability company	Registered capital RMB500,000	–	66.92	–	66.92	Property management
廣州市悅冠智能科技有限公司	China, limited liability company	Registered capital RMB20,000,000	–	66.92	–	66.92	Property management
武漢越秀嘉潤房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95.48	–	95.48	Property development
武漢越秀嘉益房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95.48	–	95.48	Property development
廣州東輝房地產開發有限公司	China, limited liability company	Registered capital RMB300,000,000	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
廣州越投商業保理有限公司	China, limited liability company	Registered capital RMB300,000,000	–	96.69	–	96.69	Trade finance
廣州市宏錦房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	100	–	100	Property development
廣州宏景房地產開發有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95.48	–	95.48	Property development
越秀地產(江門)物業管理有限公司	China, limited liability company	Registered capital RMB3,000,000	–	66.92	–	66.92	Property management
廣州越秀城建仲量聯行物業服務有限公司	China, limited liability company	Registered capital RMB5,000,000	–	53.54	–	53.54	Property management
廣州祥錦房地產開發有限公司	China, limited liability company	Registered capital RMB250,000,000	–	95.48	–	95.48	Property development
廣州越港房地產開發有限公司	China, limited liability company	Registered capital RMB1,000,000	–	100	–	100	Property development
廣州盈勝投資有限公司	China, limited liability company	Registered capital RMB300,000,000	–	95.48	–	95.48	Property management
佛山市禪城區越輝房地產開發有限公司	China, limited liability company	Registered capital RMB4,170,000,000	–	95	–	95	Property development
杭州越港實業有限公司	China, limited liability company	Registered capital RMB2,660,000,000	–	95.48	–	95.48	Property development
江門越港房地產開發有限公司	China, limited liability company	Registered capital RMB1,000,000	–	50.95	–	50.95	Property development
廣州東耀房地產開發有限公司	China, limited liability company	Registered capital RMB2,000,000,000	–	48.69	–	48.69	Property development
武漢市錦熹實業投資合夥企業(有限合夥)	China, limited partnership	Registered capital RMB1,000,000	–	99	–	99	Investment consulting
杭州樾樂投資管理合夥企業(有限合夥)	China, limited partnership	Registered capital RMB1,000,000	–	99	–	99	Investment consulting
青島合勝投資合夥企業(有限合夥)	China, limited partnership	Registered capital RMB1,000,000	–	99	–	99	Property investment
江門市群輝實業投資中心(有限合夥)	China, limited partnership	Registered capital RMB10,000	–	99	–	99	Investment holding
廣州市耀維實業發展有限公司	China, limited liability company	Registered capital RMB77,000,000	–	95	–	95	Metal manufacturing
廣州中環慧富房地產開發有限公司	China, limited liability company	Registered capital RMB4,160,000	–	95.48	–	95.48	Property development

GROUP STRUCTURE

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
杭州燄樂實業投資有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property investment
青島越星房地產開發有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development
廣州安翠實業發展有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development
杭州燄燄實業投資有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property investment
武漢東偉置業有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property development
廣州越登實業發展有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development
江門越佳房地產開發有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95.40	–	95.40	Property development
青島宏秀房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95.12	–	95.12	Property development
杭州東桂房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95.04	–	95.04	Property development
舟山宏智經濟信息諮詢有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Information consulting
舟山欣德商貿發展有限公司	China, limited liability company	Registered capital RMB60,000,000	–	47.74	–	47.50	Trading
杭州慧盛企業管理有限公司	China, limited liability company	Registered capital RMB50,000,000	–	47.74	–	47.50	Management consulting
太倉和融商貿有限公司	China, limited liability company	Registered capital RMB50,000,000	–	47.74	–	47.50	Trading
蘇州向東島房地產開發有限公司	China, limited liability company	Registered capital RMB540,000,000	–	47.74	–	47.50	Property development
武漢越武房地產開發有限公司	China, limited liability company	Registered capital RMB120,000,000	–	51.42	–	51.42	Property development
廣州越秀商業地產經營管理有限公司	China, limited liability company	Registered capital RMB1,000,000	–	100	–	100	Commercial services

GROUP STRUCTURE

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
杭州春焱實業投資有限公司	China, limited liability company	Registered capital RMB10,000,000	–	100	–	100	Property investment
廣州鉅熹經濟信息諮詢有限公司	China, limited liability company	Registered capital RMB10,000,000	–	100	–	100	Commercial services
廣州裕永投資管理有限公司	China, limited liability company	Registered capital RMB1,000,000	–	100	–	100	Commercial services
武漢東雄置業發展有限公司	China, limited liability company	Registered capital RMB10,000,000	–	100	–	100	Property development
武漢嘉耀房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property development
武漢嘉盛房地產開發有限公司	China, limited liability company	Registered capital RMB1,141,000,000	–	95	–	95	Property development
武漢悅盛房地產開發有限公司	China, limited liability company	Registered capital RMB100,000,000	–	48.69	–	48.69	Property development
武漢嘉萱房地產開發有限公司	China, limited liability company	Registered capital RMB1,500,000,000	–	95.48	–	95.48	Property development
武漢嘉祺房地產開發有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95.48	–	95.48	Property development
杭州盛寅房地產開發有限公司	China, limited liability company	Registered capital RMB2,100,000,000	–	48.45	–	48.45	Property development
杭州豐勝房地產開發有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property development
杭州越榮房地產開發有限公司	China, limited liability company	Registered capital RMB1,350,000,000	–	39.18	–	39.18	Property development
廣州雋景一號房地產開發有限公司	China, limited liability company	Registered capital RMB1,500,000,000	–	100	–	100	Property development
青島越港房地產開發有限公司	China, limited liability company	Registered capital RMB310,000,000	–	95	–	95	Property development
鶴山市越恒房地產開發有限公司	China, limited liability company	Registered capital RMB610,000,000	–	95	–	95	Property development
廣州宏勝房地產開發有限公司	China, limited liability company	Registered capital RMB3,598,000,000	–	50.91	–	50.91	Property development
武漢康景實業投資有限公司	China, limited liability company	Registered capital RMB11,570,800,000	–	99.64	–	99.64	Property development
煙台中越置業有限責任公司	China, limited liability company	Registered capital RMB150,000,000	–	95	–	95	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
青島東耀房地產開發 有限公司	China, limited liability company	Registered capital USD120,000,000	–	51	–	51	Property development
蘇州榮耀房地產開發 有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95	–	95	Property development
廣州雋越房地產開發 有限責任公司	China, limited liability company	Registered capital RMB2,000,000,000	–	95	–	95	Property development
青島雲佳房地產開發 有限公司	China, limited liability company	Registered capital RMB850,000,000	–	99.5	–	99.5	Property development
廣州越欣房地產開發 有限責任公司	China, limited liability company	Registered capital RMB400,000,000	–	48.45	–	48.45	Property development
廣州市品秀房地產開發 有限公司	China, limited liability company	Registered capital RMB6,343,780,000	–	82.11	–	82.11	Property development
廣州綠楨房地產開發 有限公司	China, limited liability company	Registered capital RMB400,000,000	–	38.23	–	38.23	Property development
廣州宏耀房地產開發 有限公司	China, limited liability company	Registered capital RMB900,000,000	–	62.06	–	62.06	Property development
廣州市輝邦置業有限公司	China, limited liability company	Registered capital RMB1,633,000,000	–	47.74	–	47.74	Property development
廣州雋業房地產開發 有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95.55	–	95.55	Property development
佛山市南海區越匯房地產 開發有限公司	China, limited liability company	Registered capital RMB3,000,000,000	–	95	–	95	Property development
青島康景實業有限公司	China, limited liability company	Registered capital RMB842,011,262	–	100	–	100	Property development
廣州市潤意房地產開發 有限公司	China, limited liability company	Registered capital RMB600,000,000	–	47.5	–	47.5	Property development
杭州金鈺房地產開發 有限公司	China, limited liability company	Registered capital RMB3,000,000	–	95	–	95	Property development
杭州越星房地產開發 有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95	–	95	Property development
杭州杭秀房地產開發 有限公司	China, limited liability company	Registered capital RMB1,650,000,000	–	100	–	100	Property development
成都越嘉房地產開發經營 有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development

GROUP STRUCTURE

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
廣州南方智煤產業園 有限公司	China, limited liability company	Registered capital RMB1,000,000,000	–	48.69	–	48.69	Property development
廣州越冠房地產開發 有限公司	China, limited liability company	Registered capital RMB2,098,820,000	–	51.39	–	51.39	Property development
青島雲耀實業有限公司	China, limited liability company	Registered capital RMB167,843,754	–	100	–	100	Property development
杭州鈺杭房地產開發 有限公司	China, limited liability company	Registered capital RMB450,000,000	–	95	–	95	Property development
廣州越榮房地產開發 有限公司	China, limited liability company	Registered capital RMB3,490,000,000	–	95.48	–	95.48	Property development
廣州市品悅房地產開發 有限公司	China, limited liability company	Registered capital RMB622,600,000	–	48.69	–	48.69	Property development
廣州市品薈房地產開發 有限公司	China, limited liability company	Registered capital RMB737,860,000	–	48.69	–	48.69	Property development
廣州市從化區越恒房地產 開發有限公司	China, limited liability company	Registered capital RMB720,000,000	–	95.48	–	95.48	Property development
中山越佳房地產開發 有限公司	China, limited liability company	Registered capital RMB1,010,000,000	–	95	–	95	Property development
蘇州東桂房地產開發 有限公司	China, limited liability company	Registered capital RMB200,000,000	–	52.25	–	45.6	Property development
廣州越東房地產開發 有限公司	China, limited liability company	Registered capital RMB700,000,000	–	95.48	–	95.48	Property development
廣州越合通房地產開發 有限公司	China, limited liability company	Registered capital RMB1,200,000,000	–	48.69	–	48.69	Property development
廣州越創智數信息科技 有限公司	China, limited liability company	Registered capital RMB8,000,000	–	95	–	95	Commercial services
廣州悅秀智訊科技信息 諮詢有限公司	China, limited liability company	Registered capital RMB8,000,000	–	95	–	95	Commercial services
長沙康盛房地產開發 有限公司	China, limited liability company	Registered capital RMB200,000,000	–	95	–	95	Property development
鄭州東煌房地產開發 有限公司	China, limited liability company	Registered capital RMB830,000,000	–	95	–	95	Property development
長沙越和房地產開發 有限公司	China, limited liability company	Registered capital RMB250,000,000	–	81.04	–	81.04	Property development
長沙嘉耀房地產開發 有限公司	China, limited liability company	Registered capital RMB620,000,000	–	53.11	–	53.11	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
太倉越雋房地產開發 有限公司	China, limited liability company	Registered capita RMB120,000,000	–	95	–	95	Property development
杭州越嘉房地產開發 有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95	–	95	Property development
廣州越秀城開房地產開發 有限公司	China, limited liability company	Registered capital RMB3,700,000,000	–	95.48	–	95.48	Property development
廣州越秀華城房地產開發 有限公司	China, limited liability company	Registered capital RMB9,160,000,000	–	95.48	–	95.48	Property development
廣州市品輝房地產開發 有限公司	China, limited liability company	Registered capital RMB3,100,000,000	–	48.69	–	48.69	Property development
廣州市品冠房地產開發 有限公司	China, limited liability company	Registered capital RMB1,958,700,000	–	48.69	–	48.69	Property development
重慶越嘉房地產開發 有限公司	China, limited liability company	Registered capital RMB300,000,000	–	95.48	–	95.48	Property development
廣州地鐵環境工程有限公司	China, limited liability company	Registered capital RMB6,740,200	–	44.84	–	44.84	Property management
廣州地鐵物業管理 有限責任公司	China, limited liability company	Registered capital RMB5,010,000	–	44.84	–	44.84	Property management
蘇州耀秀房地產開發 有限公司	China, limited liability company	Registered capital RMB150,000,000	–	100	–	100	Property development
青島卓城置業有限公司	China, limited liability company	Registered capital RMB100,000,000	–	38.76	–	38.76	Property development
青島怡城置業有限公司	China, limited liability company	Registered capital RMB50,000,000	–	38.76	–	38.76	Property development
南京鈺秀企業管理有限公司	China, limited liability company	Registered capital RMB169,520,000	–	62.13	–	62.13	Property development
南京越勝房地產開發 有限公司	China, limited liability company	Registered capital RMB326,000,000	–	32.31	–	32.31	Property development
南京市越碧金裝飾有限公司	China, limited liability company	Registered capital RMB100,000	–	32.31	–	32.31	Building decoration
杭州越琛房地產開發 有限公司	China, limited liability company	Registered capital RMB684,030,000	–	56.53	–	56.53	Property development
寧波悅秀房地產開發 有限公司	China, limited liability company	Registered capital RMB684,030,000	–	56.53	–	56.53	Property development
蘇州越嘉企業管理有限公司	China, limited liability company	Registered capital RMB306,000,000	–	87.32	–	87.32	Property development

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
蘇州榮秀房地產開發有限公司	China, limited liability company	Registered capital RMB600,000,000	–	44.53	–	44.53	Property development
佛山市越泓房地產開發有限公司	China, limited liability company	Registered capital RMB1,290,270,000	–	53.20	–	53.20	Property development
廣州市越達房地產開發有限公司	China, limited liability company	Registered capital RMB1,290,270,000	–	53.20	–	53.20	Property development
佛山市越江房地產開發有限公司	China, limited liability company	Registered capital RMB1,000,000	–	95	–	95	Property development
武漢楚棋房地產開發有限公司	China, limited liability company	Registered capital RMB400,000,000	–	48.45	–	48.45	Property development
武漢嘉秀房地產開發有限公司	China, limited liability company	Registered capital RMB50,000,000	–	48.45	–	48.45	Property development
上海閔瀾房地產開發有限公司	China, limited liability company	Registered capital RMB2,310,500,000	–	52.25	–	52.25	Property development
廣州為民康復醫院有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Hospital
廣州頤環健康養老服務有限公司	China, limited liability company	Registered capital RMB8,250,000	–	94.09	–	93.10	Elderly care services
廣州樾濱房地產開發有限公司	China, limited liability company	Registered capital RMB1,670,950,000	–	62.06	–	62.06	Property development
廣州樾富房地產開發有限公司	China, limited liability company	Registered capital RMB1,670,950,000	–	62.06	–	62.06	Property development
廣州市佰城投資發展有限公司	China, limited liability company	Registered capital RMB10,000,000	–	93.57	–	93.57	Property development
廣州新越房地產開發有限公司	China, limited liability company	Registered capital RMB178,000,000	–	95.48	–	95.48	Property development
廣州新秀房地產開發有限公司	China, limited liability company	Registered capital RMB1,500,000,000	–	95.48	–	95.48	Property development
廣州樾勝房地產開發有限公司	China, limited liability company	Registered capital RMB875,000,000	–	62.06	–	62.06	Property development
廣州嶺秀房地產開發有限公司	China, limited liability company	Registered capital RMB875,000,000	–	62.06	–	62.06	Property development
重慶越樂房地產開發有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95.48	–	95.48	Property development
廣州南沙科城投資發展有限公司	China, limited liability company	Registered capital RMB100,000,000	–	42.96	–	42.96	Commercial services

GROUP STRUCTURE

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
深圳鵬躍房地產開發有限公司	China, limited liability company	Registered capital RMB5,000,000	–	95.48	–	95.48	Property development
東莞市沙田雋越房地產開發有限公司	China, limited liability company	Registered capital RMB937,290,000	–	48.69	–	48.69	Property development
東莞秀美房地產開發有限公司	China, limited liability company	Registered capital RMB937,290,000	–	48.69	–	48.69	Property development
廣州明耀房地產開發有限公司	China, limited liability company	Registered capital RMB254,710,000	–	95.48	–	95.48	Property development
中山市泰佳房地產有限公司	China, limited liability company	Registered capital RMB424,520,000	–	57.29	–	57.29	Property development
東莞市盈勝房地產開發有限公司	China, limited liability company	Registered capital RMB50,000,000	–	95.48	–	95.48	Property development
畢節越嘉房地產開發有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development
廣州越拓智城技術發展有限公司	China, limited liability company	Registered capital RMB20,000,000	–	95	–	95	Technical services
西安越秀房地產開發有限公司	China, limited liability company	Registered capital RMB10,000,000	–	95	–	95	Property development
廣州越秀南方智媒商業運營有限公司	China, limited liability company	Registered capital RMB3,000,000	–	40.15	–	40.15	Property management
廣州市悅雲智慧科技有限公司	China, limited liability company	Registered capital RMB8,000,000	–	66.92	–	66.92	Property management
湖北越秀工建運營管理有限公司	China, limited liability company	Registered capital RMB5,000,000	–	34.13	–	34.13	Property management
廣州悅美居實業有限公司	China, limited liability company	Registered capital RMB5,000,000	–	66.92	–	66.92	Property management
廣越物業管理（廣州）有限公司	China, limited liability company	Registered capital RMB1,000,000	–	40.15	–	40.15	Property management
廣州越秀海樾物業服務有限公司	China, limited liability company	Registered capital RMB3,000,000	–	66.92	–	66.92	Property management

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Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
寧波越秀物業服務有限公司	China, limited liability company	Registered capital RMB5,000,000	–	66.92	–	66.92	Property management
廣州越服房地產經紀有限公司	China, limited liability company	Registered capital RMB5,000,000	–	66.92	–	66.92	Real estate agency
廣州天河區越服房地產經紀有限公司	China, limited liability company	Registered capital RMB1,000,000	–	66.92	–	66.92	Real estate agency
杭州越服房地產經紀有限公司	China, limited liability company	Registered capital RMB1,000,000	–	66.92	–	66.92	Real estate agency
廣州南沙區越服房地產經紀有限公司	China, limited liability company	Registered capital RMB1,000,000	–	66.92	–	66.92	Real estate agency
蘇州越服房地產經紀有限公司	China, limited liability company	Registered capital RMB1,000,000	–	66.92	–	66.92	Real estate agency
無錫越秀物業發展有限公司	China, limited liability company	Registered capital RMB2,000,000	–	34.13	–	34.13	Property management
廣東越之盾保安服務有限公司	China, limited liability company	Registered capital RMB12,000,000	–	66.92	–	66.92	Security services
廣州越秀服務有限公司	China, limited liability company	Registered capital RMB850,000,000	–	66.92	–	66.92	Investment holding
廣州城建開發工程造價諮詢有限公司	China, limited liability company	Registered capital RMB1,000,000	–	100	–	100	Technical services
長沙秀雅投資有限公司	China, limited liability company	Registered capital USD25,000,000	–	100	–	100	Property investment
長沙秀茂置業有限公司	China, limited liability company	Registered capital RMB350,000,000	–	50	–	50	Property development
南京樾弘房地產開發有限公司	China, limited liability company	Registered capital RMB2,484,000,000	–	97.55	–	51	Property development
南京樾駿裝飾有限公司	China, limited liability company	Registered capital RMB100,000	–	97.55	–	51	Building decoration
郴州秀城房地產開發有限公司	China, limited liability company	Registered capital USD50,000,000	–	100	–	100	Property development
廣州樾樂房地產開發有限公司	China, limited liability company	Registered capital RMB588,000,000	–	100	–	100	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
廣州天越房地產開發有限公司	China, limited liability company	RMB2,360,000,000	–	95.48	–	95.48	Property development
廣州樾海房地產開發有限公司	China, limited liability company	RMB 50,000,000	–	95.48	–	95.48	Property development
廣州南沙橫越置業有限公司	China, limited liability company	RMB560,000,000	–	95.48	–	95.48	Property development
杭州越樂房地產開發有限公司	China, limited liability company	RMB600,000,000	–	59.84	–	59.84	Property development
杭州越瓏房地產開發有限公司	China, limited liability company	RMB400,000,000	–	95	–	95	Property development
南京越嘉房地產開發有限公司	China, limited liability company	RMB1,350,000,000	–	98	–	98	Property development
合肥越合房地產開發有限公司	China, limited liability company	RMB400,000,000	–	100	–	99.64	Property development
成都雋辰房地產開發有限公司	China, limited liability company	RMB764,060,000	–	95	–	95	Property development
成都雋樂房地產開發有限公司	China, limited liability company	RMB741,500,000	–	95	–	95	Property development
廣州越秀產業發展有限公司	China, limited liability company	RMB100,000,000	–	100	–	95	Manufacturing of computers, communication and other electronic equipment
廣州越鑫房地產開發有限公司	China, limited liability company	RMB1,000,000,000	–	52.42	–	52.42	Property development
杭州越文房地產開發有限公司	China, limited liability company	RMB850,000,000	–	42.7	–	42.7	Property development
杭州北匯置業有限公司	China, limited liability company	RMB20,000,000	–	51	–	51	Property development
杭州濱泓房地產開發有限公司	China, limited liability company	RMB2,500,000,000	–	24.47	–	24.47	Property development
杭州濱楊房地產開發有限公司	China, limited liability company	RMB900,000,000	–	47.98	–	47.98	Property development

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
上海錦鈺置業有限公司	China, limited liability company	RMB2,400,000,000	–	47.5	–	47.5	Property development
鄭州越武房地產開發有限公司	China, limited liability company	RMB1,428,000,000	–	76	–	76	Property development
重慶駿勵房地產開發有限公司	China, limited liability company	RMB1,754,800,124.02	–	48.69	–	48.69	Property development
佛山市越通項目投資有限公司	China, limited liability company	RMB50,000,000	–	48.45	–	48.45	Property development
鄭州茂秀置業有限公司	China, limited liability company	RMB500,000,000	–	48.45	–	48.45	Property development
中山建秀房地產開發有限公司	China, limited liability company	RMB800,000,000	–	48.45	–	48.45	Property development
佛山南海區越博房地產開發有限公司	China, limited liability company	RMB750,000,000	–	95	–	27.73	Property development
佛山市南海區越金房地產開發有限公司	China, limited liability company	RMB887,570,000	–	48.45	–	14.14	Property development
江門越盛房地產開發有限公司	China, limited liability company	RMB880,000,000	–	95	–	9.5	Property development
佛山市南海區越佳房地產開發有限公司	China, limited liability company	RMB1,100,000,000	–	95	–	9.5	Property development
上海樾秀房地產開發有限公司	China, limited liability company	RMB100,000,000	–	95	–	–	Property development
杭州濱程房地產開發有限公司	China, limited liability company	RMB3,000,000,000	–	38.86	–	–	Property development
濟南越秀地產開發有限公司	China, limited liability company	RMB100,000,000	–	95	–	9.5	Property development
青島青鐵樾秀置業有限公司	China, limited liability company	RMB2,054,833,800	–	51	–	–	Property development
北京越華房地產開發有限公司	China, limited liability company	RMB3,967,500,000	–	48.45	–	–	Property development
廣州樾馳房地產開發有限公司	China, limited liability company	RMB1,930,467,000	–	48.69	–	–	Property leasing

GROUP STRUCTURE

31 December 2023

Company	Place of incorporation/ establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Effective percentage of attributable interest held by the Company				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
Principal subsidiaries (Continued)							
深圳越勝房地產開發有限公司	China, limited liability company	RMB1,098,000,000	–	95.48	–	27.77	Property development
深圳越泰房地產開發有限公司	China, limited liability company	RMB957,000,000	–	95.48	–	27.77	Property development
杭州濱良房地產開發有限公司	China, limited liability company	RMB1,390,000,000	–	47.98	–	–	Property development
杭州龍塢盛和置業有限公司	China, limited liability company	RMB2,633,000,000	–	32.14	–	–	Property development
杭州濱躍實業有限公司	China, limited liability company	RMB1,250,000,000	–	24.23	–	–	Property development
上海樾富房地產開發有限公司	China, limited liability company	RMB100,000,000	–	95	–	–	Property development
長沙興秀房地產開發有限公司	China, limited liability company	RMB100,000,000	–	95	–	27.73	Property development
西安越雋恒鐵房地產開發有限公司	China, limited liability company	RMB708,000,000	–	48.45	–	–	Property development
杭州杭景房地產開發有限公司	China, limited liability company	RMB1,220,000,000	–	33.67	–	–	Property development
南京越昕房地產開發有限公司	China, limited liability company	RMB400,000,000	–	100	–	–	Property development
北京雋秀房地產開發有限公司	China, limited liability company	RMB3,312,000,000	–	100	–	–	Property development
北京越星房地產開發有限公司	China, limited liability company	RMB2,599,000,000	–	100	–	–	Property development
合肥越廬房地產開發有限公司	China, limited liability company	RMB300,000,000	–	99.64	–	–	Property development

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

GROUP STRUCTURE

31 December 2023

Details of the Group's principal joint ventures as at 31 December 2023 are as follows:

Name of joint ventures	Place of establishment and operation	Percentage of voting power	Effective percentage of interest in ownership/profit sharing				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
廣州中耀實業投資有限公司	China	50	-	47.74	-	47.74	Property development
廣州越禾房地產開發有限公司	China	50	-	47.74	-	47.74	Property development
深圳市銀幸現代養老服務有限公司	China	51	-	48.45	-	48.45	Elderly care services
武漢中建越秀港投開發有限公司	China	35	-	35	-	35	Property development
廣州智聯置業投資發展有限公司	China	30	-	28.64	-	28.64	Property development
蘇州嶼秀房地產開發有限公司	China	16.50	-	15.68	-	15.68	Property development
湖北宏秀房地產開發有限公司	China	30	-	28.50	-	28.50	Property development
武漢崇鴻裕業房地產開發有限公司	China	15	-	14.25	-	14.25	Property development
濟南鵬遠置業有限公司	China	40	-	38	-	38	Property development
江門市濱江房地產開發投資有限公司	China	50	-	47.50	-	47.50	Property development
廣州廣宏房地產開發有限公司	China	40	-	38.19	-	38.19	Property development
江門市濱江置業房地產開發經營有限公司	China	50	-	47.50	-	47.50	Property development
江門市越通房地產開發有限公司	China	51	-	48.45	-	48.45	Property development
成都人居興彭置業有限公司	China	45	-	42.75	-	42.75	Property development
蘇州工業園區大正置業有限公司	China	30	-	28.50	-	28.50	Property development
廣州雲秀健康投資有限公司	China	51	-	48.45	-	48.45	Commercial Services

GROUP STRUCTURE

31 December 2023

Name of joint ventures	Place of establishment and operation	Percentage of voting power	Effective percentage of interest in ownership/profit sharing				Principal activities
			2023		2022		
			Direct	Indirect	Direct	Indirect	
成都居越房地產開發有限公司	China	49	–	46.55	–	46.55	Property development
廣州萬宏房地產開發有限公司	China	49	–	46.78	–	46.78	Property development
煙台領秀房地產開發有限公司	China	49	–	49	–	49	Property development
北京恒秀立懷置業有限公司	China	49	–	46.55	–	46.55	Property development
重慶越輝房地產開發有限公司	China	10	–	49.82	–	34.33	Property development
廣州智能裝備科技創意園有限公司	China	41	–	38.95	–	38.95	Property development
西安天越航空發展有限公司	China	49	–	49	–	49	Property development
西咸新區紫塬泊漢置業有限公司	China	49	–	46.55	–	46.55	Property development
長沙悅夢置業有限公司	China	30	–	28.5	–	28.5	Property development

GROUP STRUCTURE

31 December 2023

Details of the Group's principal associates as at 31 December 2023 are as follows:

Name of associates	Place of establishment and operation	Effective percentage of interest in ownership/profit sharing				Principal activities
		2023		2022		
		Direct	Indirect	Direct	Indirect	
Yuexiu Real Estate Investment Trust	Hong Kong (ii)	–	37.89	–	41.39	Property investment
廣州宏嘉房地產開發有限公司(i)	China	–	15.94	–	15.94	Property development
廣州宏軒房地產開發有限公司(i)	China	–	15.94	–	15.94	Property development
江門市蓬江區碧桂園房地產開發有限公司	China	–	44.59	–	44.59	Property development
杭州龍禧房地產開發有限公司	China	–	28.64	–	28.64	Property development
廣州環暉房地產開發有限公司(i)	China	–	15.94	–	15.94	Property development
杭州星日房地產開發有限公司	China	–	49.08	–	49.08	Property development
武漢越秀地產開發有限公司	China	–	33	–	33	Property development
廣州合錦嘉苑房地產開發有限公司(i)	China	–	14.25	–	14.25	Property development
杭州添智投資有限公司(i)	China	–	15.91	–	15.91	Investment holding
廣州市吳品房地產有限公司	China	–	46.55	–	46.55	Property development
廣州碧森房地產開發有限公司(i)	China	–	13.63	–	13.63	Property development
濟南元賀置業有限公司	China	–	23.51	–	23.51	Property development
中山市華越宏軒置業發展有限公司	China	–	46.55	–	46.55	Property development
廣州耀恒房地產開發有限公司	China	–	46.78	–	46.78	Property development
廣州穗昭置業有限公司	China	–	47.50	–	47.50	Property development

GROUP STRUCTURE

31 December 2023

Name of associates	Place of establishment and operation	Effective percentage of interest in ownership/profit sharing				Principal activities
		2023		2022		
		Direct	Indirect	Direct	Indirect	
廣州越秀康養投資合夥企業（有限合夥）	China	–	52.25	–	52.25	Commercial services
廣州雋峰房地產開發有限公司	China	–	42.96	–	42.96	Property development
武漢錦秀嘉合置業有限公司	China	–	46.55	–	46.55	Property development
南京駿玖房地產有限公司	China	–	23.28	–	23.28	Property development
南京金瓏房地產開發有限公司	China	–	31.35	–	31.35	Property development
長沙長越房地產開發有限公司	China	–	46.55	–	46.55	Property development
湖北宏秀文苑城市開發有限公司	China	–	38.00	–	38.00	Property development
南通駿秀房地產開發有限公司	China	–	46.78	–	46.78	Property development
青島城秀投資開發有限公司	China	–	46.55	–	46.55	Property development
杭州中海海蔦房地產有限公司	China	–	19	–	19	Property development
杭州疆悅置業有限公司	China	–	46.55	–	46.55	Property development
肥西縣和粵置業發展有限公司	China	–	33	–	32.88	Property development
合肥和冉房地產開發有限公司	China	–	31.35	–	31.35	Property development
上海樂秀房地產開發有限公司	China	–	47.5	–	47.5	Property development
上海漕越經濟發展有限公司	China	–	46.55	–	–	Property development
杭州北星置業有限公司	China	–	18.05	–	–	Property development

Notes:

- (i) The Group has representation on the board in which the Group has the power to participate in the financial and operating policy decisions and therefore has significant influence over these entities.
- (ii) A Hong Kong collective investments scheme authorised under Section 104 of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

www.yuexiuproperty.com

26/F., Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong

