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

(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

Announcement of 2023 Annual Results

Results Summary

- The revenue was approximately RMB80.22 billion, representing a year-on-year increase of 10.8%.

- The 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%.

- The value of the aggregate contracted sales (including contracted sales of projects of joint ventures and associates) during the year amounted to approximately RMB142.03 billion, representing a year-on-year increase of 13.6%. During the year, the contracted sales value of the Greater Bay Area and the Guangzhou projects amounted to approximately RMB71.60 billion and RMB61.32 billion, representing a year-on-year increase of 20.0% and 15.3% respectively.

- During the year, the Group has newly acquired 28 land parcels located in 11 cities through the "6+1" diversified land acquisition model, with a total GFA of approximately 4.91 million sq.m.. All new land parcels are located in Tier 1 and key Tier 2 cities. As of 31 December, the total landbank was approximately 25.67 million sq.m., and the landbank of Greater Bay Area was 10.75 million sq.m., accounting for approximately 41.9% of the total landbank. 95% of the Group's total landbank is located in Tier 1 and key Tier 2 cities.

- During the year, the Group continued to deepen the nationwide layout strategy of TOD business and newly invested Xingqiao TOD project in Hangzhou, with a total GFA of 0.48 million sq.m.. As of 31 December, the total landbank of the Group's TOD projects amounted to approximately 3.31 million sq.m., accounting for approximately 12.9% of the Group's total landbank. During the year, the contracted sales value of TOD projects amounted to approximately RMB27.37 billion, representing a year-on-year increase of 23.9%.

- As of 31 December, the "Three Red Lines" indicators of the Group were all in "green lights", with total liabilities/total assets ratio (excluding unearned revenue) of 67.4%, net gearing ratio of 57.0% and cash to short-term debt ratio of 2.01 times. The financial position was healthy and sound. The Group maintained its credit ratings of investment grade by both Moody's and Fitch.

- The Group's weighted average borrowing interest rate for the year was 3.82%, representing a year-on-year decrease of 34 basis points. The average cost of borrowing further decreased to 3.63% at the end of 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 a total of RMB3.4 billion of the RMB Bonds in China 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%, showing a continuously optimised debt structure and financing costs as well as diversified financing channels.

- The Board has proposed to declare a final dividend for 2023 of HKD0.148 per share (equivalent to RMB0.134 per share). Together with the 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.

•	Revenue	RMB80.22 billion (+10.8%)
•	Gross profit margin	15.3% (-5.1 percentage points)
•	Profit attributable to equity holders	RMB3.19 billion (-19.4%)
•	Core net profit	RMB3.49 billion (-17.5%)
•	Contracted sales value	RMB142.03 billion (+13.6%)
•	Unrecognised sales value	RMB199.28 billion (+11.3%)
•	Total assets	RMB401.18 billion (+15.8%)
•	Cash and cash equivalents and charged bank deposits	RMB46.10 billion (+31.3%)
•	Net gearing ratio**	57.0% (-5.7 percentage points)
•	Weighted average borrowing interest rate	3.82% (-34 basic points)

* 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.

** Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

RESULTS

The board of directors ("Directors" or "Board") of Yuexiu Property Company Limited ("Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") prepared under Hong Kong Financial Reporting Standards for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	**2022**
	Notes	*RMB'000*	*RMB'000*
Revenue	4	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	5	(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		970,575	636,540
Finance costs	6	(672,375)	(916,036)
Share of profits/(losses) of			
– joint ventures		50,528	162,976
– associates		701,579	(260,149)
Profit before taxation		7,720,643	10,829,634
Taxation	8	(3,145,594)	(4,692,266)
Profit for the year		4,575,049	6,137,368

	Notes	2023 *RMB'000*	2022 *RMB'000*
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	10	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
AS AT 31 DECEMBER 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		2,802,071	4,748,183
Right-of-use assets		822,896	3,987,324
Investment properties		16,785,640	11,123,737
Intangible assets		514,128	521,234
Properties under development		8,739,490	8,677,923
Interests in joint ventures		6,007,696	5,787,070
Interests in associates		22,868,636	23,841,285
Financial assets at fair value through other comprehensive income ("FVOCI")		999,130	1,023,964
Derivative financial instruments		—	15,697
Deferred tax assets		3,474,680	2,651,493
Total non-current assets		63,014,367	62,377,910
CURRENT ASSETS			
Properties under development		202,613,968	178,450,964
Properties held for sale		36,334,751	31,293,125
Contract costs		1,121,745	1,080,517
Prepayments for land use rights		5,825,176	7,059,107
Trade and notes receivables	11	846,308	569,686
Other receivables, prepayments and deposits		37,859,433	24,649,320
Derivative financial instruments		229,536	—
Prepaid taxation		7,235,584	5,752,895
Charged bank deposits		16,832,610	13,271,994
Cash and cash equivalents		29,265,250	21,846,458
Total current assets		338,164,361	283,974,066

	Notes	2023 RMB'000	2022 RMB'000
CURRENT LIABILITIES			
Trade and notes payables	12	1,330,814	1,641,773
Contract liabilities		87,653,832	74,472,323
Other payables and accruals		90,389,650	76,318,514
Borrowings		22,975,869	15,744,272
Lease liabilities		219,490	178,709
Derivative financial instruments		—	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
NON-CURRENT LIABILITIES			
Borrowings		81,395,029	72,554,091
Lease liabilities		619,531	712,885
Deferred tax liabilities		5,870,307	6,116,776
Deferred income		102,200	273,624
Derivative financial instruments		55,785	184,073
Other payables and accruals		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		25,545,008	18,035,015
Shares held under share award scheme		(121,530)	(175,520)
Other reserves		2,757,989	2,016,281
Retained earnings		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

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.

The financial information relating to the years ended 31 December 2022 and 2023 included in this Results Announcement for the year ended 31 December 2023 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 Accounting policies

(i) The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Module Rules*

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

(ii) The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	No mandatory effective date yet determined but available for adoption
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments") *	1 January 2024
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments") *	1 January 2024
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 21	*Lack of Exchangeability*	1 January 2025

* As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements -Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The above amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2024 and have not been early applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

3 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.

	Property development *RMB'000*	Property management *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Group *RMB'000*
Year ended 31 December 2023					
Revenue	75,216,351	3,223,623	543,914	6,817,504	85,801,392
Inter-segment revenue	—	(886,657)	(69,805)	(4,622,919)	(5,579,381)
Revenue from external customers	75,216,351	2,336,966	474,109	2,194,585	80,222,011
Segment results	7,056,130	375,189	(1,107,966)	267,243	6,590,596
Depreciation and amortisation	(238,244)	(86,372)	—	(61,498)	(386,114)
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	—	—	(1,366,252)	—	(1,366,252)
Losses on revaluation of other investment properties held at the end of the year, net	—	—	(135,845)	—	(135,845)
Share of profits/(losses) of:					
– joint ventures	52,507	154	—	(2,133)	50,528
– associates	657,702	—	8,119	35,758	701,579

	Property development	Property management	Property investment	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Revenue	68,728,194	2,486,205	370,312	4,918,462	76,503,173
Inter-segment revenue	—	(645,241)	(45,731)	(3,396,558)	(4,087,530)
Revenue from external customers	68,728,194	1,840,964	324,581	1,521,904	72,415,643
Segment results	10,654,041	182,507	233,557	125,081	11,195,186
Depreciation and amortisation	(252,275)	(78,962)	—	(97,573)	(428,810)
Gains on revaluation of investment properties, net	—	—	125,185	—	125,185
Share of profits/(losses) of:					
– joint ventures	164,054	116	—	(1,194)	162,976
– associates	(133,240)	—	(181,307)	54,398	(260,149)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 31 December 2023					
Total reportable segments' assets	354,617,979	6,118,733	22,908,834	6,143,475	389,789,021
Total reportable segments' assets include:					
Additions to non-current assets (note)	162,827	24,838	6,955,477	130,836	7,273,978

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 31 December 2022					
Total reportable segments' assets	306,821,946	5,472,291	19,611,933	4,805,612	336,711,782
Total reportable segments' assets include:					
Additions to non-current assets (note)	1,047,223	92,682	—	311,093	1,450,998

Note: Non-current assets represent non-current assets other than properties under development, derivative financial instruments, interests in joint ventures, interests in associates, financial assets at FVOCI, goodwill included in intangible assets and deferred tax assets.

A reconciliation of total segment results to profit before taxation is provided as follows:

	Year ended 31 December	
	2023	**2022**
	RMB'000	*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 fair value (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	970,575	636,540
Finance costs	(672,375)	(916,036)
Share of profits/(losses) of:		
– joint ventures	50,528	162,976
– associates	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.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Total reportable segments' assets	389,789,021	336,711,782
Deferred tax assets	3,474,680	2,651,493
Prepaid taxation	7,235,584	5,752,895
Corporate assets (note)	679,443	1,235,806
Total assets	401,178,728	346,351,976

Note: Corporate assets represent property, plant and equipment, intangible assets, other receivables and cash and cash equivalents of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in Chinese Mainland and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in Chinese Mainland.

For the year ended 31 December 2023, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (2022: none).

4 Revenue

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Property development	75,216,351	68,728,194
Property management	2,324,115	1,840,180
Others	2,194,585	1,521,904
	79,735,051	72,090,278
Revenue from other sources		
Property investment	486,960	325,365
	80,222,011	72,415,643

Revenue from contracts with customers:

For the year ended 31 December 2023

Segments	**Property development**	**Property management**	**Others**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services				
Sale of property development	75,216,351	—	—	75,216,351
Property management service	—	2,324,115	—	2,324,115
Others	—	—	2,194,585	2,194,585
Total revenue from contracts with customers:	75,216,351	2,324,115	2,194,585	79,735,051
Timing of revenue recognition				
Recognised at a point in time	75,216,351	417,831	1,636,422	77,270,604
Recognised over time	—	1,906,284	558,163	2,464,447
Total revenue from contracts with customers:	75,216,351	2,324,115	2,194,585	79,735,051

For the year ended 31 December 2022

Segments	Property development	Property management	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services				
Sale of property development	68,728,194	—	—	68,728,194
Property management service	—	1,840,180	—	1,840,180
Others	—	—	1,521,904	1,521,904
Total revenue from contracts with customers:	68,728,194	1,840,180	1,521,904	72,090,278
Timing of revenue recognition				
Recognised at a point in time	68,728,194	246,194	1,110,766	70,085,154
Recognised over time	—	1,593,986	411,138	2,005,124
Total revenue from contracts with customers:	68,728,194	1,840,180	1,521,904	72,090,278

5 Other gains and losses

	2023	2022
	RMB'000	*RMB'000*
Losses arising from revaluation of investment properties of Luogang project and Chentougang project	(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

6 Finance costs

	2023	2022
	RMB'000	*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	490,258	409,432
Interest on amounts due to non-controlling interest ("NCI") and related parties of NCI	197,459	307,811
Interest expense on lease liabilities	29,945	37,961
Net fair value gains on derivative financial instruments	(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).

7 Expenses by nature

Cost of sales, selling and marketing expenses, and administrative expenses include the following:

	2023	2022
	RMB'000	*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	86,945	97,285
Depreciation of property, plant and equipment	123,127	127,544
Depreciation of right-of-use assets	203,751	247,019
Amortisation of intangible assets	59,236	54,247
Impairment loss on trade and note receivables	4,460	2,133
Impairment loss on other receivables	5,327	9,526
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries	3,743,003	3,417,724
Pension scheme contribution	211,241	185,545
	3,954,244	3,603,269
Less: amount 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

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.

8 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	**2022**
	RMB'000	*RMB'000*
Current taxation		
China enterprise income tax		
and corporate withholding income tax	2,981,827	2,764,739
Chinese Mainland land appreciation tax	1,088,189	2,437,422
	4,070,016	5,202,161
Deferred taxation		
Origination and reversal of temporary difference	(922,941)	(697,847)
Chinese Mainland land appreciation tax	(10,758)	(17,522)
Corporate withholding income tax on undistributed profits	9,277	205,474
	(924,422)	(509,895)
	3,145,594	4,692,266

9 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	2022
	RMB'000	*RMB'000*
Cash dividends		
Interim, paid, of HKD0.232 equivalent to RMB0.213 (2022: HKD0.319 equivalent to RMB0.275) per ordinary share	857,409	851,525
Final, proposed, of HKD0.148 equivalent to RMB0.134 (2022: HKD0.307 equivalent to RMB0.272) per ordinary share	539,403	842,236
	1,396,812	1,693,761

The exchange rates used to translate the above interim and final dividends per share from HKD to RMB were the average middle exchange rates announced by the People's Bank of China for the last five consecutive business days preceding the dates of dividend resolved/proposed by the Board.

In addition, in March 2023, the board of directors has declared a special dividend ("Special Dividend") for the year ended 31 December 2022 in the form of the distribution in specie of certain units ("Units") of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders, in proportion to their respective shareholdings in the Company on the basis of 62 units for every 1,000 shares held by the qualifying shareholders. The Special Dividend of 249,574,360 Units were distributed as at the end of 2023.

10 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2023	2022
		(Restated)
Profit attributable to equity holders of the Company (RMB'000)	3,185,085	3,953,352
Weighted average number of ordinary shares in issue ('000) (note)	3,728,632	3,313,167
Basic earnings per share (RMB)	0.8542	1.1932

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 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.

11 Trade and notes receivables

	2023	**2022**
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	867,938	549,126
Notes receivables	23,256	60,986
	891,194	610,112
Less: loss allowance	(44,886)	(40,426)
	846,308	569,686

As at 31 December 2023 and 2022, the ageing analysis of the trade and notes receivables based on invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	707,245	551,081
1 to 2 years	160,822	41,480
2 to 3 years	6,097	6,295
Over 3 years	17,030	11,256
	891,194	610,112

12 Trade and notes payables

The ageing analysis of the trade and notes payables based on invoice date is as follows:

	2023	2022
	RMB'000	*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

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.

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.

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.

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.

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 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.

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.

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. The Group continued to maintain its credit ratings of investment grade at Baa3 and BBB- by Moody's and Fitch respectively.

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.

* 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.

During the period, the Group seized favorable 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.

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.

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 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 segment 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.

Adhering to Prudent and Safe Financial Policies

The Group will continue to keep the "Three Red Lines" indicators staying in "green lights" and the investment-grade credit ratings of Moody's and Fitch. 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

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%.

* 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.

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.

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.

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.

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**

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 an 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.

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

No.	Project	Equity Holding	Total GFA
			(sq.m.)
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**

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	—

		LANDBANK		
No.	**Project**	**GFA**	**PUD GFA**	**PFD GFA**
		(sq.m.)	*(sq.m.)*	*(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**

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	—

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 Junnan	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	—

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**

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:

Construction progress	2023 Actual GFA *(sq.m.)*	2024 Planned GFA (sq.m.)
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.

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 expenses 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 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.

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) payable 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 strengthen 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%. 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.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

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

	As at	
	31 December	31 December
	2023	2022
	RMB'000	*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	104,370,863	88,298,334
Bank overdrafts	35	29
Total debts	104,370,898	88,298,363
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	(29,265,250)	(21,846,458)
Net borrowings	75,944,669	67,343,499
Total equity	102,208,780	84,792,741
Total capitalisation	178,153,449	152,136,240
Gearing ratio	42.6%	44.3%

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 dollar. 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 economy 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.

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 dollar, 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).

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 auditors, 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 announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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.

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.

By order of the Board
Yuexiu Property Company Limited
LIN Zhaoyuan
Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the Board comprises:

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