合景泰富集團
KWG GROUP HOLDINGS

ANNUAL REPORT
2023

KWG GROUP HOLDINGS LIMITED
Incorporated in the Cayman Islands with limited liability   Stock Code : 1813

BUILD HOME WITH HEART
CREATE FUTURE WITH ASPIRATION

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Corporate Information and Information for Shareholders

CORPORATE INFORMATION

Directors

Executive Directors
KONG Jianmin *(Chairman)*
KONG Jiantao
(Chief Executive Officer)
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors
LEE Ka Sze, Carmelo
(Resigned on 1 March 2024)
TAM Chun Fai
LAW Yiu Wing, Patrick

Company Secretary

CHAN Kin Wai

Authorised Representatives

KONG Jianmin
CHAN Kin Wai

Audit Committee

TAM Chun Fai *(Chairman)*
LEE Ka Sze, Carmelo
(Resigned on 1 March 2024)
LAW Yiu Wing, Patrick

Remuneration Committee

TAM Chun Fai *(Chairman)*
KONG Jianmin
LAW Yiu Wing, Patrick

Nomination Committee

KONG Jianmin *(Chairman)*
TAM Chun Fai
LAW Yiu Wing, Patrick

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Room 1301, 13th Floor
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Agent

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Minsheng Banking Corp. Ltd.
China Zheshang Bank Co.,Ltd
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Auditor

Prism Hong Kong and Shanghai Limited
Registered Public Interest Entity Auditor

Legal Advisors

as to Hong Kong law:
Sidley Austin

as to Cayman Islands law:
Conyers Dill & Pearman

INFORMATION FOR SHAREHOLDERS

Website

www.kwggroupholdings.com

Stock Code

1813 (Main Board of The Stock Exchange of Hong Kong Limited)

2023 Financial Calendar

Interim results announcement	:	30 August 2023
Annual results announcement	:	27 March 2024
Closure of register of members(Note)	:	31 May to 5 June 2024 (both days inclusive)
Annual general meeting	:	5 June 2024

Note: For the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting

Corporate Profile

Founded in 1995, KWG Group Holdings Limited ("KWG" or the "Company", together with its subsidiaries, collectively the "Group") was listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 01813.HK) in July 2007. As one of the leading integrated urban operators in China, the Group has always adhered to its core philosophy of "building home with heart, creating future with aspiration", and upheld the development strategy of "originating from Guangzhou, expanding nationwide across China". Over the years, with the focus on first- and second-tier cities, KWG has been making efforts in the business development in the Greater Bay Area and Yangtze River Delta Region, as well as the Bohai Rim and other important urban economic zones in Central and Western China. Currently, it has established a presence in over 40 cities.

Over the past 29 years, the Group has established a comprehensive property development system that is well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, office buildings, hotels and shopping malls. While deepening its business in real estate development and commercial operation, the Group has also made strategic expansions into a wide range of segments including education and big health to achieve synergic development with its business in the real estate segment.

Looking forward, while focusing on the project development of residential properties and commercial properties, the Group will also continue its endeavor to attach great importance to "environmental, social and governance (the "ESG")" issues, thereby promoting the Company's environmental, social and governance practices in all aspects and moving towards sustainable development.

Honours and Awards

Some of the awards received by the Group are set out below:

No	Name of award	Entity/project being awarded	Award Institution
1	2022 Top 100 Private Enterprises in Guangdong Province in 2022 (Ranking 59th)	KWG Group	Guangdong Federation of Industry & Commerce
2	Top 50 Private Service Enterprises in Guangdong Province in 2022 (Ranking 28th)	KWG Group	Guangdong Federation of Industry & Commerce
3	Annual ESG Value Enterprise of 2023 China Value Property Ranking	KWG Group	National Business Daily
4	Goodwill Charity Award (共襄善美公益獎)	KWG Group	Xinkuaibo
5	2023 Outstanding Enterprise for ESG Practice	KWG Group	Investor.org.cn
6	Annual Excellent Enterprises with Delivery Power	Southern China District of KWG	Xinkuaibo
7	2023 Commercial Property Benchmarking Project	KWG	China Times
8	The Most Favored Talent Residences in China	KWG RISCASA	Grand Mansion Award-WEI C Media (維C傳媒)

1 2022 Top 100 Private Enterprises in Guangdong Province in 2022 (Ranking 59th)

Guangdong Federation of Industry & Commerce

2 Top 50 Private Service Enterprises in Guangdong Province in 2022 (Ranking 28th)

Guangdong Federation of Industry & Commerce

3 Annual ESG Value Enterprise of 2023 China Value Property Ranking

National Business Daily

4 Goodwill Charity Award (共襄善美公益獎)

Xinkuaibo

5 2023 Outstanding Enterprise for ESG Practice

Investor.org.cn

6 Annual Excellent Enterprises with Delivery Power

Xinkuaibo

7 2023 Commercial Property Benchmarking Project

China Times

8 The Most Favored Talent Residences in China

Grand Mansion Award-WEI C Media (維C傳媒)

Chairman's Statement

Go through the cycles with steady progress to reach further
Promote sustainable operation to adhere to long-termism!

Looking back at 2023, the industry was still facing challenges and difficulties. Due to the continuously increasing downward pressure on the real estate market and the restricted financing channels of the industry, the liquidity pressure of real estate enterprises increased accordingly. Amid this round of industry cycle, the real estate industry encountered unprecedented headwinds. The central policies were steady at the beginning and loosened at the end. Policies have been introduced to ease the pressure on the capital of real estate enterprises. The relaxation of local policies has accelerated, with 622 policies lifting in 273 provinces and municipalities. There were factors actively promoting the market recovery, including relief for real estate enterprises, and guaranteed delivery to protect people's livelihoods. Under the policy call for "guaranteeing delivery" and "guaranteeing people's livelihood", various regions have made every effort to guarantee delivery by launching existing buildings and quasi-existing buildings, focusing on the completion of preparations and improving the quality of delivery. Throughout the year that the delivery capabilities of property enterprises put to test, KWG was fully committed to ensuring the delivery in the market, delivering nearly 20,000 units in the year. Recently, KWG was honored with the "Annual Excellent Enterprises in terms of Delivery" in the 2023 Xinkuaibao Real Estate Conference Award. With apparent delivery capability and product quality, the Company has traversed the industry cycle.

Since its establishment 29 years ago, KWG has been actively resolving its debt issues over the past year. Seeking a comprehensive solution for the current offshore debts in the interest of all creditors to ensure its sustainable operation. In respect of offshore debts, the offshore debt restructuring plan will be completed as soon as practicable to alleviate the short-term liquidity pressure.

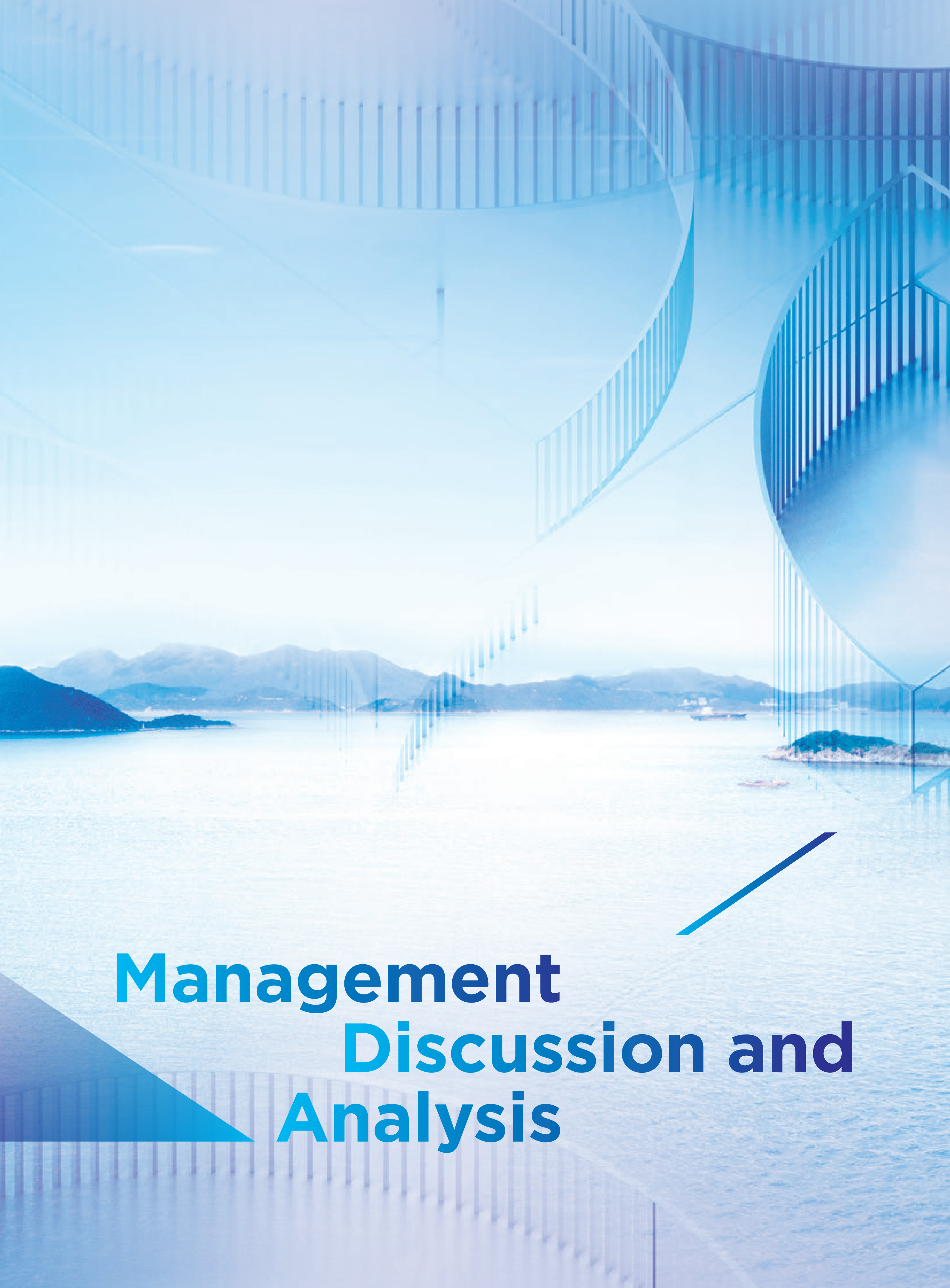
As for environmental, social and governance aspects, by adhering to the philosophy of environmental symbiosis led by green practice, we continue to explore the ways to adhere to long-termism on the road to sustainable development. In 2023, the Group's ESG rating was upgraded to "BBB", once again gaining the high recognition from the industry. In particular, the Group performed well in terms of building, product quality and safety, and corporate behaviors, reflecting the excellent achievements of the Group's continuous exploration in sustainable development, which has been recognized by the international capital market. The Group will continue to incorporate ESG-related strategic considerations into the whole cycle and process of design, planning and construction, and actively explore the direction of sustainable urban development and operation in the future.

Outlook for 2024

The real estate industry is expected to show gradual recovery with industry being able to realize sound and steady operation gradually in 2024. In the coming year, KWG Group will actively take up opportunities and challenges, and continue its adherence to the core philosophy of "building home with heart, creating future with aspiration" to gather synergy and maintain steady operation. The Group will actively improve its debt structure, continuously reduce its total debt, make the best efforts to ensuring delivery. The Group will adhere to long-termism to realize high-quality development and create long-term value for our society, shareholders and customers!

Appreciation

On behalf of the Group and the board of directors, I would like to extend my sincere appreciation to all shareholders, investors, partners, and customers. I would also like to express my uttermost gratitude to all our directors, management and employees for their unwavering support and dedication. We are confident that KWG and the industry will definitely weather through the crisis and move forward.



Management Discussion and Analysis

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB15,807.1 million in 2023, representing an increase of 17.5% from approximately RMB13,452.6 million in 2022.

In 2023, the revenue generated from property development, property investment and hotel operation were approximately RMB14,047.3 million, RMB931.0 million and RMB828.8 million, respectively.

Proportionate revenue amounted to approximately RMB26,604.6 million in 2023, representing an increase of 18.4% from approximately RMB22,462.0 million in 2022.

Property development

Revenue generated from property development increased by 18.0% to approximately RMB14,047.3 million in 2023 from approximately RMB11,908.0 million in 2022, primarily due to an increase in the total gross floor area ("GFA") delivered to 924,958 sq.m. in 2023 from 806,218 sq.m. in 2022.

The average selling price ("ASP") increased from RMB14,770 per sq.m. in 2022 to RMB15,187 per sq.m. in 2023, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2022.

Proportionate revenue generated from property development increased by 18.8% to approximately RMB24,450.1 million in 2023 from approximately RMB20,580.2 million in 2022, primarily due to an increase in the total GFA delivered to 1,531,453 sq.m. in 2023 from 1,348,216 sq.m. in 2022. The proportionate ASP increased from RMB15,265 per sq.m. in 2022 to RMB15,965 per sq.m. in 2023.

Property investment

Revenue generated from property investment slightly decreased by 1.4% to approximately RMB931.0 million in 2023 from approximately RMB944.4 million in 2022.

Hotel operation

Revenue generated from hotel operation increased by 38.1% to approximately RMB828.8 million in 2023 from approximately RMB600.2 million in 2022, primarily due to an increase in occupancy rate of the hotels.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales increased by 18.6% to approximately RMB18,446.3 million in 2023 from approximately RMB15,548.4 million in 2022, mainly due to the increase in total GFA delivered in sale of properties and construction cost per sq.m..

Land cost per sq.m. decreased from RMB7,625 in 2022 to RMB7,106 in 2023.

Construction cost per sq.m. increased from RMB7,338 in 2022 to RMB8,922 in 2023, due to the change in delivery portfolio with different city mix compared with that in 2022.

Proportionate cost of sales increased by 15.9% to approximately RMB30,521.5 million in 2023 from approximately RMB26,331.7 million in 2022. Proportionate land cost per sq.m. decreased from RMB8,591 in 2022 to RMB8,351 in 2023. Proportionate construction cost per sq.m. increased from RMB7,133 in 2022 to RMB8,636 in 2023.

Gross Loss

Gross loss of the Group was approximately RMB2,639.2 million in 2023, whereas gross loss of approximately RMB2,095.8 million was recorded in 2022. The Group has taken certain actions to improve the sales, including the implementation of price reduction for certain projects. Also, certain properties with low or negative profit margins, including carparking spaces and serviced apartments, were delivered during the year, leading to the gross loss recorded.

Proportionate core gross loss of the Group was approximately RMB3,916.9 million in 2023, whereas a proportionate core gross loss of approximately RMB3,869.7 million was recorded in 2022.

Other Income and Gains, Net

Other income and gains increased by 9.7% to approximately RMB677.3 million in 2023 from approximately RMB617.3 million in 2022.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 20.6% to approximately RMB1,116.7 million in 2023 from approximately RMB1,407.0 million in 2022. This was mainly attributable to the decrease in sales staff costs.

Administrative Expenses

Administrative expenses of the Group decreased by 2.1% to approximately RMB1,631.0 million in 2023 from approximately RMB1,666.5 million in 2022, mainly due to the optimization of corporate structure in order to save expenses.

Other Operating Expenses, Net

The Group reported other operating expenses of approximately RMB2,537.9 million for 2023 (2022: approximately RMB1,084.1 million). This is attributable to impairment losses made on properties developed by the Group.

Fair Value Losses on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB2,516.1 million for 2023 (2022: approximately RMB1,064.0 million). In response to the worsening of the PRC property market, a more prudent approach has been adopted during the revaluation process to reflect the current market condition, resulting in a more significant revaluation losses during the year.

Finance Costs

Finance costs of the Group being approximately RMB2,852.8 million in 2023 (2022: approximately RMB128.9 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they have not been capitalised.

Share of Profits and Losses of Joint Ventures

The Group recorded a share of losses of joint ventures of approximately RMB4,811.4 million in 2023 (2022: approximately RMB3,973.1 million).

This was mainly attributable to impairment losses made on properties under development and completed properties held for sale of approximately RMB2,633.0 million.

Income Tax (Expense)/Credit

The Group recorded income tax expense of approximately RMB1,352.2 million in 2023, whereas an income tax credit of approximately RMB855.0 million was recorded in 2022.

Loss for The Year

The Group reported loss for the year of approximately RMB18,979.3 million in 2023 (2022: approximately RMB9,842.3 million), as a result of the above-mentioned factors.

Interest in Joint Ventures

The decrease in the interest in joint ventures as at 31 December 2023 was mainly attributable to the decrease of share of net assets of joint ventures.

Prepayments, Other Receivables and Other Assets

Decrease in the balance of prepayments, other receivables and other assets as at 31 December 2023 was mainly attributable to the decrease in deposit and other receivables.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2023, the carrying amounts of the Group's cash and bank balances were approximately RMB1,719.4 million (31 December 2022: approximately RMB10,337.9 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties.

Borrowings and Charges on the Group's Assets

As at 31 December 2023, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB42,150.2 million, RMB27,749.9 million and RMB3,435.8 million respectively. Amongst the bank and other loans, approximately RMB13,306.2 million will be repayable within 1 year, approximately RMB18,582.8 million will be repayable between 2 and 5 years and approximately RMB10,261.2 million will be repayable over 5 years. All of the senior notes have been presented as current liabilities. Amongst the domestic corporate bonds, approximately RMB30.9 million will be repayable within 1 year and approximately RMB3,404.9 million will be repayable between 2 and 5 years.

As at 31 December 2023, the Group's bank and other loans of approximately RMB41,385.9 million and domestic corporate bonds of approximately RMB3,435.8 million were secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale, receivables from properties sold and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB3,101.0 million as at 31 December 2023 which were denominated in Hong Kong dollar of approximately RMB1,811.7 million and denominated in U.S. dollar of approximately RMB1,289.3 million respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,487.3 million which were charged at fixed interest rates as at 31 December 2023. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2023. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2023.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and bank balances) over the total equity. As at 31 December 2023, the gearing ratio was 396.3% (31 December 2022: 161.8%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in Chinese Mainland, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2023, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

(i) As at 31 December 2023, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB13,484.3 million (31 December 2022: approximately RMB15,499.0 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for 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 to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2023 and 2022 for the guarantees.

(ii) As at 31 December 2023, the Group had provided guarantees in respect of certain bank loans for joint ventures and associates. As at 31 December 2022, the Group had provided guarantees in respect of 1) certain bank loans for joint ventures and associates, and 2) certain bank acceptance bills for third parties.

Industry Review

Throughout 2023, overall, the market recovery remained limited. The overall real estate policy environment has continued the easing trend since the end of last year to actively guide the recovery of market confidence and promote the stabilization of the real estate industry.

According to the statistical data of the National Bureau of Statistics of China, in 2023, the nationwide property development investment decreased by 9.6% year-on-year to RMB11,091.3 billion; the sales area of commodity properties decreased by 8.5% year-on-year to 1,117.35 million sq.m.; the sales of commodity properties decreased by 6.5% year-on-year to RMB11,662.2 billion. In 2023, the total financing volume of 80 regular real estate enterprises amounted to RMB569.2 billion, and year-on-year decline expanded to 28%. From an overall viewpoint, in 2023, the pressure on the financing of real estate enterprises was still under an unprecedented challenge.

In 2023, China's real estate market continued to adjust at the bottom. The central policies were steady at the beginning and loosened at the end, and the policy strength was gradually reinforced from a base level. On the demand side, a series of measures were introduced, including lower down payment, lower interest rates, and the policy of "housing recognition without loan recognition", to support home buying on mortgage, and on the supply side, the entities support measures were successively launched, including "Three Minimum Thresholds (三個不低於)" and non-discriminatory financial support, to alleviate the capital pressure of real estate enterprises. Local policy easing has been accelerated, with 622 policies lifting in 273 provinces and municipalities, relaxing from the third- and fourth-tier to the core first- and second-tier in a reverse direction.

Business Review

At present, the industry is still undergoing in-depth adjustment. KWG Group has always adhered to its strategic direction of steady operation, ensure delivery and actively resolve the debt issues.

In 2023, the Group's gross pre-sales amounted to RMB25.243 billion, and the area pre-sold was 1,379,200 sq.m., with an average pre-selling price of RMB18,288 per sq.m. Among the 102 projects for sale, in terms of contribution to pre-sales amount, 24% were from the Greater Bay Area and 25% were from the Yangtze River Delta Region; and in terms of city tiers, 70% were from first- and second-tier cities, and the Group continued its efforts in the in-depth development in high-tier cities.

During the reporting period, the Group launched key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Hong Kong The Corniche, Foshan Oriental Bund, Shenzhen Grand Oasis, Yancheng KWG Haya City and International Commercial Plaza in Jiaxing. Under the policy call of "guaranteeing delivery" and "guaranteeing people's livelihood", various regions have made every effort to guarantee delivery by launching existing and quasi-existing buildings, focusing on the completion of preparations and improving the quality of delivery. According to the CRIC's data, in 2023, the completion area of property enterprises increased by 19.8% year-on-year. Throughout the year that the delivery capabilities of property enterprises put to test, KWG was fully committed to ensuring the delivery in the market, delivering nearly 20,000 units in the year, while actively responding to the promotion of the work of "guaranteeing the delivery of buildings and stabilizing people's livelihood" with its apparent delivery capability.

As at 31 December 2023, the Group had a total of 163 projects (exclude tail part of projects) located in 43 cities in Chinese Mainland and Hong Kong, China, and owned attributable land bank of approximately 12.93 million sq.m. and a total GFA of approximately 17.43 million sq.m., representing an attributable ratio of approximately 74%. The Group deployed its resources for the in-depth development in high-tier cities with the focus on the core cities in the Greater Bay Area.

Currently, the Group is working with the relevant creditors on debt restructuring issues and seeking a comprehensive solution to the offshore debts to ensure the sustainable operation of the Company. Up till now, the offshore debt restructuring work is progressing smoothly, and we will endeavor to complete the restructuring plan as soon as possible, so that the Company can start from fresh.

Outlook

Looking ahead to 2024, the property policy at the central level is expected to focus on three aspects: first, financial support for the construction of the "three major projects" as a means to promote the construction of a new model of property development; second, the implementation of the supply-side financial supports such as "Three Minimum Threshold"; and third, the downward adjustment of transaction fees to stabilize demand and in turn stabilize the market. Local regulatory policies are expected to be further optimized, and there is still room for relaxation of regulatory policies in first-tier and some strong second-tier cities, which is expected to play a positive role in restoring sales and stabilizing expectations. All in all, the new home sales market will continue to face adjustment pressure in 2024. However, if the economy continues to recover and the willingness to purchase homes improves, coupled with the progress of the urban village renovation as scheduled, the growth in sales scale may realize.

Overview of the Group's Property Development

As at 31 December 2023, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Lingshui, Wenchang, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Wuhan, Jiaxing, Taizhou, Chongqing, Taicang, Liuzhou, Shenzhen, Wuzhou, Xi'an, Kunming, Yancheng, Fuzhou, Sanya, Hong Kong and etc.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	826	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/commercial/hotel	45	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	KWG Skysite	Guangzhou	Villa/serviced apartment/office/commercial/hotel	297	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	40	100
8	Essence of City	Guangzhou	Residential/villa/commercial	15	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/commercial	14	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	44	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	4	50
14	V-city	Guangzhou	Serviced apartment/commercial	135	70
15	Montkam	Guangzhou	Residential/villa	9	30
16	E-city	Guangzhou	Serviced apartment/commercial	448	67
17	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/hotel	11	60
18	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/commercial	27	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
19	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/ commercial	95	100
20	Clover Shades	Guangzhou	Residential/commercial	48	62.5
21	The Emerald	Guangzhou	Residential	60	100
22	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/ commercial	192	80
23	Longyatt Mansion	Guangzhou	Residential/commercial	90	100
24	Dreams Garden	Guangzhou	Residential/commercial	244	100
25	Lakeside Mansion	Guangzhou	Residential/commercial	310	100
26	Richmond Greenville	Guangzhou	Residential	91	100
27	Guangzhou Nansha Project	Guangzhou	Educational	89	60
28	The Star Garden	Guangzhou	Residential/commercial	194	87.5
29	ONE68	Guangzhou	Serviced apartment/office/commercial/ hotel	69	100
30	IFP	Guangzhou	Office/commercial	61	100
31	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
32	The Mulian Huadu	Guangzhou	Hotel	25	100
33	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
34	The Mulian Guangzhou	Guangzhou	Hotel	8	100
35	The Sapphire	Suzhou	Residential/serviced apartment/office/ commercial/hotel	36	100
36	Suzhou Apex	Suzhou	Residential/serviced apartment/ commercial/hotel	127	100
37	Leader Plaza	Suzhou	Serviced apartment/office/commercial	21	100
38	Fortune Plaza	Suzhou	Office/commercial/hotel	21	100
39	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
40	Orient Aesthetics	Suzhou	Residential/commercial	3	20
41	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/ commercial/hotel	111	50
42	Blessedness Seasons	Suzhou	Residential/commercial	2	49
43	The Vision of the World	Chengdu	Residential/serviced apartment/ commercial	39	100
44	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/ commercial/hotel	230	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
45	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	576	55
46	The Jadeite	Chengdu	Residential/villa/commercial/hotel	24	100
47	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100
48	La Villa	Beijing	Residential/villa/commercial	5	50
49	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	2	50
50	M • Cube	Beijing	Commercial	16	100
51	Uptown Riverside I	Beijing	Serviced apartment/office/commercial	128	100
52	Uptown Riverside II	Beijing	Serviced apartment/office/commercial	61	100
53	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/commercial	27	33
54	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/hotel	188	100
55	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	1	100
56	New Chang'an Mansion	Beijing	Residential/office/commercial/hotel	31	100
57	Pearl Coast	Lingshui	Residential/villa/commercial/hotel	97	100
58	Moon Bay	Wenchang	Residential/villa/commercial/hotel	336	100
59	The Cloud World	Wenchang	Villa/commercial	76	100
60	International Metropolis Plaza	Shanghai	Office/commercial	39	100
61	Amazing Bay	Shanghai	Residential/serviced apartment/office/commercial/hotel	26	50
62	Vision of the World	Shanghai	Residential/serviced apartment/commercial/hotel	59	51
63	Glory Palace	Shanghai	Residential	3	100
64	KWG Biovalley	Shanghai	Office/commercial	121	90
65	Jinnan New Town	Tianjin	Residential/office/commercial/hotel	197	25
66	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	190	100
67	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
68	Beautiful and Happy Life	Tianjin	Residential/commercial	51	100
69	Joy Fun City	Tianjin	Residential/commercial	173	60
70	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	242	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
71	International Finance Place	Nanning	Office/commercial	56	100
72	Top of World	Nanning	Residential/villa/serviced apartment/ commercial/hotel	79	100
73	Fragrant Season	Nanning	Residential/villa/commercial	9	100
74	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
75	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
76	Emerald City	Nanning	Residential/serviced apartment/ commercial	272	100
77	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
78	The Moon Mansion	Hangzhou	Residential/villa	3	100
79	Sky Ville	Hangzhou	Residential/villa	1	100
80	Puli Oriental	Hangzhou	Residential/commercial	8	50
81	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
82	Precious Mansion	Hangzhou	Residential/office/commercial	35	100
83	Season Mix	Hangzhou	Residential/commercial/hotel	16	25
84	Shine City	Nanjing	Residential/office/commercial	1	50
85	South Bank Palace	Nanjing	Residential/commercial	1	19.75
86	Ruyi Palace	Nanjing	Residential/commercial	1	50
87	Oriental Bund	Foshan	Residential/villa/serviced apartment/ commercial/hotel	841	50
88	The Riviera	Foshan	Residential/commercial	16	100
89	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	6	50
90	China Image	Foshan	Residential/commercial	3	34
91	The One	Hefei	Residential/commercial	70	100
92	Park Mansion	Hefei	Residential	2	50
93	The Buttonwood Season I	Wuhan	Residential/villa/commercial	9	100
94	The Buttonwood Season II	Wuhan	Residential/villa/commercial	129	100
95	Exquisite Bay	Xuzhou	Residential/commercial	6	100
96	Fragrant Seasons	Xuzhou	Residential/commercial	11	50
97	Oriental Milestone	Xuzhou	Residential	137	100
98	Majestic Mansion	Jiaxing	Residential/commercial	3	100
99	Star City	Jiaxing	Residential	1	25
100	Noble Peak	Jiaxing	Residential	2	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
101	International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/commercial/hotel	360	100
102	Top of World Residence I	Taizhou	Residential	2	100
103	Top of World Residence II	Taizhou	Residential/commercial	4	100
104	Linhai Mansion	Taizhou	Residential/commercial	2	100
105	Star Mansion	Taizhou	Residential/commercial	2	33
106	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
107	Emerald the Bay	Taizhou	Residential/serviced apartment/office/commercial	255	50
108	Jinan Capital of Phoenix	Jinan	Residential/commercial	1	20
109	Jinan Tianchen	Jinan	Residential/commercial	26	20
110	The Inherited Villa	Changshu	Residential	1	25
111	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	13	100
112	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/commercial/hotel	213	100
113	The Moon Mansion	Chongqing	Residential/commercial	1	39
114	Mansion of Jasper	Chongqing	Residential/commercial	1	50
115	Jade Moon Villa	Chongqing	Residential/commercial	1	50
116	Jinzhu Tianyi Huayuan	Taicang	Residential	16	100
117	Oriental Mansion	Wuxi	Residential/commercial	1	20
118	Exquisite Palace	Wuxi	Residential/commercial	3	45
119	Vision of the World	Zhaoqing	Residential/commercial	85	100
120	River View Mansion	Zhaoqing	Residential/commercial	1	33
121	The Moon Mansion	Zhongshan	Residential/commercial	31	50
122	Serenity in Prosperity	Nantong	Residential/villa/commercial	4	51
123	Oriental Beauty	Nantong	Residential	1	70
124	The Moon Mansion	Liuzhou	Residential/villa/commercial	4	100
125	Fortunes Season	Liuzhou	Residential/commercial/hotel/educational	953	100
126	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/commercial/hotel	61	51
127	KWG Topchain City Center	Shenzhen	Serviced apartment/office/commercial	27	51
128	Grand Oasis	Shenzhen	Serviced apartment/office/commercial/hotel	10	55

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
129	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/industrial/educational	79	50
130	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
131	Skyline Seasons	Huizhou	Residential/commercial	211	100
132	Huizhou Longmen Project-Educational#[2019]011	Huizhou	Educational	11	100
133	Huizhou Longmen Project-Educational#[2019]014	Huizhou	Educational	61	100
134	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/commercial	40	100
135	Cullinan Mansion	Wenzhou	Residential/commercial	2	100
136	Art Wanderland	Dongguan	Residential/commercial	1	12.5
137	Center Mansion	Dongguan	Residential/villa/commercial	6	20
138	Yangzhou Apex	Yangzhou	Residential/commercial	82	100
139	Parkview Palace	Ningbo	Residential	2	49
140	Meishan Apex	Meishan	Residential/commercial	1	100
141	River State	Meishan	Residential/commercial	56	34
142	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	71	50
143	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	281	100
144	Meet	Xi'an	Serviced apartment/commercial/hotel	16	100
145	Salar de Uyuni	Kunming	Residential/commercial/hotel	160	67.11
146	Salar de Uyuni Guan Lake Phase 2 — #17–28	Kunming	Residential/Commercial	87	70.56
147	Salar de Uyuni Guan Lake Phase 1 — #17–29	Kunming	Residential/Commercial	112	70.56
148	KWG Haya City	Yancheng	Residential/serviced apartment/commercial/hotel	660	100
149	Phoenix International	Fuzhou	Serviced apartment/office/commercial	47	22.4
150	Sanya Haitangwan Project	Sanya	Serviced apartment	8	6.72
151	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	35	50

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2023, the Group employed a total of approximately 2,100 employees (31 December 2022: approximately 3,600). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB685.0 million during the year ended 31 December 2023. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share option scheme and the share award scheme in order to recognise and motivate the contributions by the eligible participants of the Group, and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

Directors

Executive Directors

KONG Jianmin, aged 56, is the founder of the Group. He has been an executive director and the chairman of the Company (the "Chairman") since July 2007. Mr. KONG is also the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, business operation and sales and marketing. Mr. KONG graduated from Jinan University (暨南大學) in the PRC majoring in computer science in 1989. Mr. KONG has over 29 years of experience in property development and investment. He founded the Group in November 1994. Prior to founding the Group, from December 1985 to July 1993, he worked at Guangzhou Baiyun Road Sub-branch of Industrial and Commercial Bank of China Limited, where he served as a credit officer. Mr. KONG is a non-executive director and the chairman of KWG Living which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. KONG is a brother of Messrs. KONG Jiantao and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the British Virgin Islands (the "BVI"), Hong Kong and the PRC.

KONG Jiantao, aged 53, has been an executive director and the chief executive officer of the Company (the "Chief Executive Officer") since July 2007. Mr. KONG is responsible for the overall operation of the Group's projects. He has over 29 years of experience in property development and has been a director of the Group since 1995. Mr. KONG is the younger brother of Messrs. KONG Jianmin and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI and the PRC.

KONG Jiannan, aged 58, has been an executive director and executive vice president of the Company since July 2007. He is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs of the Group. Mr. KONG graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) (also known as the Open University of China (Guangzhou) (國家開放大學(廣州))) in the PRC majoring in law in October 1988. Mr. KONG has over 23 years of experience in the real estate industry. From November 1997 to June 2007, he served as a director of Guangzhou Hejing Real Estate Co., Ltd. (廣州合景房地產開發有限公司), a subsidiary of the Company, where he was primarily responsible for coordinating and managing human resources, administrative management and IT management. Prior to joining the Group, from September 1984 to October 1997, he worked at the Dongshan District Justice Bureau (東山區司法局) in Guangzhou, the PRC, where he last served as a section chief. Mr. KONG is an executive director of KWG Living which is listed on the Stock Exchange. Mr. KONG is the elder brother of Messrs. KONG Jianmin and KONG Jiantao, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI, Hong Kong and the PRC.

CAI Fengjia, aged 54, has been an executive director of the Company and the chief executive officer of the Company's real estate business since September 2018 and December 2017 respectively. Mr. CAI graduated from Hunan University with a bachelor's degree in architecture and is a registered architect. Mr. CAI joined the Group in May 2007 and served as the deputy general manager of its Suzhou's real estate sector, the general manager of its Hangzhou's real estate sector and the general manager of Eastern China District. Prior to joining the Group, Mr. CAI worked in Guangdong Provincial Architectural Design Institute (廣東省建築設計院) from 1992 to 2005.

Independent Non-Executive Directors

TAM Chun Fai, aged 61, is an independent non-executive director of the Company, the chairman of the audit committee of the Company, the chairman of the remuneration committee of the Company and a member of the nomination committee of the Company. Mr. TAM joined the Company in June 2007. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. He is a regular member of Chartered Financial Analyst and a member of the Hong Kong Institute of Certified Public Accountants. Mr. TAM has almost 39 years of experience in auditing, corporate advisory services and financial management, as well as compliance work. He is an executive director and the company secretary of Beijing Enterprises Holdings Limited and is an independent non-executive director of Hi Sun Technology (China) Limited, both of which are listed on the Stock Exchange.

LAW Yiu Wing, Patrick, aged 60, is an independent non-executive director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. LAW joined the Company in July 2022. Mr. LAW holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management. He is a member of the Australian Institute of Building and CPA Australia. Mr. LAW has extensive experience in property development, strategic planning, financial and general management gained from listed companies. Mr. LAW was the Chief Operating Officer, Hong Kong of Minmetals Land Limited, a company listed on the Stock Exchange from September 2006 to July 2022.

Senior Management

LI Ning, aged 59, is the general manager of development and design of products. Mr. LI joined the Group in November 2010 and is mainly responsible for the development and design of products of the Group. Mr. LI graduated from Murdoch University, Australia with a master's degree in business administration. Mr. LI is a grade-one national registered architect and senior architecture design engineer. Mr. LI has over 33 years of experience in designing large-scaled integrated architecture and operational management.

JIN Yanlong, aged 44, is the general manager of the Southern China District of the Group. Mr. JIN joined the Group in June 2008 and was previously the engineering manager, the deputy general manager of its Hangzhou's real estate sector and the general manager of its Suzhou's real estate sector. Currently, Mr. JIN is mainly responsible for the overall management and operation of Southern China District of the Group. Mr. JIN obtained a bachelor's degree in electrical engineering and automation from Nanjing Tech University.

PAN Haoqi, aged 50, is the vice president of the finance and treasury department of the Group. Mr. PAN joined the Group in April 2023 and is responsible for the management of finance and treasury center of the Group. Mr. PAN graduated from Fudan University with a master's degree in finance. Prior to joining the Group, Mr. PAN worked in CIFI Group Co., Ltd., Branch of Shanghai Minxing of Agricultural Bank of China. He has extensive experience in the real estate financial management.

LUO Qing, aged 59, is the general manager of construction sector of the Group (Deceased in March 2024). Mr. LUO joined the Group in August 2001 and was previously the general manager of its Chengdu's real estate sector, the general manager of its Beijing's real estate sector and the general manager of its Wuhan's real estate sector. Mr. LUO graduated from South China University of Technology, majoring in construction engineering. Before joining the Group, Mr. LUO worked in a sound first-tier main construction contractor in Guangzhou. He has 38 years of extensive experience in the management of construction work.

HU Ying, aged 49, is the vice president of human resources and administration of the Group. Ms. HU joined the Group in December 2013 and was previously the assistant to the general manager of its Hangzhou's real estate sector, the director of human resources of its Eastern China District and the general manager of human resources of the Group. Ms. HU graduated from University of International Business and Economics with a degree in law. Ms. HU has extensive experience in management of human resources and administration.

Corporate Governance Code

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success. Key practices adopted by the Company on corporate governance are as follows:

- Develop and review the Company's policies and practices on corporate governance
- Review and monitor the training and continuous professional development of directors and senior management
- Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements

The Group strives to attain and maintain effective corporate governance practices and procedures. Throughout the year, the Company has complied with the requirement under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save as disclosed below.

- Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

  During the year, the Board approved the continuing connected transactions in relation to the renewal of leasing of properties to Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) ("Guangzhou Kai Chuang") by way of passing the written resolutions. Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests therein. Please refer to the Company's announcements dated 4 April 2023 and 31 August 2023, respectively, for details.

* *For identification purposes only*

The Board considered that (1) the terms of the above transactions are on normal commercial terms or better, and the relevant terms of the agreements for the transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole; (2) Mr. KONG Jiantao has abstained from voting on the relevant resolutions of the above transactions; and (3) the adoption of written resolutions would facilitate and maximize the effectiveness of decision-making and implementation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the CG Code.

- Following the resignation of Mr. LEE Ka Sze, Carmelo on 1 March 2024, the Company fails to meet the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; and (ii) Rule 3.21 of the Listing Rules that the audit committee of the Company (the "Audit Committee") must comprise a minimum of three members. In order to comply with the Listing Rules and the terms of reference of the Audit Committee, the Board is in the process of identifying suitable candidate(s) to fill the vacancy of the positions of independent non-executive Director and the member of the Audit Committee, and will use its best endeavours to ensure that the suitable candidate(s) is/are appointed as soon as possible. The Company will make further announcement(s) as and when appropriate.

Corporate Strategy, Business Model and Culture

The Group is continuing to uphold the mission of "Build Home with Heart, Create Future with Aspiration" through the alignment of the Group's culture, values and strategies. The Group's strategies includes balanced and sound asset management strategy, rigorous and pragmatic land reserve strategy, comprehensive and diversified industrial layout strategy and policy-oriented development and planning strategy. Each of the employees of the Group understand and implement the following Group's standard:

— Advocate finding problems and giving suggestions; object to proposing problems without giving suggestions.

— Advocate personal involvement and pragmatism; object to grandiose ideas and working behind closed doors.

— Advocate sufficient communication and working together; object to getting benefits at others expense.

— Advocate efficient execution and being result-oriented; object to procrastination and opportunism.

— Advocate service consciousness and putting customers first; object to superiority and bureaucracy.

— Advocate taking responsibility and admitting to mistakes; object to muddling along and finding excuses.

— Advocate integrity and conservation; object to corruption and extravagance.

During the year, the Group continued to strengthen its culture through the implementation of the Group's standard to achieve the Company's mission, values and strategies.

More information about the Group's culture is available on the Company's website.

Board of Directors

The Board is in charge of the task of maximizing the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating business policies and strategies, directing and supervising management of the Group, adopting and monitoring internal business and management control, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, considering dividend policy, reviewing and monitoring the Company's systems of financial control and risk management. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the executive Directors and management of the Company.

All Directors have full and timely access to all relevant information in relation to the Group's businesses and affairs as well as unrestricted access to the advice and services of the company secretary of the Company (the "Company Secretary"). The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

Board Composition

As at the date of this report, the Board has six Directors, including four executive Directors, Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia and two independent non-executive Directors, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are brothers. Save as disclosed above, there is no financial, business, family or other material/relevant relationship among members of the Board.

The biographical details of the Directors, including relationships among members of the Board, are set out on pages 25 and 26 of this report. The latest list of Directors setting out their roles and responsibilities is available for inspection at the websites of the Company and the Stock Exchange.

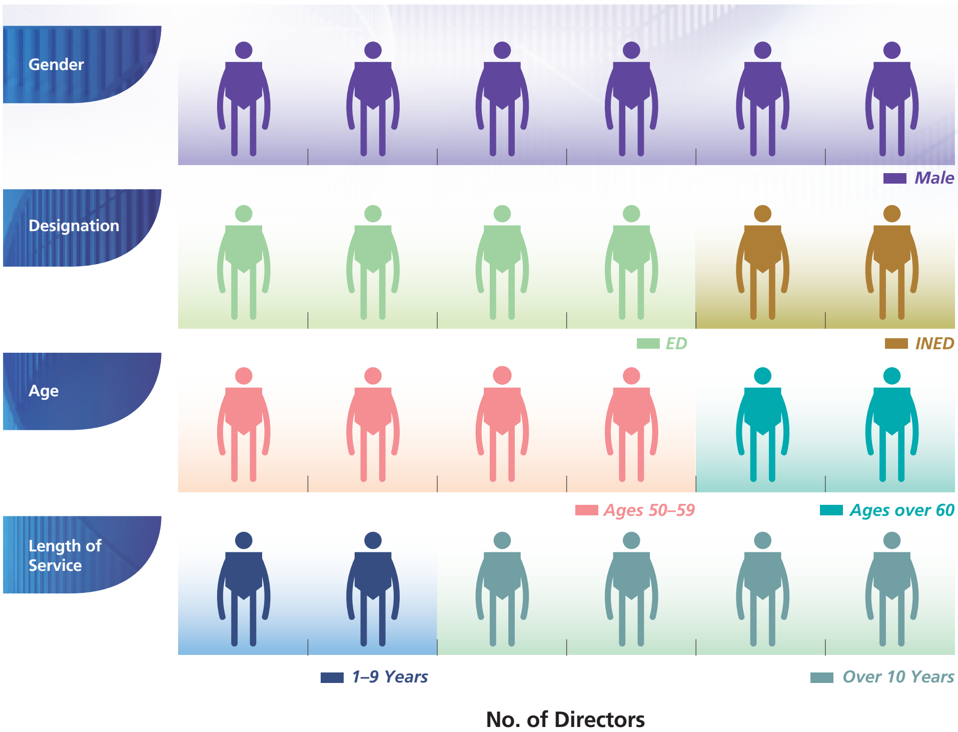
Board Diversity

The Board has adopted a board diversity policy (the "Diversity Policy") which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The board will appoint at least a director of a different gender on the board before 31 December 2024. The senior management of the Group comprising 1 female and 4 male, reflecting a gender equality principle generally adhered by the Group. The Group is determined to maintain gender diversity and equality in terms of the whole workforce.

The current composition and structure of the Board are established with reference to the Diversity Policy, reflecting diverse mix of educational background, professional knowledge, industry experience and length of service, which are also in line with the Group's demand for all-round sustainable development. The diversity mix of the Board as at the date of this report is summarised in the following charts:

Diversity Mix



Remarks:
INED — independent non-executive Directors
ED — executive Directors

Chairman and Chief Executive Officer

Mr. KONG Jianmin is the Chairman and Mr. KONG Jiantao is the Chief Executive Officer. As disclosed, Mr. KONG Jianmin and Mr. KONG Jiantao are brothers. Despite their relationship, the divisions of responsibilities between the Chairman and the Chief Executive Officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

The Chairman is mainly responsible for providing leadership to the Board and ensuring that the Board functions effectively; providing all Directors with that information which is adequate, complete and reliable in a timely manner, formulating good corporate governance practice and process and making sure to adopt proper measures to maintain effective contact with the Shareholders. The Chief Executive Officer is mainly responsible for the daily operations and the overall management of the Group, execution of business policies and objectives as formulated and adopted by the Board and reported to the Board for the overall operation of the Group.

Independent Non-executive Directors

The Company currently has two independent non-executive Directors ("INEDs") and one of them has appropriate professional qualifications or accounting or related financial management expertise. As disclosed in the above paragraph headed "Corporate Governance Code", the Board must include at least three independent non-executive Directors pursuant to Rule 3.10 of the Listing Rules. The Board is at present falling short of one INED since the resignation of Mr. LEE Ka Sze, Carmelo on 1 March 2024. The Board is endeavouring to fill the vacancy as soon as possible. The Company has received from each of the INEDs (including Mr. LEE Ka Sze, Carmelo who resigned on 1 March 2024) an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, therefore the Company considered all the INEDs to be independent.

During the year, the INEDs contributed to the Company on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance of Board and Board committees meetings, and proposed their independent opinions on several matters in relation to strategy, policy, the Company's performance and risk monitoring.

Mr. TAM Chun Fai has served as independent non-executive Director for over 9 years. Despite his long term of service, however, the Board is of the view that his individual independence should not be determined solely by the length of service. Mr. TAM Chun Fai made positive contributions to the Company by proposing independent, constructive and well-founded opinions over his term of office, and his succession in service as directors will bring about certain stability to the Board. In addition, it will also be of great benefit to the Board to maintain its members who have rendered long term service to the Company and are familiar with the Group's business and its market situation. The Board will also consider that he can still continue to demonstrate a high degree of independent judgment after taking into consideration of the factors that may affect his independence pursuant to Rule 3.13 of the Listing Rules, hence, Mr. TAM Chun Fai is considered to be independent.

Appointments and Re-election of Directors

Each Director has entered into a service contract or a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association (the "Articles of Association").

Directors' Insurance

The Company has purchased suitable and adequate insurance coverage for all Directors against their litigation liabilities arising from legal actions due to the performance of corporate activities. The Company reviews the insurance purchased annually to ensure the provision of reasonable and sufficient protection.

Operation of the Board

During the year, the Board held four regular meetings. At these board meetings, Directors discussed and exchanged their views on significant issues and general operations of the Group, formulated business policies and strategies, reviewed the Group's financial and operational performance, and approved the annual and interim results of the Group. It also reviewed the Group's risk management and internal control systems, board diversity, remuneration policy, whistleblowing and anti-corruption policies and systems and environmental, social and governance report etc.

In addition to the aforesaid regular meetings, the senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance, business activities and development of the Group. Throughout the year, the Directors participate in the deliberation and approval of certain matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives of the Company as and when required. Whenever warranted, additional board meetings are held.

During the year, the Chairman held one meeting with independent non-executive Directors without the presence of other Directors.

Attendances of the Directors at the board meetings and the general meetings in 2023 are set out as follows:

Directors	Meetings Attended/ Eligible to Attend	General Meetings Attended/ Eligible to Attend
Executive Directors		
KONG Jianmin *(Chairman)*	4/4	0/2
KONG Jiantao *(Chief Executive Officer)*	4/4	1/2
KONG Jiannan	4/4	2/2
CAI Fengjia	4/4	1/2
Independent Non-executive Directors		
LEE Ka Sze, Carmelo *(Resigned on 1 March 2024)*	4/4	2/2
TAM Chun Fai	4/4	2/2
LAW Yiu Wing, Patrick	4/4	2/2

Regular board meetings in each year are scheduled well in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a regular board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying board papers are normally sent to Directors at least 3 days before the intended date of a board meeting. Directors may participate in meetings in person, by phone or by other communication means. All minutes are kept by the Company Secretary and are open for inspection at reasonable time on reasonable notice by any Director.

Directors are required to declare their respective interests (if any) in the matters to be considered at the board meetings in accordance with the Articles of Association, and a Director who is considered to be materially interested in the matter shall abstain from voting right for approving such matter.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors (including Mr. LEE Ka Sze, Carmelo who resigned on 1 March 2024) have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

Training and support for Directors

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

To further ensure that all Directors are adequately informed about the Company's business and operations as well as his responsibilities under relevant laws, rules and regulations, all Directors are regularly provided materials regarding the Company's most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time. The Company has also organized a seminar on the Listing Rules with the participation of external legal counsels.

During the year, the Directors have participated in adequate continuous professional development through their attendance of seminars, taking training courses and online learning resources. According to the information provided to the Company by the Directors, they attended the following trainings as of 31 December 2023:

Directors	Attending trainings, seminars, conferences or briefings
Executive Directors	
KONG Jianmin	√
KONG Jiantao	√
KONG Jiannan	√
CAI Fengjia	√
Independent Non-executive Directors	
LEE Ka Sze, Carmelo *(Resigned on 1 March 2024)*	√
TAM Chun Fai	√
LAW Yiu Wing, Partick	√

Annual Remuneration Payable to the Members of Senior Management

The annual remuneration of the members of the senior management by band for the year ended 31 December 2023 is as follows:

Remuneration Bands (RMB)	Number of Individuals
0–1,000,000	1
1,000,001–1,500,000	2
1,500,001–2,000,000	2

Board Committees

The Board has established four board committees, namely Audit Committee, remuneration committee of the Company (the "Remuneration Committee"), nomination committee of the Company (the "Nomination Committee") and executive committee of the Company (the "Executive Committee"). Each of the Board committees has its respective written terms of reference approved by the Board, which cover its duties, authority and functions. Such terms of reference comply with the requirements of the Listing Rules and have taken into account the specific business needs of the Company. The Board committees have sufficient resources to perform their duties, report to the Board on the results of their meetings, raise key issues and findings, and provide recommendations to assist the Board in decision-making.

Audit Committee

The Audit Committee was established in 2007. The terms of reference of the Audit Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Audit Committee comprises two members who are independent non-executive Directors, namely Mr. TAM Chun Fai (chairman) and Mr. LAW Yiu Wing, Partick. As disclosed in the above paragraph headed "Corporate Governance Code", the Audit Committee must comprise a minimum of three members pursuant to Rule 3.21 of the Listing Rules. The Board is endeavouring to fill the vacancy as soon as possible.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditor, review financial statements and express material advice in respect of financial reporting matters, as well as review the financial control, internal control, risk management systems, corporate governance and environmental, social and governance of the Company. The terms of reference of the Audit Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

The Environmental, Social and Governance Committee (the "ESG Committee") was established in 2021 under the Audit Committee. The ESG Committee is responsible to assist the Audit Committee to formulate policies and reporting guidelines on environmental, social and governance matters with reference to the requirements of the rules governing the listing of securities on the Stock Exchange from time to time.

Four Audit Committee meetings were held during the year. The work of the Audit Committee is summarized as follows:

— met with the auditor to discuss the accounting and audit issues of the Group, and reviewed their findings, recommendations and representations;

— reviewing and monitoring the integrity of the Groups' financial statements and annual reports and account, and interim reports;

— reviewing the Group's internal audit function;

— reviewing the Group's financial and accounting policies and practices;

— reviewed the Group's continuing connected transactions, financial control, internal control and risk management systems and whistleblowing and anti-corruption systems;

— reviewed the independence of the external auditor, recommended the appointment of external auditor and its terms of appointment and any issues related to its resignation;

— reviewed the corporate governance of the Company; and

— reviewed the Group's environmental, social and governance related matters under Appendix C2 of the Listing Rules.

The Audit Committee also had a private meeting with the external auditor without the presence of the management to discuss any area of concern.

Attendance of the members at the Audit Committee meetings for the year ended 31 December 2023 is set out as follows:

Committee Members	Meetings Attended/ Eligible to Attend
TAM Chun Fai	4/4
LEE Ka Sze, Carmelo *(Resigned on 1 March 2024)*	4/4
LAW Yiu Wing, Partick	4/4

Remuneration Committee

The Remuneration Committee was established in 2007. The terms of reference of the Remuneration Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Remuneration Committee comprises an executive Director, namely Mr. KONG Jianmin, and two independent non-executive Directors, namely Mr. TAM Chun Fai (chairman) and Mr. LAW Yiu Wing, Partick.

The primary duties of the Remuneration Committee are to formulate and make recommendations on remuneration policy and remuneration package (including but not limited to the share scheme of the Company) of the Directors and members of senior management to the Board. The terms of reference of the Remuneration Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

A Remuneration Committee meeting was held during the year. The work of the Remuneration Committee is summarized below:

— reviewed the remuneration policies of the Group; and

— reviewed the remuneration packages of the Directors and senior management.

Attendance of the members at the Remuneration Committee meeting for the year ended 31 December 2023 is set out as follows:

Committee Members	Meeting Attended/ Eligible to Attend
TAM Chun Fai	1/1
KONG Jianmin	1/1
LAW Yiu Wing, Partick	1/1

Nomination Committee

The Nomination Committee was established in 2007. The terms of reference of the Nomination Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Nomination Committee comprises an executive Director, namely Mr. KONG Jianmin (chairman), and two independent non-executive Directors, namely Mr. TAM Chun Fai and. Mr. LAW Yiu Wing, Partick.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board regarding the selection of director candidates. The terms of reference of the Nomination Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

A Nomination Committee meeting was held during the year. The work of the Nomination Committee is summarized as follows:

— reviewed the structure, size and composition (including skills, expertise and experience) and the diversity of the Board;

— evaluated the independence of INEDs; and

— considered the retirement and re-election of the Directors and reviewed whether the time and attention made to the Company's affairs is sufficient by each Director.

The Nomination Committee has set the measurable objectives including but not limited to gender, age, cultural and educational background, length of service and professional experience for the implementation of board diversity of the Company. Details are set out in the paragraphs under "Board Composition" and "Board Diversity" in this report. The Nomination Committee reviews the Diversity Policy to ensure its continued effectiveness from time to time. It is of the view that the Board are drawn from a diverse background and professional experience, thereby ensuring critical review and control of the management process. The balanced composition of the Board brings effective performance by providing sound judgment on strategic issues and effective oversight of and guidance to management. The biographical details of the Directors set out in pages 25 and 26 of this report demonstrate a diversity of skills, expertise, experience and qualifications.

Having reviewed the implementation of the Diversity Policy and the structure, size and composition of the Board, the Nomination Committee considered that the requirements of the board diversity policy had been met.

Attendance of members at the Nomination Committee meeting for the year ended 31 December 2023 is set out as follows:

Committee Members	Meeting Attended/ Eligible to Attend
KONG Jianmin	1/1
TAM Chun Fai	1/1
LAW Yiu Wing, Partick	1/1

Nomination Policy

The Company's policy for the nomination of Directors (the "Nomination Policy") was adopted pursuant to resolutions of the Board. Pursuant to the Nomination Policy, the Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings of the Company or to appoint as Directors to fill casual vacancies or as an addition to the existing Board. The non-exhaustive factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity;
- Accomplishment and experience;
- Compliance with legal and regulatory requirements;
- Commitment in respect of available time and relevant interest; and
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee shall also assess the independence of independent non-executive Directors, and shall take into account factors for independence as prescribe by the Listing Rules in force as amended from time to time.

Executive Committee

The Executive Committee was established in 2019 and performs its duty in accordance with the terms of reference which were amended from time to time. As at the date of this report, the Executive Committee comprises executive Directors, namely Mr. KONG Jianmin (chairman), Mr. KONG Jiantao, Mr. KONG Jiannan and Mr. CAI Fengjia. The Board has delegated to the Executive Committee with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee monitors the execution of the Company's business plans and the operations of business units of the Company and convenes meeting regularly as and when necessary.

Audit and Accountability

Financial reporting

The Directors acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2023, and confirmed that the financial statements contained herein gave a true and fair view of the results and state of affairs of the Group during the year. Save as disclosed in the paragraph named "Material Uncertainty Related to the Going Concern" under the Independent Auditor's Report and Note 2.1 to the consolidated financial statements of this report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

External Auditor

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

For the year ended 31 December 2023, the external auditor's remuneration in respect of audit services provided to the Group amounted to RMB5,400,000 and fees for non-audit services amounted to an aggregate amount of approximately RMB120,000, being the service charge for the review of financial information, tax services and other reporting services.

Risk Management and Internal Control

The Board is responsible for maintaining sound and effective risk management and internal control systems in order to safeguard the Group's assets and the Shareholders' interests, and reviewing and monitoring the effectiveness of such systems on a regular basis. The Audit Committee assists the Board in performing its governance functions regarding, among others, finance, operation, compliance, risk management and internal control of the Group. The Board and the Audit Committee receive reports on internal control and risk management on irregular basis as required. The Group's risk management team assists the Board and/or the Audit Committee in reviewing the effectiveness of the risk management and internal control systems on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business goals, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group adopts the "three lines of defense" model as the basic structure of its risk management and internal control systems:

First line of defense: The Group integrates the risk management system into the core operating practices of its business. Each operating unit is responsible for identifying and evaluating their own risks, setting appropriate risk control measures within the scope of their responsibilities, strictly implementing relevant risk control measures, and reporting to the management on the status of risk management in a timely manner.

Second line of defense: Each functional department of the Group provides and promotes the methodology and tools of risk management and control for the first line of defense, and at the same time, coordinates with each other especially for the management of significant matters involving various fields, processes and departments, and gives risk reminders and carries out control strategy study on such basis.

Third line of defense: The Group's risk management team is mainly responsible for monitoring the compliance with policies and procedures by the Group and its major departments as well as the effectiveness of its internal control structure, conducting independent assessment, providing constructive advice to relevant management and reporting to the executive Directors. The Group's risk management team organizes regular risk assessment of the Group and formulates internal audit plan for the year based on the results of the risk assessment, and at the same time, reports to the Audit Committee on the results of the audit on a regular basis.

The Board has reviewed and assessed the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2023 and considered that such systems are effective and adequate.

The Company has established a whistleblowing policy for the employees of the Group and those who deal with the Group (e.g. customers and suppliers) to raise their concerns about possible improprieties in any matter related to the Group in confidence and anonymity.

In addition, the Group is committed to abiding by all laws and regulations to prevent corruption and bribery in all business dealing. The Group's anti-corruption policy provides information and guidance to employees of the Group and related third parties who deal with the Group on how to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group.

Both the whistleblowing policy and the anti-corruption policy have been reviewed on a regular basis, any suspected cases will be reported to the Audit Committee. During the year, no case of whistleblowing was noted by the Audit Committee under review.

Major Risks and Uncertainties

The following lists out the main risks and uncertainties faced by the Group. As it is not exhaustive in listing out all factors, there may be other risks and uncertainties which are unknown or currently not but may become material in future, save as those disclosed below. In addition, investors are advised to make their own judgment or consult professionals before making any investment in the securities of the Company.

- Changes in policies, fluctuations in interest rates, imbalances between supply and demand, changes in general economic conditions, and changes in the supply and demand for financing may pose risks to the Group's business, which may adversely affect the Group's financial condition or results of operations.

- Defaults from buyers or strategic business partners, internal process, human and systemic deficiencies or failures, and reputational impacts due to inadequate response to adverse events may adversely affect the Group's operations to varying degrees. Even though the Group has put in place relevant measures to prevent accidents, accidents may still occur, which may damage the Group's reputation and economic interests.

Policy on Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations.

Company Secretary

Mr. CHAN Kin Wai is the Company Secretary and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters.

Mr. CHAN Kin Wai has taken no less than 15 hours of relevant professional training during the year.

Shareholder Relations

The Company understands the importance of maintaining effective mutual communication with its Shareholders and values every opportunity to communicate with them. The Company has disclosed clear and relevant information to Shareholders through various channels in a timely manner. The Company has also complied with the Listing Rules by posting announcements, notices, annual reports, interim reports, shareholders' circulars and monthly updates etc. on the websites of the Stock Exchange and the Company. Shareholders can receive the printed annual and interim reports by post as requested. Apart from these documents, press releases and newsletters are posted on the Company's website to enhance its transparency. Being constantly updated in a timely manner, the website also contains a wide range of additional information on the Company's business activities.

In addition to publication of information, the annual general meeting of the Company provides a platform for communication between Shareholders and Directors. Executive Director(s) and independent non-executive Directors attends the annual general meeting to ensure Shareholders' views are communicated to the Board. Moreover, the briefing on the Company's business and the questions and answer session at the meeting allow Shareholders to stay informed of the Group's strategies and goals.

The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 21 clear days prior to the date of the meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the meeting. Vote results are released by way of publication of an announcement.

Shareholders' Rights

Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to the article 58 of the Articles of Association, any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "EGM Requisitionists"), on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Company Secretary, to require the EGM to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The EGM Requisitionists can deposit the written request at the Company's principal place of business in Hong Kong, which is presently situated at Room 1301, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The EGM Requisitionists must state in their request(s) the objects of the EGM, and such request must be signed by all the EGM Requisitionists, any may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The share registrar will verify the EGM Requisitionists' particulars in the EGM Requisitionists' request. Promptly after confirmation from the share registrar that the EGM Requisitionists' request is in order, the Company Secretary will arrange the Board to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified not in order, the EGM Requisitionists will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the EGM Requisitionists' himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the EGM Requisitionists by reason of the Board's failure to duly convene the EGM shall be reimbursed to the EGM Requisitionists by the Company.

Procedures for putting forward proposals at general meeting

There are no provisions in the Articles of Association or the Companies Act of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. However, Shareholders are requested to follow the article 58 of the Articles of Association for including a resolution at the EGM. The requirements and procedures are set out above. Pursuant to the article 85 of the Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the principal place of business in Hong Kong or at the share registrar of the Company provided that such notices must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting of election but no earlier than the day after despatch of the notice of the general meeting appointed for such election. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for Shareholders to propose a person for election as director is posted on the Company's website.

Investor Relations

Communication with Shareholders

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations department which contact details are as follows:

Investor Relations Department
KWG Group Holdings Limited
Room 1301, 13th Floor,
Harcourt House,
39 Gloucester Road,
Wanchai, Hong Kong

Fax: (852) 2878 7091
Email: ir@kwggroupholdings.com

Constitutional documents

On 13 January 2023, the Shareholders approved to adopt the amended and restated articles of association of the Company and to the exclusion of the existing Articles of Association to (i) bring the Articles of Association to be in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; (ii) enable the Company to convene and hold electronic or hybrid general meetings of the Shareholders and provide flexibility to the Company in relation to the conduct of general meetings; and (iii) make other miscellaneous and housekeeping changes to update or clarify the provisions of the Articles of Association, including consequential amendments in line with the above amendments to the Articles of Association, where it is considered desirable or to better align the wording with that of the Listing Rules and the applicable laws of Cayman Islands. For details, please refer to the announcement of the Company dated 21 November 2022 and the circular of the Company dated 21 December 2022. The latest consolidated version of the memorandum and articles of association of the Company is available on the websites of the Company and HKEXnews.

Dividend Policy

The Company has adopted a dividend policy which aims to provide the Shareholders with a sustainable dividend out of the profit of the Group. Declaration of dividends is subject to the discretion of the Board, taking into consideration of factors such as the Group's financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restriction and any other factors that the Board may deem relevant. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

The Board are pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2023.

Principal Activities

The principal activities of the Group are property development, property investment and hotel operation, the details of principal activities of its principal subsidiaries are set out in note 1 to the financial statements.

Business Review

A fair review of the Group's business during the year, including an analysis of the Group's performance using financial key performance indicators, a description of the principal risks and uncertainties facing by the Group, an indication of likely future development in the Group's business, and particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2023 (if any) can be found in the sections headed, the "Chairman's Statement" and the "Management Discussion and Analysis" in this report. The financial risk management objectives and policies of the Group can be found in note 43 to the financial statements.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2023 will be published on the websites of the Company (www.kwggroupholdings.com) and the HKEXnews (www.hkexnews.hk).

Results and Dividends

The Group's results for the year ended 31 December 2023 are set out in the Consolidated Statement of Profit or Loss on page 72.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

Five Year Financial Summary

A financial summary of the Group for the last five financial years is set out on page 184 of this report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out on page 130 to the financial statements of this report.

Investment Properties, Properties under Development and Completed Properties Held for Sale

Details of investment properties of the Group during the year are set out in note 14 to the financial statements; and details of the properties under development of the Group and completed properties held for sale by the Group during the year are set out in notes 19 and 20 respectively. Further details of the Group's major investment properties are set out on page 183 of this report.

Shares in issue

The details of the movement in the Company's share capital during the year are set out in note 30 to the financial statements of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

As stated in the Company's announcements dated 14 May 2023, 15 May 2023 and 6 July 2023, 7 December 2023 and 8 March 2024, an event of default under the terms of the notes had occurred as at 14 May 2023. As a result, trading of the notes on the Stock Exchange has been suspended with effect from 9: 00 a.m. on 16 May 2023 and remain suspended up to the date of this report.

During the year and up to the date of this report, the Company has not made the redemption payment for the 6.0% senior notes due January 2024, 7.875% senior notes due September 2023 and 7.4% senior notes due March 2024.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in notes 44 and 32 to the financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

Total distributable reserves of the Company as at 31 December 2023, calculated in accordance with article 143 of the Articles of Association, amounted to approximately RMB231,103,000.

Charitable Donations

The charitable donations made by the Group during the year amounted to approximately RMB360,000.

Major Customers and Contractors

For the year ended 31 December 2023, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue in the year.

In the year under review, purchases from the Group's largest contractors and five largest contractors accounted for approximately 2.7% and 11.2% respectively, of the total purchases for the year.

Bank borrowings

The details of bank borrowings of the Group as of 31 December 2023 are set out in note 27 to the financial statements of this report.

Directors

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

Executive Directors
KONG Jianmin *(Chairman)*
KONG Jiantao *(Chief Executive Officer)*
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors
LEE Ka Sze, Carmelo *(Resigned on 1 March 2024)*
TAM Chun Fai
LAW Yiu Wing, Patrick

Biographical details of the Directors are set out on pages 25 and 26 of this report.

Pursuant to Article 84 of the articles of association of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. KONG Jianmin and Mr. TAM Chun Fai shall retire from office by rotation and stand for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence from each of Mr. LEE Ka Sze, Carmelo (resigned on 1 March 2024), Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick, and as of the date of this report still considers Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick to be independent.

Directors' Service Contracts

The executive Directors and independent non-executive Directors have entered into service contracts and letters of appointment with the Company for a term of three years respectively.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Remuneration

The Directors' remunerations are subject to the recommendations of the Remuneration Committee and the Board's approval. The remunerations are determined by the Board with reference to Directors' duties, responsibilities, performances and the results of the Group.

Directors' Interests in a Competing Business

During the year and up to the date of this report, none of the Directors or any of their respective associates have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Director's Interests in Transactions, Arrangements and Contract

Save as disclosed under the section headed "Continuing Connected Transactions" on pages 56 to 62 of this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangement to Acquire Shares or Debentures

Mr. CAI Fengjia, executive Director, was awarded shares of the Company pursuant to the share award scheme of the Company (the "Share Award Scheme"). Details are set out in the section headed "Share Award Scheme" on pages 55 and 56 of this report.

Save for the above, at no time during the year or at the end of 2023 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Equity-linked Agreements

Other than the share option scheme of the Company (the "Share Option Scheme") set out on pages 52 to 54 of this report, no equity-linked agreements were entered into by the Company during the year or existed at the end of the year.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares

	Number of Shares held					
Name of Director	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests	Total	Approximate% of the issued share capital[1]
KONG Jianmin	–	–	1,594,749,652[3]	399,053,500[2][3]	1,993,803,152	58.32%
KONG Jiantao	–	–	256,804,687[4]	1,443,385,000[2][4]	1,700,189,687	49.73%
KONG Jiannan	–	–	144,338,500[5]	1,553,761,500[2][5]	1,698,100,000	49.67%
CAI Fengjia	347,222[6]	112,000[7]	–	–[8]	459,222	0.01%
LEE Ka Sze, Carmelo[8]	30,000	–	–	–	30,000	0.00%
TAM Chun Fai	30,000	–	–	–	30,000	0.00%

Notes:

(1) The approximate percentages were calculated based on 3,418,883,945 Shares in issue as at 31 December 2023.

(2) On 30 December 2018, Plus Earn Consultants Limited ("Plus Earn"), a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 Shares; Right Rich Consultants Limited ("Right Rich"), a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 Shares; and Peace Kind Investments Limited ("Peace Kind"), a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 Shares, entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

(3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 Shares including (i) 1,299,046,500 Shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 Shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 Shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.

(4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 Shares including (i) 254,715,000 Shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 Shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 Shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.

(6) During the year, a total of 32,000 awarded Shares granted to Mr. CAI Fengjia by the Company were vested, of which 1,406 awarded Shares were sold by the trustee for the purpose of covering the PRC withholding tax, pursuant to the Share Award Scheme. Further details of awarded shares are set out in the section headed "Share Award Scheme" in this report.

(7) These Shares were held by Mr. CAI Fengjia's spouse.

(8) Mr. LEE Ka Sze, Carmelo resigned as INED with effect from 1 March 2024.

(ii) Interests in debentures of the Company

Name of Director	Capacity/Nature of Interests	Amount of Debentures Interested
KONG Jiantao	Interest of a controlled corporation[(1)]	US$2,000,000
	Interest of spouse[(2)]	US$9,650,000
KONG Jianmin	Interest of a controlled corporation[(3)]	US$6,650,000

Notes:

(1) Excel Wave, a company wholly-owned by Mr. KONG Jiantao, held US$2,000,000 of US$300,000,000 7.40% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior note held by Excel Wave under the SFO.

(2) The spouse of Mr. KONG Jiantao held totally US$9,650,000 senior notes including (i) US$3,000,000 of US$300,000,000 7.40% senior notes of the Company due 2024 and (ii) US$6,650,000 of US$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior notes held by his spouse under the SFO.

(3) Hero Fine, a company wholly-owned by Mr. KONG Jianmin, held US$6,650,000 of US$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jianmin is deemed to be interested in the said amount of senior note held by Hero Fine under the SFO.

(iii) Long positions in the shares of associated corporations

Name of Director	Name of Associated Corporations	Capacity	Number of shares held	% of issued voting shares
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100.00%

Save as disclosed above, as at 31 December 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 31 December 2023, to the knowledge of the Directors, the following entities (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

	Number of Shares held			
Name Substantial of Shareholder	Beneficial Owner	Other Interests	Total	Approximate % of the issued share capital[(1)]
Plus Earn[(2)]	1,299,046,500	399,053,500[(6)]	1,698,100,000	49.67%
Hero Fine[(3)]	295,703,152	–	295,703,152	8.65%
Right Rich[(4)]	254,715,000	1,443,385,000[(6)]	1,698,100,000	49.67%
Peace Kind[(5)]	144,338,500	1,553,761,500[(6)]	1,698,100,000	49.67%

Notes:

(1) The approximate percentages were calculated based on 3,418,883,945 Shares in issue as at 31 December 2023.

(2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 1,299,046,500 Shares directly held by it; (ii) 254,715,000 Shares held by Right Rich and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.

(4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 254,715,000 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.

(5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.

(6) On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

Save as disclosed above, as at 31 December 2023, no other person (other than the Directors and chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted a new Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participant(s)") who will contribute and had contributed to the success of the Group's operations.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (2) below) had or may have made to the Group.

The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the Eligible Participants to subscribe for such number of new shares as the Board may determine at an exercise price as the Board may determine.

An "Eligible Participant" means:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non-executive Directors) or any directors of the subsidiaries of the Company; and

(iii) any advisers, consultants, suppliers, customers and agents to the Company or its subsidiaries.

3. *Total number of shares available for issue under the Share Option Scheme*

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 314,932,505 shares, being 9.98% of the total number of issued shares as at the date of the adoption of the Share Option Scheme, and 9.21% as at the date of this report.

4. *Maximum entitlement of each participant under the Share Option Scheme*

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

5. *The period within which the shares must be taken up under an option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

6. *The minimum period for which an option must be held before it can be exercised*

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid

Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant before the prescribed acceptance date (being a date not later than 30 days after the date of the offer). To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

8. Basis of determining the exercise price

Subject to adjustments made, the subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

9. Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years, commencing from 13 February 2018.

A summary of the principal terms and conditions of the Share Option Scheme is set out in the Appendix to the circular of the Company dated 24 January 2018.

During the year, no share options were granted, exercised, lasped or outstanding.

Share Award Scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognize and motivate the contributions by certain employees of the Company and/or member of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide certain employees with a direct economic interest in attaining a long-term relationship between the Group and certain employees. Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant(s)"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorized representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued shares of the Company from the date of adoption. Details of the Scheme Rules are set out in the announcement of the Company dated 19 January 2018.

Since the Adoption Date and up to 31 December 2023, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme. The vesting of the awarded shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

During the year, details of the awarded shares granted under the Share Award Scheme and their movement are set out below:

			Number of awarded shares				
Awardees	Date of grant	Vesting date	Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed during the year	Unvested as at 31 December 2023
CAI Fengjia (Executive Director)	14.04.2020	(1)	32,000	–	(32,000)(2)	–	–
Directors of certain subsidiaries of the Company	14.04.2020	(1)	96,500	–	(96,500)(3)	–	–
Other Selected Participants	14.04.2020	(1)	26,000	–	(26,000)	–	–
Other independent Selected Participants	14.04.2020	(1)	333,000	–	(319,500)(3)	(13,500)	–
Total			487,500	–	(474,000)	(13,500)	–

Notes:

(1) The awarded shares granted on 14 April 2020 shall be vested in three tranches with the vesting date on 14 April of each year from 2021 to 2023, or an earlier date as approved by the Board, pursuant to the Scheme Rules.

(2) A total of 32,000 awarded shares granted to Mr. CAI Fengjia by the Company are vested during the year, of which 1,406 awarded shares were sold by the trustee at an average price of HK$1.1815, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.

(3) For the 416,000 awarded shares granted by the Company to directors of certain subsidiaries of the Company and other independent Selected Participants vested during the year, 357,000 awarded shares were awarded to PRC residents awardees, of which 4,564 awarded shares and 14,038 awarded shares were sold by the trustee at an average price of HK$1.1815, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.

Further details of the Share Award Scheme are set out in note 31 of this report.

Continuing Connected Transactions

During the year, the Group conducted the following continuing connected transactions:

Lease of Properties

On 14 February 2020, 26 February 2020 and 27 March 2020, the Group entered into certain property lease and management agreements (the "Property Lease and Management Agreements IV and V") with Gaungzhou Kai Chuang and its certain wholly owned subsidiaries (the "Lessees"), pursuant to which the Group agreed to (i) renew the lease term of a commercial property located at Guangzhou under the property lease and management agreements dated 6 December 2018 (the "Property Lease and Management Agreements II") which was expired on 15 January 2020; and (ii) lease a commercial property located at Guangzhou to the Lessees for the purpose of providing its co-working spaces and serviced offices business (the "Relevant Business") with each of the lease term not exceeding 3 years. The aggregate rental and management fee agreed by the Group and the Lessees was approximately RMB536,000 per month.

On 31 December 2020, the Group renewed the agreements for the expired lease term of certain properties under property lease and management agreements dated 30 November 2018 and Property Lease and Management Agreements II (the "2020 Property Lease Agreements I and II") with the Lessees, pursuant to which the Group agreed to renew the lease term of relevant properties with the Lessees, with each of the lease term not exceeding 3 years. The aggregate rental agreed by the Group and the Lessees was approximately RMB1,253,300 per month.

On 1 June 2021, the Group entered into a property lease agreement (the "2021 Property Lease Agreement II") with Guangzhou Kai Chuang, pursuant to which the Group agreed to lease a property located at Guangzhou to Guangzhou Kai Chuang for operating its Relevant Business with a lease term of approximately 1.5 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB51,699.94 per month.

On 30 May 2022, the Group entered into a property lease agreement (the "2022 Property Lease Agreement I") with Guangzhou Jinyu Business Investments Company Limited* (廣州晉譽商務投資有限公司) ("Guangzhou Jinyu"), pursuant to which the Group agreed to lease a property located at Guangzhou to Guangzhou Jinyu for operating its Relevant Business with a lease term of 1 year. The rental fee agreed by the Group and Guangzhou Jinyu was RMB159,166.75 per month.

On 21 October 2022, the Group renewed the agreement (the "2022 Property Lease Agreement II") for the expired lease term of a property located at Guangzhou under property lease and management agreement dated 2 July 2019 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 3 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB267,506.89 per month.

On 4 April 2023, the Group renewed the agreements (the "2023 Property Lease Agreements I") for the expired lease term of a property located at Guangzhou under property lease and management agreements dated 6 December 2018, 27 March 2020 and 1 June 2021 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of the properties with Guangzhou Kai Chuang, with the lease term of approximately 1.5 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB292,353.30 per month.

On 31 August 2023, the Group renewed the agreement (the "2023 Property Lease Agreement II") for the expired lease term of a property located at Guangzhou under property lease and management agreement dated 27 March 2020 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 1 year. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB177,995.75 per month.

Mr. KONG Jiantao, the executive director and controlling shareholder of the Company, is the ultimate beneficial owner of the Lessees, and therefore the Lessees are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the abovementioned agreements constitute continuing connected transactions of the Company. In accordance with rule 14A.83 of the Listing Rules, as the abovementioned agreements were entered into by the Group and the Lessees, therefore, these transactions should be aggregated for calculation purposes. The annual caps for each of the years 2023, 2024 and 2025 are set out below:

	For the year ended 31 December	For the year ending 31 December	
	2023 (RMB)	2024 (RMB)	2025 (RMB)
Annual Caps	24,400,842	6,162,244	2,407,563

The actual transaction amount for the transactions under the Property Lease and Management Agreements IV and V, 2020 Property Lease Agreements I and II, 2021 Property Lease Agreement II, 2022 Property Lease Agreement I, 2022 Property Lease Agreement II, 2023 Property Lease Agreements I and 2023 Property Lease Agreement II during the year ended 31 December 2023 is approximately RMB20,072,000.

Framework Agreements

1. ***Property Lease Framework Agreement***
   On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a property lease framework agreement (the "Property Lease Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which the Group leased the relevant properties (as office and staff quarters) and car parking lots to KWG Living and its subsidiaries ("KWG Living Group"), with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new property lease framework agreement (the "New Property Lease Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Property Lease Framework Agreement are set out below:

	For the year ended 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	2025 (RMB)
Annual Caps	30,000,000	34,200,000	38,600,000

The actual transaction amount for the transactions under the New Property Lease Framework Agreement during the year ended 31 December 2023 is approximately RMB11,943,000.

2. *Residential Property Management Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a residential property management services framework agreement (the "Residential Property Management Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide residential property management services to the Group, including but not limited to residential pre-sale management services and residential property management services, with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new residential property management services framework agreement (the "New Residential Property Management Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Residential Property Management Services Framework Agreement are set out below:

	For the year ended 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	2025 (RMB)
Annual Caps	315,800,000	336,600,000	360,600,000

The actual transaction amount for the transactions under the New Residential Property Management Services Framework Agreement during the year ended 31 December 2023 is approximately RMB215,996,000.

3. *Property Agency Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide property agency services to the Group for properties developed by the Group with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new property agency services framework agreement (the "New Property Agency Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Property Agency Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December	
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
Annual Caps	169,100,000	212,100,000	257,100,000

The actual transaction amount for the transactions under the New Property Agency Services Framework Agreement during the year ended 31 December 2023 is approximately RMB4,977,000.

4. *Commercial Property Management Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a commercial property management services framework agreement (the "Commercial Property Management Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial property management services to the Group, including but not limited to commercial pre-sale management services and commercial property management services with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new commercial property management services framework agreement (the "New Commercial Property Management Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Commercial Property Management Services Framework Agreement are set out below:

	For the year ended 31 December	For the year ending 31 December	
	2023	2024	2025
	(RMB)	(RMB)	(RMB)
Annual Caps	194,400,000	216,100,000	246,400,000

The actual transaction amount for the transactions under the New Commercial Property Management Services Framework Agreement during the year ended 31 December 2023 is approximately RMB170,240,000.

5. *Commercial Operational and Value-added Services Framework Agreement*

On 14 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into a commercial operational and value-added services framework agreement (the "Commercial Operational and Value-added Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial operational services and commercial value-added services to the Group with the effective date commencing on 30 October 2020 (being the listing date of KWG Living) to 31 December 2022. On 21 November 2022, the Company has entered into a new commercial operational and value-added services framework agreement (the "New Commercial Operational and Value-added Services Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Commercial Operational and Value-added Services Framework Agreement are set out below:

	For the year ended 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	2025 (RMB)
Annual Caps	133,300,000	141,400,000	161,400,000

The actual transaction amount for the transactions under the New Commercial Operational and Value-added Services Framework Agreement during the year ended 31 December 2023 is approximately RMB132,008,000.

6. *Publicity Planning Service Framework Agreement*

On 27 August 2021, the Company (for itself and on behalf of its subsidiaries) entered into the publicity planning service framework agreement (the "Old Publicity Planning Service Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide publicity planning services, such as promotion design, advertisement promotion and official account marketing for the residential properties developed by the Group with the effective date commencing from 27 August 2021 to 31 December 2021. The Company is expected to carry on the transactions contemplated thereunder upon its expiry, accordingly, a new publicity planning services framework agreement dated 10 December 2021 (the "New Publicity Planning Services Framework Agreement") has then been entered into between the Company (for itself and on behalf of its subsidiaries) and KWG Living (for itself and on behalf of its subsidiaries) with the effective date commencing from 1 January 2022 to 31 December 2022. On 21 November 2022, the Company has entered into a new publicity planning service framework agreement (the "New Publicity Planning Service Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Publicity Planning Service Framework Agreement are set out below:

	For the year ended 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	2025 (RMB)
Annual Cap	38,400,000	44,200,000	50,800,000

The actual transaction amount for the transactions under the New Publicity Planning Services Framework Agreement during the year ended 31 December 2023 is approximately RMB26,878,000.

7. Marketing Channel Service Framework Agreement

On 27 August 2021, the Company (for itself and on behalf of its subsidiaries) entered into the marketing channel service framework agreement (the "Old Marketing Channel Service Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide marketing channel management service for the Universal Marketing Plan of properties developed by the Group with the effective date commencing from 27 August 2021 to 31 December 2021. Leveraging KWG Living Group's experience on management of property agents, the Group will ask KWG Living Group to provide administrative management services regarding the non-employees participants of the Universal Marketing Plan including human resource management, awards settlement, tax declaration and other administrative work. The Company is expected to carry on the transactions contemplated thereunder upon its expiry, accordingly, a new marketing channel services framework agreement dated 10 December 2021 (the "New Marketing Channel Services Framework Agreement") has then been entered into between the Company (for itself and on behalf of its subsidiaries) and KWG Living (for itself and on behalf of its subsidiaries and associates) with the effective date commencing from 1 January 2022 to 31 December 2022. On 21 November 2022, the Company has entered into a new marketing channel service framework agreement (the "New Marketing Channel Service Framework Agreement") for a term commencing from 1 January 2023 to 31 December 2025.

The annual caps for each of the years 2023, 2024 and 2025 under the New Marketing Channel Service Framework Agreement are set out below:

	For the year ended 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	2025 (RMB)
Annual Cap	11,900,000	14,900,000	18,100,000

The actual transaction amount for the transactions under the New Marketing Channel Service Framework Agreement during the year ended 31 December 2023 is approximately RMB1,527,000.

As Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the Directors, are the controlling shareholders of KWG Living, and therefore KWG Living is their associate. Accordingly, the transactions contemplated under the abovementioned framework agreements constitute continuing connected transactions of the Company.

In accordance with rule 14A.55 of the Listing Rules, the continuing connected transaction as set out above during the year have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board;
- for transactions involving the provision of goods or services by the Group were not in accordance with the pricing policies of the Group in all material aspects;
- were not entered into in accordance with the relevant agreements governing such transactions in all material aspects; and
- have exceeded the annual cap as set by the Company for the year ended 31 December 2023.

Related party transactions

The Group conducted several related party transactions during the year (see note 40 to the financial statements of this report). Save as the connected transactions and continuing connected transactions disclosed above, other transactions are not deemed as connected transaction or continuing connected transactions under the Chapter 14A of the Listing Rules or being exempted from the requirements of notification, announcement and shareholders' approval in accordance with the Listing Rules.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duty or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged and maintained appropriate directors' and officers' liability insurance coverage for the Directors during the year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

Independent Auditor

Ernst & Young ("EY") resigned as the auditor of the Company with effect from 27 December 2023. The Board, with the recommendation from the Audit Committee, has appointed Prism Hong Kong and Shanghai Limited ("Prism") as the new auditor of the Company with effect from 27 December 2023 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company. The Board will propose a resolution at the forthcoming annual general meeting to re-appoint Prism as the Company's auditor for the coming year.

Save as disclosed above, there was no change in the auditor of the Company for the three years preceding the date of this report.

It is the auditor's responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 65 to 71.

Loan Facilities with Covenants Relating to Specific Performance of the Controlling Shareholder

Facility Agreement dated 23 December 2020

On 23 December 2020, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the "Facility Agreement III") with, among others, The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as the original lenders (the "Original Lenders"), The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited, as the agent, in relation to the granting of transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US$400 million to the Company for a term of 48 months commencing from the date of the Facility Agreement III.

Pursuant to the terms of the Facility Agreement III, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement III. Further details of the transaction are disclosed in the announcement of the Company dated 24 December 2020.

As of the date of this report, the circumstances giving rise to the relevant disclosure obligations under Rules 13.18 of the Listing Rules continued to exist.

On Behalf of the Board

KONG Jianmin
Chairman

Hong Kong
27 March 2024

Opinion

We have audited the consolidated financial statements of KWG Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 182, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to the Going Concern

As set out in note 2.1 to the consolidated financial statements, which states that the Group incurred a net loss of RMB18,979,296,000 for the year ended 31 December 2023, and as of that date, the Group had net current liabilities of approximately RMB27,447,870,000, the Group's bank and other borrowings of approximately RMB41,087,060,000 that were repayable within one year while its cash and bank balances amounted to approximately RMB1,719,395,000. In addition, as at 31 December 2023 and up to the date of approval of these consolidated financial statements, the Group did not repay the principal and interest payable of several USD denominated senior notes, bank and other borrowings. As a result, such non-repayment has constituted an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements. The aggregate principal and interest payables of the said USD denominated senior notes and bank and other borrowings in default or cross default were approximately RMB32,829,439,000 as of 31 December 2023.

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

OTHER MATTER

The consolidated financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed a disclaimer of opinion on those statements on 28 April 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revaluation of Investment properties	
The Group's investment properties are measured at fair value at each reporting period end, including completed investment properties, investment properties under construction, and right-of-use assets. Changes in fair value of investment properties are recorded in profit or loss during the year in which they occurred. As of 31 December 2023, the carrying amount of the Group's investment properties is approximately RMB24,650,440,000. The Group's investment properties are independently revalued by professional valuers at each reporting period end. Valuation involves significant estimates and assumptions, including market rental values and capitalization rates, with the fair value of investment properties being influenced by such management estimates and assumptions. Relevant disclosure information can be found in the notes to the consolidated financial statements 2.4, 3, and 14.	The review process for property investment valuation includes the following: • Assessing the qualifications, capabilities, and objectivity of the valuers. • Obtaining information from valuers regarding valuation methods, property market performance, significant assumptions made, primary input data, and how the valuation methodology and assumptions are substantiated. • Evaluating the reasonableness of the main input data and sources used by valuers in the valuation, and comparing rental and price data with similar properties in the community. • Engaging independent valuation experts to sample and assess the appropriateness of the valuation techniques used by valuers, as well as the reasonableness of primary input values and data used in the valuation.

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter

Estimation of net realisable value of properties under development and completed properties held for sale

We will assess the net realizable value of properties under construction and completed properties held for sale (collectively referred to as "these properties") of the Group as a key audit matter due to the significant book value of these properties and the significant estimates involved in determining their net realizable value.

As of 31 December 2023, the Group's properties under construction amounted to approximately RMB49,805,396,000 and completed properties held for sale amounted to approximately RMB18,724,363,000.

The relevant disclosure is included in the consolidated financial statements notes 2.4, 3, 19, and 20.

Our procedures for evaluating the net realizable value of these properties include:

- Assessing the reasonableness of management's method and results in determining the net realizable value of these properties.
- Evaluating the reasonableness of estimated future costs for the completion of these properties by comparing them to actual development costs of similar completed properties and comparing adjustments made by management to existing market data.
- Assessing the reasonableness of the net realizable value of these properties by referencing factors such as the city location, and other relevant market factors. Based on our understanding of the Group's operations and the Chinese real estate industry, management estimates market value by sampling actual selling prices after the year-end or by comparing estimated market values derived from the net realizable value to market prices of similar projects or comparable properties.

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Property development revenue recognised over time	
If the Group fulfills the sales contract and does not create any other assets for the Group, and the Group can enforce its right to receive accumulated payments for completed performance up to now, then property sales revenue is recognised over time. Otherwise, revenue is recognised when the buyer obtains control of the completed property. As of 31 December 2023, the Group's property sales revenue amounted to approximately RMB14,047,330,000, of which approximately RMB540,885,000 was recognised over time. Regarding property sales revenue recognised over time, the Group considers whether it can enforce its right to receive payments, depending on the terms of the sales contract and the interpretation of the applicable laws governing the sales contract. Determining whether the Group has the right to receive payments for completed performance up to now requires significant judgment. Additionally, the Group measures the progress of satisfied performance obligations as of the reporting date to confirm property sales revenue. Progress is measured based on the Group's efforts or inputs to satisfy performance obligations, and by referencing the proportion of contract costs incurred as of the end of the reporting period to estimated total costs. Determining the accuracy of estimated total costs, incurred contract costs as of the reporting date, and the progress of satisfied performance obligations as of the reporting date requires significant judgment and estimation. Due to the significant judgments and estimates involved, recognising property sales revenue over time is considered a key audit matter. The relevant disclosures are included in the notes to the consolidated financial statements 2.4, 3, and 5.	We have conducted the following audit procedures regarding the recognition of property sales revenue over time (including but not limited to): • Sampling and reviewing the key terms of sales contracts to assess the Group's rights to receive payments. • Sampling and verifying documentary evidence (including sales contracts and received income) to confirm property sales revenue recognised over time during the year. • Reviewing relevant contracts and salable floor areas to evaluate the basis for management's cost allocations. • Comparing estimated total contract costs with management-approved budgets to verify estimated total contract costs. • Sampling and tracing documentary evidence of incurred costs to verify the accuracy of incurred contract costs as of the end of the reporting period. • Verifying the accuracy of cost allocations and completion progress calculations between properties. • Assessing whether the disclosures in the notes to the consolidated financial statements regarding the recognition of property sales revenue over time adequately disclose accounting policies and significant accounting judgments and estimates.

Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so. The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294
Hong Kong

27 March 2024

Consolidated Statement of Profit or Loss

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**15,807,106**	13,452,639
Cost of sales		**(18,446,337)**	(15,548,424)
Gross loss		**(2,639,231)**	(2,095,785)
Other income and gains, net	5	**677,280**	617,271
Selling and marketing expenses		**(1,116,676)**	(1,406,997)
Administrative expenses		**(1,631,041)**	(1,666,510)
Other operating expenses, net		**(2,537,864)**	(1,084,132)
Fair value losses on investment properties, net	14	**(2,516,081)**	(1,064,022)
Finance costs	7	**(2,852,833)**	(128,850)
Share of profits and losses of:			
Associates		**(199,171)**	104,882
Joint ventures		**(4,811,431)**	(3,973,126)
LOSS BEFORE TAX	6	**(17,627,048)**	(10,697,269)
Income tax (expense)/credit	10	**(1,352,248)**	855,008
LOSS FOR THE YEAR		**(18,979,296)**	(9,842,261)
Attributable to:			
Owners of the Company		**(18,732,972)**	(9,240,619)
Non-controlling interests		**(246,324)**	(601,642)
		(18,979,296)	(9,842,261)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic		**RMB(548) cents**	RMB(289) cents
Diluted		**RMB(548) cents**	RMB(289) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
LOSS FOR THE YEAR	**(18,979,296)**	(9,842,261)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(263,191)**	(1,553,187)
Share of exchange differences on translation of joint ventures	**(49,643)**	(898,992)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(312,834)**	(2,452,179)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**(226,333)**	(1,316,580)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(226,333)**	(1,316,580)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(539,167)**	(3,768,759)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(19,518,463)**	(13,611,020)
Attributable to:		
Owners of the Company	**(19,272,139)**	(13,009,378)
Non-controlling interests	**(246,324)**	(601,642)
	(19,518,463)	(13,611,020)

Consolidated Statement of Financial Position

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**9,432,703**	9,721,419
Investment properties	14	**24,650,440**	28,618,674
Land use rights	15	**3,597,564**	3,762,850
Interests in associates	17	**8,217,365**	9,772,013
Interests in joint ventures	18	**32,306,108**	35,717,694
Deferred tax assets	28	**2,033,463**	3,537,738
Total non-current assets		**80,237,643**	91,130,388
CURRENT ASSETS			
Properties under development	19	**49,805,396**	62,607,658
Completed properties held for sale	20	**18,724,363**	15,696,914
Trade receivables	21	**331,647**	491,382
Prepayments, other receivables and other assets	22	**15,449,997**	18,269,059
Due from a joint venture	18	**21,532**	22,532
Tax recoverables	23(a)	**1,175,422**	1,328,260
Cash and bank balances	24	**1,719,395**	10,337,890
Total current assets		**87,227,752**	108,753,695
CURRENT LIABILITIES			
Trade and bills payables	25	**19,402,520**	15,540,743
Lease liabilities	16(b)	**51,491**	144,326
Other payables and accruals	26	**29,879,544**	38,499,237
Due to joint ventures	18	**8,028,741**	9,996,546
Due to associates	17	**2,483,159**	3,328,395
Interest-bearing bank and other borrowings	27	**41,087,060**	22,245,015
Tax payables	23(b)	**13,743,107**	13,509,750
Total current liabilities		**114,675,622**	103,264,012
NET CURRENT (LIABILITIES)/ASSETS		**(27,447,870)**	5,489,683
TOTAL ASSETS LESS CURRENT LIABILITIES		**52,789,773**	96,620,071
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	**518,806**	751,415
Interest-bearing bank and other borrowings	27	**32,248,912**	53,145,577
Deferred tax liabilities	28	**1,949,322**	2,521,742
Deferred revenue	29	**2,042**	2,042
Total non-current liabilities		**34,719,082**	56,420,776
NET ASSETS		**18,070,691**	40,199,295

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**325,768**	325,735
Treasury shares	30	**–**	(8)
Reserves		**12,406,166**	31,174,049
		12,731,934	31,499,776
Non-controlling interests		**5,338,757**	8,699,519
TOTAL EQUITY		**18,070,691**	40,199,295

KONG Jianmin
Director

KONG Jiantao
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

		Attributable to owners of the Company											
	Notes	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Asset revaluation reserve# RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022		304,680	(3,038)	44,410	3,280,068	1,983,371	19,159	92,578	729,495	37,869,813	44,320,536	15,381,397	59,701,933
Loss for the year		–	–	–	–	–	–	–	–	(9,240,619)	(9,240,619)	(601,642)	(9,842,261)
Other comprehensive loss for the year:													
Exchange differences on translation into presentation currency		–	–	–	–	(2,869,767)	–	–	–	–	(2,869,767)	–	(2,869,767)
Share of exchange differences on translation of joint ventures		–	–	–	–	(898,992)	–	–	–	–	(898,992)	–	(898,992)
Total comprehensive loss for the year		–	–	–	–	(3,768,759)	–	–	–	(9,240,619)	(13,009,378)	(601,642)	(13,611,020)
Share-based compensation expenses	31	–	–	–	–	–	2,958	–	–	–	2,958	–	2,958
Vested awarded shares transferred to employees	30	–	88	9,275	–	–	(9,363)	–	–	–	–	–	–
Issue of treasury shares	30	89	(89)	–	–	–	–	–	–	–	–	–	–
Transfer to reserves		–	–	–	308,102	–	–	–	–	(308,102)	–	–	–
Acquisition of non-controlling interests		–	–	–	–	–	–	–	(231,910)	–	(231,910)	(5,828,068)	(6,059,978)
Cancellation of shares	30	(48)	3,031	(2,983)	–	–	–	–	–	–	–	–	–
Issue of new shares	30	21,014	–	396,556	–	–	–	–	–	–	417,570	–	417,570
Dividend declared to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(252,168)	(252,168)
At 31 December 2022		325,735	(8)	447,258*	3,588,170*	(1,785,388)*	12,754*	92,578*	497,585*	28,321,092*	31,499,776	8,699,519	40,199,295

Year ended 31 December 2023

	Notes	Attributable to owners of the Company											
		Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Asset revaluation reserve# RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		325,735	(8)	447,258	3,588,170	(1,785,388)	12,754	92,578	497,585	28,321,092	31,499,776	8,699,519	40,199,295
Loss for the year		-	-	-	-	-	-	-	-	(18,732,972)	(18,732,972)	(246,324)	(18,979,296)
Other comprehensive loss for the year:													
Exchange differences on translation into presentation currency		-	-	-	-	(489,524)	-	-	-	-	(489,524)	-	(489,524)
Share of exchange differences on translation of joint ventures		-	-	-	-	(49,643)	-	-	-	-	(49,643)	-	(49,643)
Total comprehensive loss for the year		-	-	-	-	(539,167)	-	-	-	(18,732,972)	(19,272,139)	(246,324)	(19,518,463)
Share-based compensation expenses	31	-	-	-	-	-	492	-	-	-	492	-	492
Vested awarded shares transferred to employees	30	-	41	4,872	-	-	(4,913)	-	-	-	-	-	-
Issue of treasury shares	30	33	(33)	-	-	-	-	-	-	-	-	-	-
Transfer to reserves		-	-	-	158,872	-	-	-	-	(158,872)	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	267,605	-	267,605	(736,172)	(468,567)
Capital repayment of non-controlling interests		-	-	-	-	-	-	-	236,200	-	236,200	(240,010)	(3,810)
Disposal of subsidiaries	35	-	-	-	-	-	-	-	-	-	-	(2,138,256)	(2,138,256)
Transfer of share option reserve upon the forfeiture or expiry of share options		-	-	-	-	-	(8,333)	-	-	8,333	-	-	-
At 31 December 2023		325,768	-	452,130*	3,747,042*	(2,324,555)*	-*	92,578*	1,001,390*	9,437,581*	12,731,934	5,338,757	18,070,691

The asset revaluation reserve arose from the gains on property revaluation as a result of the change in use from owner-occupied properties to investment properties.

* These reserve accounts comprise the consolidated reserves of approximately RMB12,406,166,000 (2022: approximately RMB31,174,049,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(17,627,048)**	(10,697,269)
Adjustments for:			
Finance costs		**2,852,833**	128,850
Foreign exchange gain		**(86,924)**	(335,562)
Share of profits and losses of associates		**199,171**	(104,882)
Share of profits and losses of joint ventures		**4,811,431**	3,973,126
Interest income		**(277,198)**	(515,938)
Share-based compensation expenses		**492**	2,958
Gain on disposal of items of property, plant and equipment		**(1,487)**	(201)
Loss on disposal of investment properties		**181,735**	364,097
Gain on lease termination		**(129,828)**	(37,522)
Depreciation	6	**317,790**	352,954
Amortisation of land use rights	6	**33,114**	31,526
Fair value losses on investment properties, net	14	**2,516,081**	1,064,022
Impairment losses recognised for completed properties held for sale	6	**2,537,864**	1,084,132
Gain on partially acquisition of a joint venture		**–**	(50,269)
Loss on disposal of subsidiaries		**539,270**	17,141
Loss on disposal of joint ventures		**144,491**	389,547
Gain on acquisition of subsidiaries		**–**	(9,295)
(Gain)/loss on disposal of associates		**(1,174,103)**	10,735
		(5,162,316)	(4,331,850)
Decrease/(increase) in properties under development		**2,735,299**	(7,247,776)
Decrease in completed properties held for sale		**10,935,655**	15,047,364
Decrease in trade receivables		**159,735**	881,179
Decrease in prepayments, other receivables and other assets		**2,756,892**	662,377
Decrease/(increase) in an amount due from a joint venture		**1,000**	(7)
Decrease in restricted cash		**888,529**	7,073,299
Increase in trade and bills payables		**666,900**	2,437,502
Decrease in other payables and accruals		**(12,080,587)**	(3,441,553)
Cash generated from operations		**901,107**	11,080,535
Interest received		**277,198**	515,938
Corporate income tax paid		**(83,902)**	(254,670)
Land appreciation tax paid		**(19,941)**	(113,233)
Net cash flows from operating activities		**1,074,462**	11,228,570

	Notes	2023 RMB'000	2022 RMB'000
Net cash flows from operating activities		**1,074,462**	11,228,570
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(89,189)**	(1,185,289)
Purchases of investment properties		**(722,955)**	(648,225)
Acquisitions of subsidiaries		**–**	(8,117)
Investments in joint ventures		**(12,430)**	(3,311)
Investments in associates		**(82,375)**	(15,000)
Disposals of subsidiaries	35	**150,480**	–
Disposal of joint ventures		**25,901**	1,603,697
Disposal of an associate		**837,518**	1,477,677
Proceeds from disposal of items of property, plant and equipment		**38,234**	760
Proceeds from disposal of investment properties		**665,626**	345,809
Advances to associates		**(610,966)**	(315,974)
Advances to joint ventures		**(4,381,166)**	(11,091,816)
Decrease in restricted cash		**5,155,220**	6,595,013
Dividends received from joint ventures		**831,818**	266,704
Dividends received from associates		**–**	164,600
Net cash flows from/(used in) investing activities		**1,805,716**	(2,813,472)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of senior notes and domestic corporate bonds		**700,000**	–
Proceeds from sale of senior notes and domestic corporate bonds		**1,771,150**	856,800
Senior notes and domestic corporate bonds repurchased		**–**	(1,939,614)
Repayment/redemption of senior notes and domestic corporate bonds		**(1,483,771)**	(7,027,765)
New bank loans		**1,310,555**	17,341,121
Repayments of bank loans		**(4,206,811)**	(17,438,292)
Repayments of lease liabilities	16	**(161,852)**	(197,798)
Acquisitions of non-controlling interests		**(33,300)**	(35,989)
Dividend paid		**–**	(553,928)
Interest paid		**(3,352,384)**	(5,336,681)
Decrease in restricted cash		**–**	1,082,000
Issue of new shares	30	**–**	417,570
Net cash flows used in financing activities		**(5,456,413)**	(12,832,576)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,576,235)**	(4,417,478)
Cash and cash equivalents at beginning of year		**3,356,104**	7,715,390
Effect of foreign exchange rate changes, net		**1,489**	58,192
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**781,358**	3,356,104
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**781,358**	3,356,104
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	24	**781,358**	3,356,104

1. Corporate and Group Information

KWG Group Holdings Limited (the "Company") was a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which was incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Happy Clear Consultants Limited	British Virgin Islands/ Hong Kong	US$1,000	100	–	Investment holding
Reach Luck Consultants Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Boom Faith International Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Rising Wave Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Good Excel Enterprises Limited	British Virgin Islands/ Hong Kong	US$100	–	100	Investment holding
Prime Way Enterprises Limited	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
Hugeluck Investments Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Guangzhou Hejing Holdings Limited ("Guangzhou Hejing")*#	PRC/Chinese Mainland	RMB2,000,000,000	–	100	Property development
Guangzhou Hejing Meifu Real Estate Development Limited^#	PRC/Chinese Mainland	US$9,797,500	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Hejing Yingfu Real Estate Development Limited#	PRC/Chinese Mainland	RMB35,000,000	–	100	Property development
Guangzhou Xinhengchang Enterprise Development Limited^#	PRC/Chinese Mainland	RMB1,616,327,000	–	100	Property investment
Guangzhou Zhongtianying Business Development Limited^#	PRC/Chinese Mainland	US$404,082,000	–	100	Property development
Guangzhou Tianjian Real Estate Development Limited ("Guangzhou Tianjian")^#	PRC/Chinese Mainland	RMB3,300,000,000	–	100	Property development
Guangzhou Junzhao Property Operation Limited^#	PRC/Chinese Mainland	RMB279,592,000	–	100	Property investment
Chengdu Zhentianyi Business Service Limited#	PRC/Chinese Mainland	RMB550,000,000	–	100	Property development
Guangzhou Liangyu Investment Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Hainan New World Real Estate Property (HK) Limited^#	PRC/Chinese Mainland	HK$1,575,510,000	–	100	Property development
Suzhou Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB1,290,000,000	–	100	Property development
Guangzhou Conghua Hejing Real Estate Development Limited^#	PRC/Chinese Mainland	US$104,041,000	–	100	Property development
Beijing Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB70,000,000	–	100	Property development
Chengdu Zhaojing Real Estate Development Limited^#	PRC/Chinese Mainland	HK$799,306,000	–	100	Property development
Kunshan Baicheng Real Estate Development Limited^#	PRC/Chinese Mainland	US$32,120,000	–	100	Property development
Guangzhou Hejing Chuangzhan Hotel Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Hotel operation
Guangzhou Wanhui Real Estate Development Limited#	PRC/Chinese Mainland	RMB330,000,000	–	100	Property development
Guangzhou Lihe Property Development Limited#	PRC/Chinese Mainland	RMB640,000,000	–	100	Property development
Chengdu Kaiyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Hainan Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB300,000,000	–	100	Property development
Shanghai Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Deyu Real Estate Development Limited ("Shanghai Deyu")#	PRC/Chinese Mainland	RMB196,080,000	–	51	Property development
Shanghai Jinyi Property Limited#	PRC/Chinese Mainland	RMB100,000,000	–	85.3	Property development
Shanghai Hongyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Beijing Hong'en Real Estate Development Limited Liability Company#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Guangzhou Chuangjing Real Estate Development Limited*#	PRC/Chinese Mainland	US$41,500,000	–	100	Property development
Suzhou Junjing Real Estate Development Limited#	PRC/Chinese Mainland	RMB185,000,000	–	100	Property development
Shanghai Langhe Real Estate Development Limited^#	PRC/Chinese Mainland	RMB1,739,220,000	–	51	Property development
Shanghai Jingdong Real Estate Development Limited#	PRC/Chinese Mainland	RMB1,350,000,000	–	100	Property development
Guangzhou Hejing Fengjingyuan Hotel Limited#	PRC/Chinese Mainland	RMB200,000,000	–	100	Hotel operation
Guangzhou Hejing Lingfengyuan Hotel Management Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Hotel operation
Suzhou Shengjing Real Estate Development Limited#	PRC/Chinese Mainland	RMB120,000,000	–	80	Property development
Suzhou Kaiwei Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Guangzhou Weiyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB60,000,000	–	100	Property development
Suzhou Kaifu Real Estate Development Limited#	PRC/Chinese Mainland	RMB170,000,000	–	100	Property development
Guangzhou Hongda Property Limited#	PRC/Chinese Mainland	RMB1,300,000,000	–	100	Property development
Beijing Fuyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB20,000,000	–	100	Property development
Hangzhou Zhaojing Real Estate Development Limited#	PRC/Chinese Mainland	RMB120,000,000	–	100	Property development
Beijing Hongtai Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Hengcheng Real Estate Development Limited#	PRC/Chinese Mainland	RMB105,000,000	–	100	Property development
Hangzhou Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB120,000,000	–	100	Property development
Hangzhou Hongjun Real Estate Development Limited#	PRC/Chinese Mainland	RMB120,000,000	–	100	Property development
Sichuan Longyuan Property Limited#	PRC/Chinese Mainland	RMB325,016,300	–	55	Property development
Hangzhou Tianjing Real Estate Development Limited#	PRC/Chinese Mainland	RMB240,000,000	–	100	Property development
Suzhou Yujing Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Hefei Rongze Real Estate Development Limited#	PRC/Chinese Mainland	RMB450,000,000	–	100	Property development
Linhai Jinxuan Real Estate Development Limited#	PRC/Chinese Mainland	RMB850,000,000	–	100	Property development
Suzhou Kaijun Real Estate Development Limited#	PRC/Chinese Mainland	RMB430,000,000	–	100	Property development
Suzhou Dongshanshu Real Estate Development Limited^#	PRC/Chinese Mainland	US$13,490,000	–	100	Property development
Taicang Hongtao Real Estate Development Limited#	PRC/Chinese Mainland	RMB750,000,000	–	100	Property development
Guangxi Kairui Property Limited#	PRC/Chinese Mainland	RMB350,000,000	–	100	Property development
Hangzhou Hongsheng Real Estate Development Limited#	PRC/Chinese Mainland	RMB950,000,000	–	100	Property development
Jiangmen Zhan'gao Property Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Hangzhou Jinxuan Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	60	Property development
Qidong Tianhui Real Estate Development Limited#	PRC/Chinese Mainland	RMB500,000,000	–	70	Property development
Longmen Dongjun Huafu Education Industry Development Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Meishan Zhaojing Real Estate Development Limited#	PRC/Chinese Mainland	RMB380,000,000	–	100	Property development
Guangzhou Yufa Plastic Limited#	PRC/Chinese Mainland	RMB5,000,000	–	65	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Linhai Zhaojing Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiangmen Tianjing Property Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiashan Xujing Property Development Limited#	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Suzhou Kaiyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB400,000,000	–	100	Property development
Beijing Yujing Real Estate Development Limited#	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Guangzhou Hongtao Estate Development Limited#	PRC/Chinese Mainland	RMB80,000,000	–	100	Property development
Guangzhou Xiangjing Property Development Limited#	PRC/Chinese Mainland	RMB60,000,000	–	60	Property development
Hangzhou Hongli Real Estate Development Limited#	PRC/Chinese Mainland	RMB300,000,000	–	100	Property development
Linhai Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB273,600,000	–	100	Property development
Tianjin Guangying Real Estate Development Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Wuzhou Yuanjing Investment Limited#	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Xi'an Junjing Property Development Limited#	PRC/Chinese Mainland	RMB20,000,000	–	100	Property development
Beijing Yijing Real Estate Development Limited#	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Guangzhou Guanda Property Development Limited#	PRC/Chinese Mainland	RMB316,000,000	–	100	Property development
Guangzhou Zhan'gao Property Development Limited#	PRC/Chinese Mainland	RMB700,000,000	–	100	Property development
Huanan Yigu Technological Development (Guangzhou) Limited#	PRC/Chinese Mainland	RMB200,000,000	–	80	Property development
Shanghai Yaojing Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	90	Property development
Guangxi Hejing Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Guangxi Hejing Hengfu Investment Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Guangxi Hejing Shengyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hefei Hongtao Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Hangzhou Huixuan Limited#	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Guangzhou Zhuoyu Property Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Chengdu Ruijing Real Estate Development Limited#	PRC/Chinese Mainland	RMB200,000,000	–	100	Property development
Guangzhou Jingzhi Property Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiaxing Hejing Hongyu Enterprise Management Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiangsu Junda Real Estate Development Limited^#	PRC/Chinese Mainland	RMB684,000,000	–	100	Property development
Nantong Chuangying Real Estate Development Limited#	PRC/Chinese Mainland	RMB700,000,000	–	70	Property development
Tianjing Yunjing Real Estate Development Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Hangzhou Jun'an Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Guangzhou Yuanjing Real Estate Development Limited#	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Yangzhou Hejing Songyu Real Estate Development Limited#	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development

* These entities are registered as wholly-foreign-owned enterprises under PRC law.

^ These entities are registered as Chinese-foreign joint ventures under PRC law.

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

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

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties 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.

2. Accounting Policies *(continued)*

2.1 Basis of Preparation *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The Company has set up a trust (the "Trust") for the purpose of purchasing, administering and holding the Company's shares for the share award scheme (the "Share Award Scheme") adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the Share Award Scheme.

2. Accounting Policies *(continued)*

2.1 Basis of Preparation *(continued)*

Going concern basis

For the year ended 31 December 2023, the Group incurred a net loss of approximately RMB18,979,296,000, and as of that date, the Group had net current liabilities of approximately RMB27,447,870,000, and the Group's current portion of bank and other borrowings amounted to approximately RMB41,087,060,000, while its cash and bank balances amounted to approximately RMB1,719,395,000.

As of 31 December 2023, the Group did not repay the principal and interest payables of several USD denominated senior notes and bank and other borrowings, triggering an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements.

The Company had suspended trading of all its USD denominated senior notes listed on the Stock Exchange since May 2023 and no principal repayment had been made on the USD denominated senior notes during the year. As of 31 December 2023, the aggregate principal and interest payables of the said USD denominated senior notes and offshore bank and other borrowings in default or cross default was approximately RMB32,829,439,000.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) Based on the People's Bank of China's 16 Supportive Financial Measures, the Group has been actively negotiating with several financial institutions on the renewal and extension of existing onshore bank borrowings to improve the liquidity position of the Group.

Also, the project whitelist mechanism had been announced. Under the mechanism, city governments should provide a list of local property projects suitable for financing support, and coordinate with local financial institutions to meet the financing needs of these projects. The Group has submitted application to respective local authorities to add the Group's projects to the project whitelist. For instance, the local authority of Guangzhou has published 2 batches of project whitelist in February and March 2024 respectively, in which 16 projects of the Group have been included. This will facilitate the Group to obtain project development financing and/or refinancing for these projects with the financial institutions.

(ii) The Group had been in negotiation with its onshore domestic bondholders to restructure the onshore bonds. During the year ended 31 December 2023, the Group had successfully restructured several onshore bonds with principal amount of approximately RMB6,734,468,000 and extended their final maturities to beyond 2027.

(iii) The Group had engaged financial advisor and legal advisor to explore a holistic solution to the current offshore debts situation to secure the sustainable operations of the Group for the benefit of all of its stakeholders. The Group also had ongoing constructive discussions with a prospective ad hoc group of bondholders and its advisors on the holistic solution during the year.

2. Accounting Policies *(continued)*

2.1 Basis of Preparation *(continued)*

Going concern basis (continued)

(iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also negotiating with various interested parties on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects to further improve the cash position of the Group.

(v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

(vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development projects in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) The approval from local authorities to include the Group's property development projects in the project whitelist and the obtaining of project financing and/or refinancing as and when needed;

(ii) The successful restructuring of the offshore debts of the Group;

(iii) The successful negotiation with interested parties on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects;

(iv) The successful disposal of the Group's equity interests in certain joint ventures or associates which are engaged in property development projects when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

The effects of these adjustments have not been reflected in these consolidated financial statements.

2. Accounting Policies *(continued)*

2.2 Changes in Accounting Policies and Disclosures

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

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
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 Model Rules*

Except as described below, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies as set out in note 2.4.

2. Accounting Policies *(continued)*

2.3 Issued but not yet effective HKFRSs

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.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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 Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that, these revised HKFRSs are unlikely to have a significant impact on the Group's financial statements.

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Investments in associates and joint ventures

The Group's share of the post-acquisition results and OCI of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated OCI, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than properties under development, completed properties held for sale, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Impairment of non-financial assets *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than assets under construction, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings (excluding the right-of-use assets)	3% to 5%
Leasehold improvements	Over the shorter of the lease term and 20%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Vehicles (excluding the right-of-use assets)	7% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Assets under construction are stated at cost less any impairment losses, and are not depreciated. They are reclassified to appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Investment properties (continued)

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as an asset revaluation reserve. For a transfer from properties under development or completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets (relate to the land use rights and property, plant and equipment) are measured at cost, less accumulated depreciation and amortisation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated and amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	17 to 40 years
Buildings	2 to 19 years
Vehicle	15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties under development and completed properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "property under development" and "completed properties held for sale". When a right-of-use asset meets the definition of investment property (e.g., long-term rental apartments), it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

For debt investments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the statement of profit or loss.

Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity investments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of the payment has been established.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, lease liabilities, other payables and accruals, amounts due to joint ventures, amounts due to associates and interest-bearing bank and other borrowings.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, other payables and accruals and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and bank balances

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with interests in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to such assets.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of properties

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(a) Sale of properties *(continued)*

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

(b) Operation of hotels

Hotel revenue from room rentals, food and beverage sales and other ancillary services is recognised when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Project management fee income is recognised when the related management services have been provided.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Contract costs

Other than the costs which are capitalised as properties under development, completed properties held for sale, investment properties, property, plant and equipment and land use rights, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme (the "Share Option Scheme") Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value was determined by an external valuer using the binomial option pricing model (the "Model"), further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award, and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Share-based payments *(continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Company's functional currency is the Hong Kong dollar while the presentation currency of these financial statements is RMB. In the opinion of the directors, as the Group's operations are mainly in Chinese Mainland, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and joint ventures not operating in Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities and the Company are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Foreign currencies *(continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and its overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and its overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

Revenue from the sale of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements, based on legal counsel opinion, to classify sales contracts into those with the right to payment and those without the right.

3. Significant Accounting Judgements and Estimates *(continued)*

Judgements *(continued)*

Transfer from properties under development, completed properties held for sale, property, plant and equipment and land use rights to investment properties and transfer from investment properties to completed properties held for sale

Properties under development, completed properties held for sale, property, plant and equipment and land use rights are transferred to investment properties when there is a change in use with sufficient evidence. The Group determines whether a change in use has occurred based on assessment of all relevant facts and circumstances, which include but are not limited to: (a) a business plan that reflects the future rental income generated by the property; (b) the resources to hold and manage an investment property; (c) legal permissibility for the change in use; and (d) the commencement of development if the property requires further development for the change in use. Any excess of fair value over the original carrying amount of such properties at the date of transfer was recognised immediately in the consolidated statement of profit or loss or the consolidated statement of financial position. During the year ended 31 December 2023 and 2022, no completed properties held for sale were transferred to investment properties. During the years ended 31 December 2023 and 2022, no property, plant and equipment and land use rights were transferred to investment properties due to a change in use. During the year ended 31 December 2023, investment properties with total carrying amounts of approximately RMB1,327,747,000 (2022: nil) were transferred to completed properties held for sale due to a change in use.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purposes, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event that the investment properties are disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax ("CIT") and land appreciation tax ("LAT").

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for the property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can affect the Group's revenue recognised.

Revaluation of investment properties

Investment properties including completed investment properties, investment properties under construction and right-of-use assets are revalued at the end of each reporting period based on the market value provided by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information about market rent and capitalisation rates is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used. The carrying amount of the Group's investment properties at 31 December 2023 was approximately RMB24,650,440,000 (2022: approximately RMB28,618,674,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing at the end of each reporting period. As at 31 December 2023, the carrying amounts of properties under development and completed properties held for sale were approximately RMB49,805,396,000 (2022: approximately RMB62,607,658,000) and approximately RMB18,724,363,000 (2022: approximately RMB15,696,914,000), respectively.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

CIT

The Group is subject to CIT in the PRC. As certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and tax provision in the period in which the differences realise.

Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by service type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

PRC LAT

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2023 was approximately RMB483,684,000 (2022: approximately RMB907,498,000). The amount of unrecognised tax losses at 31 December 2023 was approximately RMB9,666,845,000 (31 December 2022: approximately RMB7,323,713,000). Further details are contained in note 28 to the financial statements.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

4. Operating Segment Information

For management purposes, the Group is organised into three reportable operating segments as follows:

(a) Property development: Sale of properties

(b) Property investment: Leasing of properties

(c) Hotel operation: Operation of hotels

The property development projects undertaken by the Group and its joint ventures and associates during the year were mainly located in Chinese Mainland and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverables, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Other than the segment information disclosed above, the directors considered that other segment information is not reportable segment information used by the chief operating decision makers of the Group.

The Group's revenue from external customers is derived solely from its operations in Chinese Mainland. As the Group's major operations and customers are located in Chinese Mainland, no further geographical information is provided.

During 2023 and 2022, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. Operating Segment Information *(continued)*

Year ended 31 December 2023

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	14,047,330	930,999	828,777	15,807,106
Segment results	(12,405,253)	(1,908,152)	251,095	(14,062,310)
Reconciliation:				
Interest income and unallocated income				677,280
Unallocated expenses				(1,389,185)
Finance costs				(2,852,833)
Loss before tax				(17,627,048)
Income tax expense				(1,352,248)
Loss for the year				(18,979,296)
Assets and liabilities:				
Segment assets	114,606,698	24,738,943	11,436,823	150,782,464
Reconciliation:				
Corporate and other unallocated assets				16,682,931
Total assets				167,465,395
Segment liabilities	118,102,538	43,848	46,977	118,193,363
Reconciliation:				
Corporate and other unallocated liabilities				31,201,341
Total liabilities				149,394,704
Other segment information:				
Depreciation and amortisation	(116,615)	(25,402)	(208,887)	(350,904)
Fair value losses on investment properties, net	–	(2,516,081)	–	(2,516,081)
Share of profits and losses of:				
Associates	(199,171)	–	–	(199,171)
Joint ventures	(4,811,431)	–	–	(4,811,431)
Impairment losses recognised for properties under development and completed properties held for sale	(2,537,864)	–	–	(2,537,864)
Interests in associates	8,217,365	–	–	8,217,365
Interests in joint ventures	32,306,108	–	–	32,306,108

4. Operating Segment Information *(continued)*

Year ended 31 December 2022

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	11,908,012	944,394	600,233	13,452,639
Segment results	(9,367,224)	(451,217)	125,971	(9,692,470)
Reconciliation:				
Interest income and unallocated income				617,271
Unallocated expenses				(1,493,220)
Finance costs				(128,850)
Loss before tax				(10,697,269)
Income tax credit				855,008
Loss for the year				(9,842,261)
Assets and liabilities:				
Segment assets	129,603,242	28,829,038	11,899,549	170,331,829
Reconciliation:				
Corporate and other unallocated assets				29,552,254
Total assets				199,884,083
Segment liabilities	123,321,513	82,799	49,038	123,453,350
Reconciliation:				
Corporate and other unallocated liabilities				36,231,438
Total liabilities				159,684,788
Other segment information:				
Depreciation and amortisation	(134,988)	(24,956)	(224,536)	(384,480)
Fair value losses on investment properties, net	–	(1,064,022)	–	(1,064,022)
Share of profits and losses of:				
Associates	104,882	–	–	104,882
Joint ventures	(3,973,126)	–	–	(3,973,126)
Impairment losses recognised for properties under development and completed properties held for sale	(1,084,132)	–	–	(1,084,132)
Interests in associates	9,772,013	–	–	9,772,013
Interests in joint ventures	35,717,694	–	–	35,717,694

5. Revenue, Other Income and Gains, Net

An analysis of revenue, other income and gains, net, is as follows:

	2023 RMB'000	2022 RMB'000
Revenue:		
Revenue from contracts with customers		
Sale of properties	14,047,330	11,908,012
Hotel operation income	828,777	600,233
Revenue from other sources		
Gross rental income	930,999	944,394
	15,807,106	13,452,639
Other income and gains, net:		
Interest income	277,198	515,938
Others	400,082	101,333
	677,280	617,271

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
Type of revenue recognition:			
Sale of properties	**14,047,330**	**–**	**14,047,330**
Provision of services	**–**	**828,777**	**828,777**
Total revenue from contracts with customers	**14,047,330**	**828,777**	**14,876,107**
Timing of revenue recognition:			
Recognised at a point in time	**13,506,445**	**–**	**13,506,445**
Recognised over time	**540,885**	**828,777**	**1,369,662**
Total revenue from contracts with customers	**14,047,330**	**828,777**	**14,876,107**

For the year ended 31 December 2022

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
Type of revenue recognition:			
Sale of properties	11,908,012	–	11,908,012
Provision of services	–	600,233	600,233
Total revenue from contracts with customers	11,908,012	600,233	12,508,245
Timing of revenue recognition:			
Recognised at a point in time	10,077,743	–	10,077,743
Recognised over time	1,830,269	600,233	2,430,502
Total revenue from contracts with customers	11,908,012	600,233	12,508,245

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**12,257,373**	8,153,475

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required; or over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Hotel operation services

The performance obligation is satisfied over time as services are rendered where payment is generally due upon completion of hotel operation services and customer acceptance.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 31 December 2022 are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**14,321,287**	21,355,166
More than one year	**1,167,570**	1,796,491
	15,488,857	23,151,657

The amounts of transaction prices allocated to the remaining performance obligations expected to be recognised in more than one year relate to sale of properties, of which the performance obligations are to be satisfied within 18 months. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	**2023 RMB'000**	2022 RMB'000
Cost of properties sold		**18,001,771**	15,092,298
Cost of services provided		**444,566**	456,126
Depreciation	13	**317,790**	352,954
Amortisation of land use rights	15	**78,335**	103,806
Less: Amount capitalised in assets under construction		**(45,221)**	(72,280)
	16(c)	**33,114**	31,526
Lease payments not included in the measurement of lease liabilities	16	**7,412**	4,921
Auditor's remuneration		**5,400**	6,500
Employee benefit expenses* (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**649,386**	952,149
Share-based compensation expenses		**457**	2,763
Pension scheme contributions (defined benefit plans)		**35,147**	55,029
		684,990	1,009,941
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development		**(143,682)**	(281,613)
		541,308	728,328
Foreign exchange gains, net		**(86,924)**	(335,562)
Gain on disposal of items of property, plant and equipment**		**(1,487)**	(201)
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)		**100,992**	123,654
Impairment losses recognised for properties under development and completed properties held for sale***		**2,537,864**	1,084,132

* Employee benefit expenses which had not been capitalised are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

** The item is included in "Other income and gains, net" and "Administrative expenses" in the consolidated statement of profit or loss.

*** The item is included in "Other operating expenses, net" in the consolidated statement of profit or loss.

7. Finance Costs

An analysis of the Group's finance costs is as follows:

	Note	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings		**5,485,777**	5,152,881
Interest on lease liabilities	16(c)	**38,058**	59,583
Less: Interest capitalised		**(2,671,002)**	(5,083,614)
		2,852,833	128,850

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	**5,852**	5,539
Other emoluments:		
Salaries, allowances and benefits in kind	**9,039**	9,217
Share-based compensation expenses	**35**	195
Pension scheme contributions	**281**	270
	9,355	9,682
	15,207	15,221

There was no director and chief executive being granted share options during the year (2022: Nil).

A director was granted awarded shares, in respect of his services to the Group, under the Share Award Scheme of the Company, further details of which are set out in note 31(b) to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. Directors' and Chief Executive's Remuneration *(continued)*

(a) Independent non-executive directors

	Fees RMB'000
2023	
Independent non-executive directors:	
Mr. Lee Ka Sze, Carmelo	**471**
Mr. Tam Chun Fai	**471**
Mr. Law Yiu Wing, Patrick	**471**
	1,413
2022	
Independent non-executive directors:	
Mr. Lee Ka Sze, Carmelo	465
Mr. Tam Chun Fai	465
Mr. Law Yiu Wing, Patrick (appointed on 21 July 2022)	207
Mr. Li Bin Hai (retired on 2 June 2022)	196
	1,333

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. Directors' and Chief Executive's Remuneration *(continued)*

(b) Executive directors and chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Share-based compensation expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2023					
Executive directors:					
Mr. Kong Jianmin	**1,359**	**2,800**	**-**	**70**	**4,229**
Mr. Kong Jiantao (note (i))	**1,359**	**2,800**	**-**	**70**	**4,229**
Mr. Kong Jiannan	**1,359**	**2,800**	**-**	**70**	**4,229**
Mr. Cai Fengjia	**362**	**639**	**35**	**71**	**1,107**
	4,439	**9,039**	**35**	**281**	**13,794**
2022					
Executive directors:					
Mr. Kong Jianmin	1,283	2,800	–	67	4,150
Mr. Kong Jiantao (note (i))	1,283	2,800	–	67	4,150
Mr. Kong Jiannan	1,283	3,013	–	67	4,363
Mr. Cai Fengjia	357	604	195	69	1,225
	4,206	9,217	195	270	13,888

Note:

(i) Mr. Kong Jiantao is also the chief executive officer of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. Five Highest Paid Employees

The five highest paid employees for the year ended 31 December 2023 included three (2022: three) directors and the chief executive, details of whose remuneration are set out in note 8.

Details of the remuneration for the year ended 31 December 2023 of the remaining two (2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	**7,055**	6,400
Share-based compensation expenses	**15**	80
Pension scheme contributions	**130**	110
	7,200	6,590

The number of non-director and non-chief executive highest paid employees whose emoluments fell within the following bands are as follows:

	Number of employees	
	2023	2022
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,000,001 to HKD3,500,000	**1**	–
HKD4,500,001 to HKD5,000,000	**1**	1
	2	2

During the year, awarded shares were granted to one non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

There were no non-director and non-chief executive highest paid employees being granted share options during the year (2022: Nil).

10. Income Tax (Expense)/Credit

	2023 RMB'000	2022 RMB'000
Current – PRC		
CIT	**(743,328)**	(539,868)
LAT	**253,287**	657,702
	(490,041)	117,834
Deferred	**(862,207)**	737,174
Total tax (charge)/credit for the year	**(1,352,248)**	855,008

A reconciliation of the tax (expense)/credit applicable to loss before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax (charge)/credit for the year is as follows:

	2023 RMB'000	2022 RMB'000
Loss before tax	**(17,627,048)**	(10,697,269)
Tax at the statutory tax rate of 25.0% (2022: 25.0%)	**4,406,762**	2,674,317
Income not subject to tax	**129,473**	154,049
Expenses not deductible for tax	**(775,277)**	(138,513)
Tax losses not recognised	**(3,952,882)**	(1,359,679)
Profits and losses attributable to associates	**(49,793)**	26,221
Profits and losses attributable to joint ventures	**(1,202,858)**	(993,282)
LAT	**253,287**	657,702
Effect of LAT	**(63,322)**	(164,426)
Others	**(97,638)**	(1,381)
Tax (charge)/credit for the year	**(1,352,248)**	855,008

10. Income Tax (Expense)/Credit *(continued)*

For the year ended 31 December 2023, the share of CIT expenses and LAT expenses attributable to the joint ventures amounting to approximately RMB383,819,000 (2022: CIT credits of approximately RMB509,277,000) and approximately RMB117,818,000 (2022: LAT credits of approximately RMB559,018,000), respectively, is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

For the year ended 31 December 2023, the share of CIT expenses and LAT expenses attributable to the associates amounting to approximately RMB76,826,000 (2022: approximately RMB34,967,000) and approximately RMB26,145,000 (2022: LAT credits of approximately RMB14,218,000), respectively, is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2023 and 2022.

PRC CIT

PRC CIT in respect of operations in Chinese Mainland has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2023 and 2022, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

11. Dividends

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2023 (2022: Nil).

12. Loss Per Share Attributable to Owners of the Company

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,418,744,164 (2022: 3,195,104,109) in issue during the year.

For the year ended 31 December 2023, the calculation of the diluted loss per share amount was based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic loss per share calculation of 3,418,744,164 (31 December 2022: 3,195,104,109).

Diluted loss per share amount for the year ended 31 December 2023 was the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the year (31 December 2022: 875,352).

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

	2023 **RMB'000**	2022 RMB'000
Loss		
Loss attributable to owners of the Company	**(18,732,972)**	(9,240,619)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**3,418,744,164**	3,195,104,109
Effect of dilution – awarded shares	**-**	875,352
Weighted average number of ordinary shares during the year used in diluted loss per share calculation	**3,418,744,164**	3,195,979,461

13. Property, Plant and Equipment

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Vehicles RMB'000	Assets under construction RMB'000	Right-of-use assets Buildings RMB'000	Right-of-use assets Vehicle RMB'000	Total RMB'000
31 December 2023									
At 1 January 2023									
Cost	5,367,398	251,085	3,188	701,930	134,555	4,456,776	466,215	481,967	11,863,114
Accumulated depreciation	(1,058,148)	(155,067)	(3,173)	(458,681)	(119,653)	-	(217,242)	(129,731)	(2,141,695)
Net carrying amount	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419
At 1 January 2023, net of accumulated depreciation	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419
Additions	249,794	19,546	-	31,622	1,630	623,143	-	-	925,735
Transfer	143,564	-	-	-	-	(143,564)	-	-	-
Disposals	-	(56)	-	(240)	(62)	-	(108,403)	-	(108,761)
Depreciation provided during the year (note 6)	(179,406)	(30,540)	-	(57,009)	(177)	-	(20,133)	(30,525)	(317,790)
Disposal of subsidiary	-	-	-	-	-	(787,900)	-	-	(787,900)
At 31 December 2023, net of accumulated depreciation	4,523,202	84,968	15	217,622	16,293	4,148,455	120,437	321,711	9,432,703
At 31 December 2023									
Cost	5,760,756	270,563	3,188	732,172	132,554	4,148,455	357,453	481,967	11,887,108
Accumulated depreciation	(1,237,554)	(185,595)	(3,173)	(514,550)	(116,261)	-	(237,016)	(160,256)	(2,454,405)
Net carrying amount	4,523,202	84,968	15	217,622	16,293	4,148,455	120,437	321,711	9,432,703

13. Property, Plant and Equipment *(continued)*

							Right-of-use assets		
	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Vehicles RMB'000	Assets under construction RMB'000	Buildings RMB'000	Vehicle RMB'000	Total RMB'000
31 December 2022									
At 1 January 2022									
Cost	5,173,156	220,017	3,188	680,937	137,679	3,646,616	621,735	481,967	10,965,295
Accumulated depreciation	(890,270)	(115,913)	(3,173)	(397,351)	(113,472)	–	(172,588)	(99,206)	(1,791,973)
Net carrying amount	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322
At 1 January 2022, net of accumulated depreciation	4,282,886	104,104	15	283,586	24,207	3,646,616	449,147	382,761	9,173,322
Additions	194,242	31,339	–	20,922	116	810,160	–	–	1,056,779
Disposals	–	(240)	–	(253)	(66)	–	(155,520)	–	(156,079)
Acquisition of subsidiaries	–	–	–	345	6	–	–	–	351
Depreciation provided during the year	(167,878)	(39,185)	–	(61,351)	(9,361)	–	(44,654)	(30,525)	(352,954)
At 31 December 2022, net of accumulated depreciation	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419
At 31 December 2022									
Cost	5,367,398	251,085	3,188	701,930	134,555	4,456,776	466,215	481,967	11,863,114
Accumulated depreciation	(1,058,148)	(155,067)	(3,173)	(458,681)	(119,653)	–	(217,242)	(129,731)	(2,141,695)
Net carrying amount	4,309,250	96,018	15	243,249	14,902	4,456,776	248,973	352,236	9,721,419

At 31 December 2023, the Group's certain property, plant and equipment with an aggregate net carrying amount of approximately RMB7,597,062,000 (2022: approximately RMB5,440,346,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

14. Investment Properties

	2023				2022			
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January	**22,874,674**	**5,110,000**	**634,000**	**28,618,674**	23,978,978	5,069,999	905,500	29,954,477
Transfers to completed properties held for sale (note 20)	**(1,327,747)**	**-**	**-**	**(1,327,747)**	–	–	–	–
Additions	**-**	**722,955**	**-**	**722,955**	–	648,225	–	648,225
Transfers	**820,399**	**(820,399)**	**-**	**-**	266,280	(266,280)	–	–
Termination of leases	**-**	**-**	**-**	**-**	–	–	(210,100)	(210,100)
Disposals	**(847,361)**	**-**	**-**	**(847,361)**	(709,906)	–	–	(709,906)
Net loss from a fair value adjustment	**(1,135,525)**	**(1,117,556)**	**(263,000)**	**(2,516,081)**	(660,678)	(341,944)	(61,400)	(1,064,022)
Carrying amount at 31 December	**20,384,440**	**3,895,000**	**371,000**	**24,650,440**	22,874,674	5,110,000	634,000	28,618,674

The Group's investment properties consist of commercial properties and right-of-use assets in Chinese Mainland. The directors of the Company have determined that the investment properties consist of two classes of assets, commercial properties and right-of-use assets, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2023 based on valuations performed by Savills Valuation and Professional Services Limited and Cushman & Wakefield Limited, independent professionally qualified valuers, at approximately RMB24,650,440,000 (2022: approximately RMB28,618,674,000). Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Group has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

Certain of the Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2023, certain items of the Group's investment properties with an aggregate carrying amount of approximately RMB23,330,540,000 (2022: approximately RMB24,658,905,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2023, the Group has not yet obtained the real estate ownership certificates of investment properties with a net carrying amount of approximately RMB5,138,352,000 (2022: approximately RMB6,173,057,000) from the relevant government authorities.

Further particulars of the Group's major investment properties are included on page 183 of the annual report.

14. Investment Properties *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	24,279,440	24,279,440
Right-of-use assets	–	–	371,000	371,000
	–	–	24,650,440	24,650,440

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	27,984,674	27,984,674
Right-of-use assets	–	–	634,000	634,000
	–	–	28,618,674	28,618,674

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2023	2022
Commercial properties	Investment approach and direct comparison approach	Market rent (per sq.m. per month)	RMB16 to RMB985	RMB20 to RMB980
		Capitalisation rates	3.00% to 5.50%	3.00% to 5.50%
Right-of-use assets	Investment approach	Capitalisation rates	3.75% to 4.75%	2.75% to 4.75%

14. Investment Properties *(continued)*

Fair value hierarchy *(continued)*

All the properties are valued by the investment approach taking into account the rental income derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the value at appropriate rates.

The commercial properties are also valued by the direct comparison approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise by referring to comparable sales transactions as available in the relevant markets. Comparison is based on prices realised on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. The two approaches are reconciled, if applicable.

A significant increase (decrease) in the capitalisation rates in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

15. Land Use Rights

	Note	**2023 RMB'000**	2022 RMB'000
Carrying amount at 1 January		**3,762,850**	4,054,109
Additions		**61,735**	–
Transfer to properties under development		**–**	(187,453)
Amortisation recognised during the year	6	**(78,335)**	(103,806)
Disposal of subsidiary		**(148,686)**	–
Carrying amount at 31 December		**3,597,564**	3,762,850
Non-current portion		**3,597,564**	3,762,850

At 31 December 2023, certain items of the Group's land use rights with an aggregate net carrying amount of approximately RMB1,987,304,000 (2022: approximately RMB1,388,038,000) were pledged to banks to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2023, the Group has not yet obtained the land use right certificates of certain lands with an aggregate net carrying amount of approximately RMB1,073,035,000 (2022: approximately RMB1,073,035,000) from the relevant government authorities.

16. Leases

The Group as a lessee

The Group has lease contracts for various items of lands, buildings and vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 20 years, while vehicles generally have lease terms of 15 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are included in notes 13, 14 and 15.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	**895,741**	1,437,098
Termination of leases	**(201,650)**	(403,142)
Accretion of interest recognised during the year	**38,058**	59,583
Payments	**(161,852)**	(197,798)
Carrying amount at 31 December	**570,297**	895,741
Analysed into:		
Current portion	**51,491**	144,326
Non-current portion	**518,806**	751,415

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	7	**38,058**	59,583
Depreciation charge of right-of-use assets	13	**50,658**	75,179
Amortization of land use right (not capitalised)	6	**33,114**	31,526
Expense relating to low-value assets and short-term leases (included in cost of sales and administrative expenses)	6	**7,412**	4,921
Decrease in fair value	14	**263,000**	61,400

16. Leases *(continued)*

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties in Chinese Mainland under operating lease arrangements, with leases negotiated for terms ranging from 1 to 16 years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was approximately RMB930,999,000 (2022: RMB944,394,000), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**421,117**	397,411
After one year but within two years	**331,481**	308,773
After two years but within three years	**211,930**	223,823
After three years but within four years	**120,628**	126,168
After four years but within five years	**61,603**	60,996
After five years	**157,119**	212,678
	1,303,878	1,329,849

17. Interests in Associates

	2023 RMB'000	2022 RMB'000
Share of net assets	**7,533,885**	8,854,263
Advances to associates	**683,480**	917,750
	8,217,365	9,772,013

As at 31 December 2023 and 2022, the advances to associates as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the associates.

As at 31 December 2023, the amounts due to associates included in the Group's current liabilities of approximately RMB2,483,159,000 (2022: approximately RMB3,328,395,000) were unsecured, interest-free and repayable on demand.

17. Interests in Associates *(continued)*

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' (loss)/profit for the year	**(199,171)**	104,882
Share of the associates' total comprehensive (loss)/income	**(199,171)**	104,882
Aggregate carrying amount of the Group's investments in the associates	**8,217,365**	9,772,013

18. Interests in Joint Ventures

	2023 RMB'000	2022 RMB'000
Share of net assets	**10,389,352**	16,077,502
Advances to joint ventures	**21,916,756**	19,640,192
	32,306,108	35,717,694

As at 31 December 2023, except for an aggregate amount of approximately RMB1,483,872,000 (2022: approximately RMB1,406,959,000), which bore interest at 6.0% to 16.0% (2022: 6.0% to 16.0%) per annum, the advances to joint ventures as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the joint ventures.

As at 31 December 2023, an amount due from a joint venture included in the Group's current assets of approximately RMB21,532,000 (2022: approximately RMB22,532,000) was unsecured, interest-free and repayable on demand.

As at 31 December 2023, the amounts due to joint ventures included in the Group's current liabilities of approximately RMB8,028,741,000 (2022: approximately RMB9,996,546,000) were unsecured, interest-free and repayable on demand.

18. Interests in Joint Ventures *(continued)*

Particulars of the Group's material joint ventures as at the end of the reporting period are as follows:

2023

Name	Particular of registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Foshan Xinfeng Real Estate Development Limited ("Foshan Xinfeng")#	US$194,000,000	PRC/Chinese Mainland	50	50	50	Property development
Foshan Xinhao Real Estate Development Limited ("Foshan Xinhao")#	US$98,000,000	PRC/Chinese Mainland	50	50	50	Property development
Unicorn Bay Limited ("Unicorn Bay")	US$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Shanghai Chengtou Yuecheng Real Estate Co., Ltd ("Shanghai Chengtou")#	RMB855,000,000	PRC/Chinese Mainland	50	50	50	Property development

2022

Name	Particular of registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Foshan Xinfeng Real Estate Development Limited	US$194,000,000	PRC/Chinese Mainland	50	50	50	Property development
Foshan Xinhao Real Estate Development Limited	US$98,000,000	PRC/Chinese Mainland	50	50	50	Property development
Unicorn Bay Limited	US$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Shanghai Chengtou Yuecheng Real Estate Co., Ltd	RMB855,000,000	PRC/Chinese Mainland	50	50	50	Property development

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those entities, as no English names have been registered.

The above investments are indirectly held through wholly-owned subsidiaries of the Company.

As at 31 December 2023, Foshan Xinfeng, Foshan Xinhao, Unicorn Bay and Shanghai Chengtou, which are considered the material joint ventures of the Group, engaged in the property development business in Chinese Mainland and Hong Kong and have been accounted for using the equity method.

18. Interests in Joint Ventures *(continued)*

The following table illustrates the summarised financial information in respect of the Group's material joint ventures adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2023			
	Foshan Xinfeng	**Foshan Xinhao**	**Unicorn Bay**	**Shanghai Chengtou**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current assets	**4,234,432**	**2,799,943**	**23,013,844**	**4,239,224**
Non-current assets	**241,513**	**194,202**	**–**	**80,643**
Total assets	**4,475,945**	**2,994,145**	**23,013,844**	**4,319,867**
Current liabilities	**(1,817,317)**	**(2,302,414)**	**(553,077)**	**(304,148)**
Non-current liabilities	**–**	**–**	**(7,863,178)**	**(783,826)**
Total liabilities	**(1,817,317)**	**(2,302,414)**	**(8,416,255)**	**(1,087,974)**
Revenue	**1,800,697**	**816,344**	**486,733**	**174,529**
Profit/(loss) for the year	**561,318**	**181,665**	**(1,047,325)**	**135,425**
Other comprehensive income/(loss)	**–**	**–**	**(3,693)**	**1,334**
Total comprehensive income/(loss) for the year	**561,318**	**181,665**	**(1,051,018)**	**136,759**

	2022			
	Foshan Xinfeng	Foshan Xinhao	Unicorn Bay	Shanghai Chengtou
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	5,131,907	2,462,187	23,486,195	4,157,580
Non-current assets	163,088	149,769	–	125,976
Total assets	5,294,995	2,611,956	23,486,195	4,283,556
Current liabilities	(3,197,684)	(1,824,890)	(914,161)	(382,596)
Non-current liabilities	–	–	(8,230,590)	(805,826)
Total liabilities	(3,197,684)	(1,824,890)	(9,144,751)	(1,188,422)
Revenue	586,074	512,207	–	1,406,487
Profit/(loss) for the year	190,515	58,040	(170,981)	(142,375)
Other comprehensive income/(loss)	–	–	(7,097)	7,794
Total comprehensive income/(loss) for the year	190,515	58,040	(178,078)	(134,581)

18. Interests in Joint Ventures *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' loss for the year	**(4,726,972)**	(3,940,725)
Share of the joint ventures' other comprehensive loss	**(48,463)**	(899,341)
Share of the joint ventures' total comprehensive loss	**(4,775,435)**	(4,840,066)
Aggregate carrying amount of the Group's investments in the joint ventures	**21,716,186**	25,557,216

Fair value losses in respect of properties owned by the Group's joint ventures are included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

19. Properties under Development

	2023 RMB'000	2022 RMB'000
Properties under development expected to be recovered:		
Within one year	**27,959,286**	41,436,411
More than one year	**21,846,110**	21,171,247
	49,805,396	62,607,658

The Group's properties under development were mainly located in Chinese Mainland and are stated at cost.

As at 31 December 2023, certain items of the Group's properties under development with an aggregate carrying amount of approximately RMB34,826,299,000 (2022: approximately RMB33,644,411,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Included in the Group's properties under development as at 31 December 2023 were land costs with an aggregate net carrying amount of approximately RMB3,501,354,000 (2022: approximately RMB3,501,354,000) for which the Group has not yet obtained land use right certificates from the relevant government authorities. The Group has not fully settled the purchase consideration in accordance with the terms of certain relevant land use right grant contracts. The directors of the Company consider that the relevant land use right certificates will be obtained upon the full payment of the purchase considerations.

Further particulars of the Group's major properties under development are set out on page 183 of the annual report.

20. Completed Properties Held for Sale

The Group's completed properties held for sale are located in Chinese Mainland. All completed properties held for sale are stated at the lower of cost and net realisable value.

During the year ended 31 December 2023, the Group's investment properties with an aggregate carrying amount of approximately RMB1,327,747,000 (2022: nil) were transferred to completed properties held for sale (note 14).

As at 31 December 2023, certain items of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB17,217,573,000 (2022: approximately RMB3,724,840,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Further particulars of the Group's major completed properties held for sale are set out on page 183 of the annual report.

21. Trade Receivables

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
Within 3 months	**189,666**	260,735
7 to 12 months	**75,281**	2,667
Over 1 year	**66,700**	227,980
	331,647	491,382

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For the sale of properties, rentals under operating leases and hotel operation businesses of the Group, management has assessed that the expected credit loss rate for trade receivables was minimal as at 31 December 2023 and 31 December 2022. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

22. Prepayments, Other Receivables and Other Assets

	2023 RMB'000	2022 RMB'000
Prepayments	**1,893,415**	2,288,395
Contract costs	**2,049,683**	1,926,044
Prepaid other taxes	**2,443,406**	2,911,791
Deposits and other receivables	**9,063,493**	11,142,829
	15,449,997	18,269,059

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. Tax Recoverables/Tax Payables

(a) Tax recoverables

	2023 RMB'000	2022 RMB'000
Prepaid CIT	**264,832**	394,142
Prepaid LAT	**910,590**	934,118
	1,175,422	1,328,260

(b) Tax payables

	2023 RMB'000	2022 RMB'000
CIT payable	**7,344,436**	6,814,323
LAT payable	**6,398,671**	6,695,427
	13,743,107	13,509,750

24. Cash and Bank Balances

	Notes	2023 RMB'000	2022 RMB'000
Cash and bank balances		**1,624,178**	6,783,923
Time deposits		**95,217**	3,553,967
		1,719,395	10,337,890
Less: Restricted cash	(a)	**(938,037)**	(6,981,786)
Cash and cash equivalents		**781,358**	3,356,104
Denominated in RMB	(b)	**1,712,819**	10,235,186
Denominated in other currencies		**6,576**	102,704
		1,719,395	10,337,890

Notes:

(a) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the relevant properties.

(b) The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

25. Trade and Bills Payables

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

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**11,732,746**	6,343,606
Over 1 year	**7,669,774**	9,197,137
	19,402,520	15,540,743

The trade and bills payables are non-interest-bearing and are normally settled on demand.

26. Other Payables and Accruals

	2023 **RMB'000**	2022 RMB'000
Contract liabilities	**14,422,123**	21,593,551
Other payables and accruals	**14,451,764**	15,956,871
Other tax payables	**1,005,657**	936,176
Deferred income	**–**	12,639
	29,879,544	38,499,237

Other payables are non-interest-bearing and are normally settled on demand.

27. Interest-bearing Bank and Other Borrowings

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans						
– secured	3.65-12.11	2024	5,307,342	3.50–8.70	2023	5,722,562
– unsecured	5.20-5.98	2024	324,373	3.90–9.25	2023	1,055,963
– denominated in HK$, secured	HIBOR+4.10	on demand	1,811,711	–	–	–
– denominated in US$, secured	LIBOR+2.75-8.75	on demand	1,289,317	LIBOR+2.75–8.75	2023	425,478
Current portion of long-term bank loans						
– secured	4.0-11.00	2024	4,463,594	3.40–8.90	2023	5,950,512
– unsecured	4.75-6.65	2024	109,885	4.60–7.50	2023	1,100,244
– denominated in HK$, secured	-	-	-	HIBOR+4.10	2023	1,779,353
– denominated in US$, secured	-	-	-	LIBOR+4.10	2023	851,972
Senior notes						
– denominated in US$, secured (note (a))	5.88-7.88	on demand	27,749,918	6.04–8.19	2023	3,237,875
Domestic corporate bonds – secured (note (b))	6.25-7.03	2024	30,920	–	–	–
Domestic corporate bonds – unsecured (note (b))	-	-	-	5.82–6.75	2023	2,121,056
			41,087,060			22,245,015
Non-current						
Bank loans						
– secured	3.40-11.00	2025-2045	28,513,887	3.40–10.00	2024–2045	28,028,216
– unsecured	4.75-6.65	2025-2035	330,134	4.60–7.50	2024–2028	1,142,976
Senior notes						
– denominated in US$, secured (note (a))	-	-	-	5.99–8.19	2024–2027	23,974,385
Domestic corporate bonds – secured (note (b))	4.86-7.03	2026-2028	3,404,891	–	–	–
			32,248,912			53,145,577
			73,335,972			75,390,592

27. Interest-bearing Bank and Other Borrowings *(continued)*

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans repayable:		
On demand	**3,101,028**	–
Within one year	**10,205,194**	16,886,084
In the second year	**7,467,976**	8,050,962
In the third to fifth years, inclusive	**11,114,871**	11,238,720
Beyond five years	**10,261,174**	9,881,510
	42,150,243	46,057,276
Senior notes repayable:		
On demand	**27,749,918**	–
Within one year	**–**	3,237,875
In the second year	**–**	14,461,157
In the third to fifth years, inclusive	**–**	9,513,228
	27,749,918	27,212,260
Domestic corporate bonds repayable:		
Within one year	**30,920**	2,121,056
In the second year	**236,085**	–
In the third to fifth years, inclusive	**3,168,806**	–
	3,435,811	2,121,056
	73,335,972	75,390,592

Certain items of the Group's borrowings are secured by the Group's assets, details of which are disclosed in note 38. Besides, bank loans with an aggregate amount of RMB2,788,500,000 were also partially secured by the revenue generated and to be generated of a related company in relation to certain business.

Except for the above-mentioned borrowings denominated in HK$ and US$, all borrowings were denominated in RMB as at the end of the reporting period.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes:

(a)(i) On 11 January 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,733,113,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 11 January 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 11 January and 11 July of each year, commencing on 11 July 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 29 December 2016, 30 December 2016 and 11 January 2017. On 11 January 2022, the Company repaid these senior notes.

(a)(ii) On 15 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,772,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 9 March 2017, 10 March 2017 and 16 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 29 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$100,000,000 (equivalent to approximately RMB672,638,000) (to be consolidated and form a single series with the US$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017 and 29 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 21 September 2017, the Company issued 5.20% senior notes with an aggregate principal amount of US$250,000,000 (equivalent to approximately RMB1,646,675,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 21 September 2022. The senior notes carry interest at a rate of 5.20% per annum, which is payable semi-annually in arrears on 21 March and 21 September of each year, commencing on 21 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 18 September 2017, 19 September 2017 and 22 September 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 21 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 7 December 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US$150,000,000 (equivalent to approximately RMB992,925,000) (to be consolidated and form a single series with the US$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017, and the US$100,000,000 6.00% senior notes due 2022 issued on 29 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017, 29 March 2017, 1 December 2017 and 7 December 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(a)(iii) On 1 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,495,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 21 February 2019, 22 February 2019 and 1 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

On 22 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US$350,000,000 (equivalent to approximately RMB2,343,040,000) (to be consolidated and form a single series with the US$350,000,000 7.875% senior notes due 2023 issued on 1 March 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 20 March 2019 and 22 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

The outstanding principal of US$63,531,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 31 December 2023. For further details, please refer to the related announcement of the Company dated 31 August 2023.

(a)(iv) On 10 November 2017, the Company issued 5.875% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,651,280,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 May 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 7 November 2017, 8 November 2017 and 10 November 2017.

On 3 July 2019, the Company issued 5.875% senior notes with an aggregate principal amount of US$225,000,000 (equivalent to approximately RMB1,544,400,000) (to be consolidated and form a single series with the US$400,000,000 5.875% senior notes due 2024 issued on 10 November 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 November 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 25 June 2019 and 3 July 2019.

On 29 July 2019, the Company issued 7.40% senior notes with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,064,630,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 22 July 2019, 23 July 2019 and 29 July 2019.

On 13 January 2020, the Company issued 7.40% senior notes with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB2,077,890,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 January 2027. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 13 January and 13 July of each year commencing on 13 July 2020. For further details on the senior notes, please refer to the related announcements of the Company dated 7 January 2020 and 13 January 2020.

On 10 August 2020, the Company issued 5.95% senior notes with an aggregate principal amount of US$200,000,000 (equivalent to approximately RMB1,392,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 4 August 2020 and 10 August 2020.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(a)(iv) *(continued)*

On 13 November 2020, the Company issued 6.30% senior notes with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,651,400,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 February 2026. The senior notes carry interest at a rate of 6.3% per annum, which is payable semi-annually in arrears on 13 February and 13 August of each year commencing on 13 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 8 November 2020, 13 November 2020 and 16 November 2020.

On 14 May 2021, the Company issued 6.00% green senior notes with an aggregate principal amount of US$378,000,000 (equivalent to approximately RMB2,439,045,000). The green senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 August 2026. The green senior notes carry interest at a rate of 6% per annum, which is payable semi-annually in arrears on 14 February and 14 August of each year commencing on 14 August 2021. For further details on the green senior notes, please refer to the related announcements of the Company dated 11 May 2021, 14 May 2021 and 17 May 2021.

On 10 September 2021, the Company issued 5.95% senior notes with an aggregate principal amount of US$100,000,000 (equivalent to approximately RMB645,660,000) (to be consolidated and form a single series with the US$200,000,000 5.95% senior notes due 2025 issued on 10 August 2020). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 7 September 2021, 10 September 2021 and 13 September 2021.

On 17 September 2021, the Company issued 7.40% senior notes with an aggregate principal amount of US$158,000,000 (equivalent to approximately RMB1,019,527,000) (to be consolidated and form a single series with the US$300,000,000 7.4% senior notes due 2024 issued on 29 July 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 March 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 17 September 2021 and 20 September 2021.

(a)(v) On 2 September 2022, the Company offered to exchange for at least US$810,000,000, or 90%, of the aggregate outstanding principal amount of the senior notes due 15 September 2022 and the senior notes due 21 September 2022. For holders accepting the exchange offer, 5% of the principal would be repaid upfront, and a new senior notes carry interest at a rate of 6.00% per annum with final maturity date of 14 January 2024 would be issued to exchange for the remaining outstanding principal. The Company has received US$836,764,000 valid tenders to accept the exchange offer. Accordingly, on 14 September 2022, holders accepting the exchange offer have received US$41,838,200 upfront principal repayment and new 6.00% senior notes with principal amount of US$794,925,800. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 January 2024. Interest on the senior notes is payable semi-annually in arrears on 14 January and 14 July of each year, commencing on 14 January 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 15 September 2022 and 19 September 2022.

For the remaining outstanding principal of US$63,236,000, the Company has repaid these senior notes on their respective maturity dates, with US$43,963,000 being repaid on 15 September 2022 and US$19,273,000 being repaid on 21 September 2022.

For the new 6.00% senior notes with principal amount of US$794,925,800, the Company has not made a redemption payment of US$119,238,870 for such part of the principal due on 14 May 2023, and the interest thereon. Under the terms of this senior note, failure to pay such part of the principal on the mandatory redemption date has constituted an event of default. For further details, please refer to the related announcement of the Company dated 14 May 2023. These amounts remained outstanding as at 31 December 2023.

(a)(vi) On 2 September 2022, the Company offered to exchange for at least US$560,000,000, or 80%, of the aggregate outstanding principal amount of the senior notes due 1 September 2023. For holders accepting the exchange offer, a new senior notes carry interest at a rate of 7.875% per annum with final maturity date of 30 August 2024 would be issued to exchange for the outstanding principal. The Company has received US$636,469,000 valid tenders to accept the exchange offer. Accordingly, on 30 September 2022, new 7.875% senior notes have been issued to the holders accepting the exchange offer. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 30 August 2024. Interest on the senior notes is payable semi-annually in arrears on 28 February and 30 August of each year, commencing on 28 February 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 30 September 2022 and 5 October 2022.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(b)(i) On 17 December 2015, Guangzhou Hejing, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,300,000,000. The domestic corporate bonds consist of two types. The first type has a term of six years and bears a coupon rate at 4.94% per annum which was adjusted to 7.00% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 1 Bonds"). The second type has a term of seven years and bears a coupon rate at 6.15% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 2 Bonds").

The aggregate principal amount for the Type 1 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for the Type 2 Bonds issued was RMB800,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 15 December 2015 and 16 December 2015.

On 17 December 2021, Guangzhou Hejing repaid the Type 1 Bonds.

On 17 December 2022, Guangzhou Hejing repaid the Type 2 Bonds.

(b)(ii) On 28 March 2016, Guangzhou Tianjian, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

The domestic corporate bonds consist of two type. The first type has a term of six years and bears a coupon rate at 3.90% per annum which was adjusted to 7.0% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 3 Bonds"). The second type has a term of ten years and bears a coupon rate at 4.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 4 Bonds"), and the coupon rate was adjusted to 6.60% per annum during the year ended 31 December 2021.

The aggregate principal amount for the Type 3 Bonds issued was RMB600,000,000 and the aggregate principal amount for the Type 4 Bonds issued was RMB1,600,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 24 March 2016 and 28 March 2016.

On 28 March 2022, Guangzhou Tianjian repaid the Type 3 Bonds.

On 28 March 2023, Guangzhou Tianjian redeemed part of the Type 4 Bonds with the principal amount of RMB480,532,000.

During the bond holders meeting held from 25 October to 6 November, 2023, resolutions were made and the group was granted with a grace period that extended the final repayment date to 16 April 2028 for the Type 4 corporate bond, of which the principal amounts to RMB1,119,468,000 and will originally mature at 28 March 2026 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 August 2024 and 16 November 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments months after the extension.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(b)(iii) On 30 September 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB8,000,000,000.

The domestic corporate bonds consist of three types. The first type has a term of seven years and bears a coupon rate at 5.6% per annum which was adjusted to 7.10% per annum with the issuer's option to adjust the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 7 Bonds"). The second type has a term of seven years and bears a coupon rate at 5.7% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 8 Bonds"), and the coupon rate was adjusted to 6.50% per annum during the year ended 31 December 2021. The third type has a term of seven years and bears a coupon rate at 5.8% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 9 Bonds").

The aggregate principal amount for the Type 7 Bonds issued was RMB2,500,000,000; the aggregate principal amount for Type 8 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for Type 9 Bonds issued was RMB3,000,000,000.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 30 September 2016.

On 14 October 2020, the Company redeemed part of the Type 7 Bonds with the principal amount of RMB830,000,000.

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the group was granted with a grace period that extended the final repayment date to 16 October 2027 for the Type 7 corporate bond, of which the principal amounts to RMB1,670,000,000 and will originally mature at 14 October 2023 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

On 14 October 2021, the Company redeemed the Type 9 Bonds.

On 14 April 2022, the Company redeemed part of the Type 8 Bonds with the principal amount of RMB555,000,000.

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the group was granted with a grace period that extended the final repayment date to 16 October 2027 for the Type 8 corporate bond, of which the principal amounts to RMB1,945,000,000 and will originally mature at 14 October 2023 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

(b)(iv) On 17 March 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.75% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 18 March 2022, Guangzhou Hejing repurchased part of the Bonds with the principal amount of RMB960,000,000.

On 18 March 2023, Guangzhou Hejing repaid the Bonds.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(continued)*

(b)(v) On 24 August 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,800,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.60% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 25 August 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB1,796,761,000.

On 25 August 2023, Guangzhou Hejing repaid the Bonds.

(b)(vi) On 12 October 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.00% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 12 October 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB485,000,000.

(b)(vii) On 10 November 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.19% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 2 November 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB320,000,000.

(b)(viii) On 2 August 2021, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 6.20% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the group was granted with a grace period that extended the final repayment date to 16 October 2027 for the corporate bond, of which the principal amounts to RMB2,000,000,000 and will originally mature at 2 August 2024 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

(b)(ix) On 30 January 2023, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

(c) The Group has established a contemplated strategy to repurchase and sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. During the year ended 31 December 2023, the Group redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB480,532,000 and RMB771,150,000, respectively.

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	113,866	573,332	2,430,410	274,658	132,925	212,345	27,355	3,764,891
Deferred tax credited to the statement of profit or loss during the year	(8,757)	(68,363)	(472,231)	-	(84,273)	(97,118)	(3,917)	(734,659)
Disposal of subsidiaries	-	-	12,654	-	(1,675)	102	(16)	11,065
Gross deferred tax liabilities at 31 December 2023	105,109	504,969	1,970,833	274,658	46,977	115,329	23,422	3,041,297

Deferred tax assets

	Depreciation allowance in excess of related depreciation RMB'000	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Government grant RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	3,700	2,729,473	907,498	489,449	3,160	214,071	425,914	7,622	4,780,887
Deferred tax credited/(charged) to the statement of profit or loss during the year	(3,160)	(982,569)	(400,735)	136,739	(3,160)	(69,839)	(276,525)	2,383	(1,596,866)
Disposal of subsidiaries	-	(1,236)	(23,079)	(12,830)	-	(1,658)	(19,780)	-	(58,583)
Gross deferred tax assets at 31 December 2023	540	1,745,668	483,684	613,358	-	142,574	129,609	10,005	3,125,438
Net deferred tax assets at 31 December 2023									84,141

28. Deferred Tax *(continued)*

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	105,666	528,577	2,769,965	274,658	248,340	329,143	26,677	4,283,026
Deferred tax charged/(credited) to the statement of profit or loss during the year	8,200	(150,559)	(339,555)	–	(115,415)	(116,798)	678	(713,449)
Acquisition of subsidiaries	–	195,314	–	–	–	–	–	195,314
Gross deferred tax liabilities at 31 December 2022	113,866	573,332	2,430,410	274,658	132,925	212,345	27,355	3,764,891

Deferred tax assets

	Depreciation allowance in excess of related depreciation RMB'000	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Government grant RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	3,458	2,752,170	884,327	471,735	3,160	330,485	151,360	7,619	4,604,314
Deferred tax credited/(charged) to the statement of profit or loss during the year	242	(164,426)	16,004	17,283	–	(116,414)	271,033	3	23,725
Acquisition of subsidiaries	–	141,729	7,175	431	–	–	3,521	–	152,856
Cancellation of subsidiaries	–	–	(8)	–	–	–	–	–	(8)
Gross deferred tax assets at 31 December 2022	3,700	2,729,473	907,498	489,449	3,160	214,071	425,914	7,622	4,780,887
Net deferred tax assets at 31 December 2022									1,015,996

28. Deferred Tax *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**2,033,463**	3,537,738
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,949,322)**	(2,521,742)
Net deferred tax assets	**84,141**	1,015,996

The Group has unutilised tax losses arising in Chinese Mainland of approximately RMB11,601,581,000 (2022: approximately RMB10,953,706,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses amounting to approximately RMB9,666,845,000 (2022: approximately RMB7,323,713,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group. As at 31 December 2023, unremitted earnings that are subject to withholding taxes of the Company's subsidiaries, joint ventures and associates established in Chinese Mainland of approximately RMB24,724,190,000 (2022: approximately RMB25,001,403,000) have not been recognised for withholding taxes.

Taking into account the Group's dividend policy and the working capital demand for business operation in Chinese Mainland, the directors of the Company are of the opinion that it is the best interest of the Company to distribute its final dividend in the foreseeable future out of the share premium account of the Company, which is permissible by the Companies Law of the Cayman Islands and is also permissible by the Company's articles of association upon the approval of the Company's shareholders at the annual general meeting.

28. Deferred Tax *(continued)*

During the year ended 31 December 2023, no provision was recognised on deferred tax related to the unremitted earnings of the Group's subsidiaries established in Chinese Mainland that are subject to withholding taxes (2022: nil).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Deferred Revenue

The Group entered into an agreement with a vendor (the "Vendor") on 7 July 2011, pursuant to which the Group should pay a cash consideration of RMB43,400,000, and transfer certain apartments and car parking spaces (collectively, the "Transfer Properties") of RMB11,000,000 to the Vendor, in exchange for the 10% equity interest in Shanghai Deyu. The exchange of the Transfer Properties is accounted for as a transaction which generates revenue. During the year ended 31 December 2014, the Group entered into a supplemental agreement with the Vendor, pursuant to which the Group paid a cash consideration of RMB8,958,000 to the Vendor in place of transferring partial apartments and car parking spaces to the Vendor. As at 31 December 2023, the remaining apartments and car parking spaces had not been transferred to the Vendor. Accordingly, the above revenue is deferred and will be recognised upon the delivery of the remaining parts of the Transfer Properties.

30. Share Capital

Shares

	2023		2022	
	No. of shares	**RMB'000**	No. of shares	RMB'000
Authorised:				
Ordinary shares of HK$0.10 each	**8,000,000,000**	**786,113**	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK$0.10 each	**3,418,883,945**	**325,768**	3,418,506,445	325,735

30. Share Capital *(continued)*

Shares *(continued)*

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2022	3,183,007,713	304,680	(3,038)	44,410	346,052
Issue of treasury shares	1,093,232	89	(89)	–	–
Vested awarded shares transferred to employees	–	–	88	9,275	9,363
Cancellation of shares	(594,500)	(48)	3,031	(2,983)	–
Issue of new shares	235,000,000	21,014	–	396,556	417,570
At 31 December 2022 and 1 January 2023	3,418,506,445	325,735	(8)	447,258	772,985
Issue of treasury shares (note (a))	**377,500**	**33**	**(33)**	**-**	**-**
Vested awarded shares transferred to employees	**-**	**-**	**41**	**4,872**	**4,913**
At 31 December 2023	**3,418,883,945**	**325,768**	**-**	**452,130**	**777,898**

Notes:

(a) During the year ended 31 December 2023, 377,500 new shares of HK$0.10 each were issued to the trustee for the purpose of the Share Award Scheme as further disclosed in note 31 to the financial statements. These shares issued are held by the trustee and were recorded in treasury shares upon the issue of new shares. All treasury shares issued has been vested and transferred to participants of the Share Award Scheme during the year ended 31 December 2023, and there are no outstanding treasury shares as at 31 December 2023.

31. Employee Share Schemes

(a) Share option scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participants") who will contribute and has contributed to the success of the Group's operations. Eligible participants of the Share Option Scheme include any directors, full-time or part-time employees, executives or officers, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries. Upon becoming effective, the Share Option Scheme will remain in force for 10 years from that date.

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 10% of the total number of issued shares as at the date of the adoption of the Share Option Scheme. The aggregate number of shares which may be issued upon the exercise of all options that may be granted under the Share Option Scheme has not exceeded 30% of the shares in issue as at the latest practicable date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the issue of a circular by the Company and the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5,000,000 or such other sum as may be from time to time provided under the Listing Rules, within any 12-month period, are subject to the issue of a circular by the Company and the shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors of the Company in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the Stock Exchange average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 December 2023, no share options were outstanding under the Scheme.

31. Employee Share Schemes *(continued)*

(b) Share award scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognise the contributions by certain employees including certain executive directors of the Company and/or members of the Group (the "Eligible Participant"). Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorised representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued Shares of the Company from the date of adoption. If the relevant subscription or purchase would result in the trustee holding in aggregate, more than 5% of the total number of issued shares of the Company as of the adoption date, the trustee shall not subscribe or purchase any further shares.

The fair value of these awarded shares at the grant date approximated to the market value of the shares which is calculated based on the closing price of the shares as at the date of grant of the awarded shares. Since the Adoption Date and up to 31 December 2022, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme.

On 8 April 2019, the Board resolved to grant a total of 2,059,500 awarded shares to 27 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, or an earlier date as approved by the Board. All of these awarded shares were either vested or forfeited during the prior years.

On 14 April 2020, the Board resolved to grant a total of 1,938,000 awarded shares to 36 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 14 April 2021; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 14 April 2022; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 14 April 2023, or an earlier date as approved by the Board. All of these awarded shares were either vested or forfeited during the current or prior years.

31. Employee Share Schemes *(continued)*

(b) Share award scheme *(continued)*

Movements in the number of awarded shares are as follows:

	2023 Number of shares awarded	2022 Number of shares awarded
At 1 January	**487,500**	1,691,000
Forfeited	**(13,500)**	(116,500)
Vested	**(474,000)**	(1,087,000)
At 31 December	**-**	487,500

Under the Share Award Scheme, the Group recognised share-based compensation expenses of approximately RMB492,000 (2022: approximately RMB2,958,000) during the year ended 31 December 2023.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries which are registered in the PRC shall appropriate a certain percent of profit for the year (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds which are restricted as to use.

33. Investments in Joint Operations

The Group has entered into three (2022: three) joint venture arrangements in the form of joint operations with certain parties to jointly undertake three (2022: three) property development projects located in Guangzhou, Guangdong Province, the PRC. As at 31 December 2023, the aggregate amounts of assets and liabilities recognised in respect of these joint operations were as follows:

	2023 RMB'000	2022 RMB'000
Assets	**4,030,698**	4,023,960
Liabilities	**(34,095)**	(42,169)

34. Business Combinations

Acquisition of subsidiaries

(i) Before 9 March 2022, the Group and Guangzhou Qinzhi Investment Development Limited ("Guangzhou Qinzhi")#, an independent third party, held equity interests in Guangzhou Hejing Hengyu Zhiye Development Limited and its subsidiary ("Guangzhou Hejing Hengyu")# for 80% and 20% respectively, according to the article of association, all significant resolutions of Guangzhou Hejing Hengyu should be approved by the Group and Guangzhou Qinzhi, and therefore the Group accounted for Guangzhou Hejing Hengyu as joint ventures. Guangzhou Hejing Hengyu are principally engaged in property development. On 9 March 2022, the Group acquired the remaining 20% equity interests in Guangzhou Hejing Hengyu from Guangzhou Qinzhi, for a cash consideration of RMB10,000,000. The Group thus obtained control over Guangzhou Hejing Hengyu and accounted for Guangzhou Hejing Hengyu as subsidiaries of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

The fair values of the identifiable assets and liabilities of Guangzhou Hejing Hengyu as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	26
Deferred tax assets	13,836
Property under development	5,235,000
Prepayment, deposits and other receivables	4,629,488
Trade receivables	1,044
Cash and bank balance	6,520
Trade payables	(42,880)
Other payables and accruals	(6,607,653)
Tax payables	(78,540)
Interest bearing bank loans	(2,449,900)
Deferred tax liabilities	(169,772)
Total identifiable net assets at fair value	537,169
Equity interest in the company held by the Group prior to the acquisition	(336,219)
Gain on acquisition of the subsidiaries	(190,950)
Satisfied by cash	10,000

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(i) (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB1,044,000 and RMB4,629,488,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB1,044,000 and RMB4,629,488,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(10,000)
Cash and cash equivalents acquired	6,520
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,480)

Since the acquisition, Guangzhou Hejing Hengyu contributed revenue of approximately RMB78,055,000, and loss of approximately RMB38,346,000 to the Group during the year 2022.

Had the combination taken place at the beginning of the year 2022, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,452,639,000 and RMB9,850,021,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(ii) Before 11 May 2022, the Group and Shenzhen Pingmao Investment Management Limited ("Shenzhen Pingmao")#, an independent third party, held equity interests in Hangzhou Juan'an Real Estate Development Limited ("Hangzhou Juan'an")# for 51% and 49% respectively, according to the article of association, all significant resolutions of Hangzhou Juan'an should be approved by the Group and Shenzhen Pingmao, and therefore the Group accounted for Hangzhou Juan'an as a joint venture. Hangzhou Juan'an is principally engaged in property development. On 11 May 2022, the Group acquired the remaining 49% equity interests in Hangzhou Juan'an from Shenzhen Pingmao, for a cash consideration of RMB24,500,000. The Group thus obtained control over Hangzhou Juan'an and accounted for Hangzhou Juan'an as a subsidiary of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

The fair values of the identifiable assets and liabilities of Hangzhou Juan'an as at the date of acquisition was as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	283
Deferred tax assets	127,864
Completed properties held for sale	34,000
Prepayment, deposits and other receivables	3,781,275
Trade receivables	823
Cash and bank balance	8,070
Trade payables	(21,733)
Other payables and accruals	(3,179,597)
Tax payables	(570,331)
Total identifiable net assets at fair value	180,654
Equity interest in the company held by the Group prior to the acquisition	(102,529)
Gain on acquisitions of the subsidiary	(53,625)
Satisfied by cash	24,500

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB823,000 and RMB3,781,275,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB823,000 and RMB3,781,275,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(ii) (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(24,500)
Cash and cash equivalents acquired	8,070
Net outflow of cash and cash equivalents included in cash flows from investing activities	(16,430)

Since the acquisition, Hangzhou Juan'an contributed revenue of approximately RMB964,000, and loss of approximately RMB19,641,000 to the Group during the year 2022.

Had the combination taken place at the beginning of the year 2022, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,456,030,000 and RMB9,906,801,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

(iii) Before 20 September 2022, the Group and Guangzhou Leqin Industrial Investment Limited ("Guangzhou Leqin")#, an independent third party, held equity interests in Suzhou Jiajing Real Estate Development Limited and its subsidiary ("Suzhou Jiajing")# for 80% and 20% respectively, according to the article of association, all significant resolutions of Suzhou Jiajing should be approved by the Group and Guangzhou Leqin, and therefore the Group accounted for Suzhou Jiajing as joint ventures. Suzhou Jiajing are principally engaged in property development. On 20 September 2022, Guangzhou Leqin withdrew its 20% capital of RMB62,000,000 previously invested in Suzhou Jiajing and the Group held 100% equity interest in Suzhou Jiajing there after. The Group thus obtained control over Suzhou Jiajing accounted for Suzhou Jiajing as subsidiaries of the Group since then. The acquisition was made as part of the Group's strategy to obtain more control on property development projects.

34. Business Combinations *(continued)*

Acquisition of subsidiaries *(continued)*

(iii) (continued)

The fair values of the identifiable assets and liabilities of Suzhou Jiajing as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	42
Interest in a joint venture	67,472
Deferred tax assets	11,156
Properties under development	394,000
Completed properties held for sale	287,000
Prepayment, deposits and other receivables	349,933
Trade receivables	1,930
Cash and bank balance	11,793
Trade payables	(104,638)
Other payables and accruals	(7,424)
Tax payables	(14,602)
Interest bearing bank loans	(897,706)
Deferred tax liabilities	(25,542)
Total identifiable net assets at fair value	73,414
Equity interest in the company held by the Group prior to the acquisition	(308,694)
Loss on acquisition of the subsidiaries	235,280

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to approximately RMB1,930,000 and RMB349,933,000, respectively. The gross contractual amounts of trade receivables and other receivables were approximately RMB1,930,000 and RMB349,933,000, respectively.

The transaction costs incurred for this acquisition was not significant and have been expensed in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	–
Cash and cash equivalents acquired	11,793
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,793

Since the acquisition, Suzhou Jiajing contributed revenue of approximately RMB92,304,000, and profit of approximately RMB15,113,000 to the Group during the year 2022.

Had the combination taken place at the beginning of the year 2022, the revenue and the loss of the Group for the year 2022 would have been approximately RMB13,594,754,000 and RMB9,897,801,000.

The English name of this company referred to in these financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered.

35. Disposal of Subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal consideration	
– Cash received	210,400
– Satisfied by other receivables	2,186,130
Total consideration	2,396,530
Less:	
– Total net assets of subsidiaries disposed of	(5,074,056)
– Non-controlling interest disposed of	2,138,256
Losses on disposals	(539,270)
Cash proceeds from disposals, net of cash disposed of	
– Cash considerations received	210,400
– Less: cash and cash equivalents in the subsidiaries disposed of	(59,920)
Net cash inflow on disposals	150,480

36. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had non-cash reductions of right-of-use assets and lease liabilities of approximately RMB72,014,000 and approximately RMB201,650,000, respectively, in respect of lease arrangements for buildings included in property, plant and equipment and investment properties (2022: approximately RMB365,620,000 and approximately RMB403,142,000, respectively).

(b) Changes in liabilities arising from financing activities

	Note	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2023		75,390,592	895,741	9,222,360
Changes from financing cash flows		(1,908,877)	(161,852)	(3,352,384)
Termination of leases	16	–	(201,650)	–
Interest expense		573,416	38,058	4,912,361
Foreign exchange movement		438,976	–	–
Disposal of subsidiaries		(1,158,135)	–	–
Acquisition of non-controlling interests		–	–	(33,300)
At 31 December 2023		73,335,972	570,297	10,749,037

	Note	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2022		76,718,429	1,437,098	9,187,697
Changes from financing cash flows		(7,125,750)	(197,798)	(5,875,970)
Termination of leases	16	–	(403,142)	–
Interest expense		(360)	59,583	5,153,241
Transfer from other payables and accruals to interest-bearing bank and other borrowings		500,000	–	(500,000)
Foreign exchange movement		3,032,667	–	–
Acquisition of subsidiaries		3,347,606	–	–
Decrease in restricted cash		(1,082,000)	–	–
Acquisition of non-controlling interests		–	–	1,257,392
At 31 December 2022		75,390,592	895,741	9,222,360

36. Notes to the Consolidated Statement of Cash Flows *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**7,412**	5,733
Within financing activities	**161,852**	197,798
	169,264	203,531

37. Financial Guarantees

At the end of the reporting period, the Group has provided the following guarantees to related parties and third parties:

(a) As at 31 December 2023, the Group provided guarantees amounting to approximately RMB13,484,269,000 (2022: RMB15,499,033,000) to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for 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 the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled to, among others, take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the board of directors of the Company considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the years ended 31 December 2023 and 2022 for the guarantees.

(b) As at 31 December 2023, the bank loans guaranteed by the Group to joint ventures, associates, third parties and a related company were utilised to the extent of approximately RMB18,703,676,000 (2022: approximately RMB16,292,484,000).

(c) As at 31 December 2023, the Company does not guarantee any domestic corporate bonds issued by its subsidiaries (2022: approximately RMB1,365,591,000).

38. Pledge of Assets

(a) At the end of the reporting period, the Group's assets pledged to certain banks to secure the general banking and other borrowing facilities granted to the Group, joint ventures and third parties are included in notes 13, 14, 15, 19, 20 and 24, respectively, to the financial statements.

(b) As at 31 December 2023 and 2022, the equity interests in certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.

(c) As at 31 December 2023 and 2022, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

39. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	**1,066,953**	582,148
Properties being developed by the Group for sale	**7,563,352**	6,228,366
Investment properties	**420,261**	240,665
	9,050,566	7,051,179

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2023 RMB'000	2022 RMB'000
Contracted, but not provided for	**2,283,035**	2,260,674

40. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

(a) During the year ended 31 December 2023, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB8,672,000 (2022: approximately RMB179,473,000), which was recognised as other income of the Group. The management fee income was determined at rates mutually agreed between the Group and the joint ventures and associates.

(b) During the year ended 31 December 2023, the Group provided advances to certain joint ventures and associates at the interest rates of 4.4% to 16.0% (2022: 4.4% to 16.0%) per annum. The interest income of approximately RMB128,673,000 (2022: approximately RMB50,390,000), which was recognised as other income of the Group, was determined at rates mutually agreed between the Group and the joint ventures and associates.

(c) During the year ended 31 December 2023, the Group leased some properties to related parties, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB20,072,000 (2022: approximately RMB26,517,000), which was recognised as rental income of the Group. The income was determined at rates mutually agreed between the Group and this executive director.

40. Related Party Transactions *(continued)*

(d) Transactions with KWG Living Group

	2023 RMB'000	2022 RMB'000
Service income from KWG Living Group*		
Property Lease:		
Properties	4,396	4,385
Car parking lots	7,547	3,662
	11,943	8,047
Information technology income	2,000	2,000
Service fees to KWG Living Group		
Residential Property Management Services:		
Residential pre-sale management services	112,420	158,303
Residential property management services	103,576	92,470
	215,996	250,773
Property Agency Services	4,977	116,260
Commercial Property Management Services:		
Commercial pre-sale management services	22,280	21,320
Commercial property management services	147,960	132,759
	170,240	154,079
Commercial Operational and Value-added Services:		
Commercial operational services	115,461	128,246
Commercial value-added services	16,547	15,642
	132,008	143,888
Publicity Planning Service	26,878	30,661
Marketing Channel Management Service	1,527	2,773

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

* KWG Living Group Holdings Limited and its subsidiaries (collectively "KWG Living Group") are ultimately controlled by Plus Earn Consultants Limited, the Company's ultimate holding company.

40. Related Party Transactions *(continued)*

(e) Other transactions with related parties

Details of guarantees given by the Group to banks in connection with bank loans granted to joint ventures, associates and a related company are included in note 37 to the financial statements.

(f) Outstanding balances with related parties

Details of the Group's balances with its associates and joint ventures are included in notes 17 and 18 respectively to the financial statements.

(g) Compensation of key management personnel of the Group

	2023 RMB'000	2022 RMB'000
Short term employee benefits	**21,416**	23,265
Post-employment benefits	**620**	605
Share-based compensation	**147**	867
Total compensation paid to key management personnel	**22,183**	24,737

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (c) and (d) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets – Financial assets at amortised cost

	2023 RMB'000	2022 RMB'000
Trade receivables	**331,647**	491,382
Financial assets included in prepayments, other receivables and other assets	**9,063,493**	11,142,829
Due from a joint venture	**21,532**	22,532
Cash and bank balances	**1,719,395**	10,337,890
	11,136,067	21,994,633

42. Fair Value and Fair Value Hierarchy of Financial Instruments

Financial liabilities – Financial liabilities at amortised cost

	2023 RMB'000	2022 RMB'000
Trade and bills payables	**19,402,520**	15,540,743
Lease liabilities	**570,297**	895,741
Financial liabilities included in other payables and accruals	**14,451,764**	15,956,871
Due to joint ventures	**8,028,741**	9,996,546
Due to associates	**2,483,159**	3,328,395
Interest-bearing bank and other borrowings	**73,335,972**	75,390,592
	118,272,453	121,108,888

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Financial liabilities:				
Interest-bearing bank and other borrowings	**73,335,972**	75,390,592	**46,508,090**	59,098,208

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, lease liabilities, financial liabilities included in other payables and accruals, amounts due from/to joint ventures and due to associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management of the Group. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group. The valuation process and results are discussed with the management of the Group twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2023 was assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 31 December 2023 and 2022.

During the years ended 31 December 2023 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

42. Fair Value and Fair Value Hierarchy of Financial Instruments

(continued)

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	**46,508,090**	–	**46,508,090**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	59,098,208	–	59,098,208

43. Financial Risk Management Objectives and Policies

The financial assets of the Group mainly include cash and bank balances, trade receivables, other receivables and other assets, and amounts due from a joint venture. The financial liabilities of the Group mainly include trade and bills payables, lease liabilities, other payables and accruals, interest-bearing bank and other borrowings, amounts due to joint ventures and amounts due to associates.

The main risks arising from the Group's financial instruments are business risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management and focuses on minimising potential adverse effects of these risks with material impact on the Group's financial performance. The Group's exposure to these risks is kept to a minimum. Management closely monitors the risk exposure and will consider using derivatives and other instruments to hedge significant risk exposure should the need arise. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below:

Business risk

The Group conducts its operations in Chinese Mainland and Hong Kong, and accordingly, it is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, the influence of national authorities over pricing and the financing regulations in the property development industry.

43. Financial Risk Management Objectives and Policies *(continued)*

Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
2023		
RMB	**200**	**546,107**
Hong Kong dollar	**200**	**3,022**
United States dollar	**200**	**1,755**
RMB	**(200)**	**(546,107)**
Hong Kong dollar	**(200)**	**(3,022)**
United States dollar	**(200)**	**(1,755)**

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
2022		
RMB	200	560,529
Hong Kong dollar	200	34,959
United States dollar	200	19,955
RMB	(200)	(560,529)
Hong Kong dollar	(200)	(34,959)
United States dollar	(200)	(19,955)

43. Financial Risk Management Objectives and Policies *(continued)*

Foreign currency risk

The Group's most businesses are mainly located in Chinese Mainland and the transactions are mainly conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group's foreign currency exposures mainly arise from interest-bearing bank and other borrowings and bank balances denominated in currencies other than the units' functional currencies as at 31 December 2023 and 31 December 2022. The Group considers the foreign currency risk between Hong Kong dollar and United States dollar is not material as the exchange rate between these two currencies is pegged.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Hong Kong dollar exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HK$ rate %	**Increase/ (decrease) in US$ rate %**	**Increase/ (decrease) in loss before tax RMB'000**
2023			
If RMB weakens against Hong Kong dollar	**(5)**	**N/A**	**(38,092)**
If RMB strengthens against Hong Kong dollar	**5**	**N/A**	**38,092**
If RMB weakens against United States dollar	**N/A**	**(5)**	**(229)**
If RMB strengthens against United States dollar	**N/A**	**5**	**229**

	Increase/ (decrease) in HK$ rate %	Increase/ (decrease) in US$ rate %	Increase/ (decrease) in loss before tax RMB'000
2022			
If RMB weakens against Hong Kong dollar	(5)	N/A	(37,987)
If RMB strengthens against Hong Kong dollar	5	N/A	37,987
If RMB weakens against United States dollar	N/A	(5)	(225)
If RMB strengthens against United States dollar	N/A	5	225

43. Financial Risk Management Objectives and Policies *(continued)*

Credit risk

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 31 December 2022. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

2023	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	 Stage 3 RMB'000	 Simplified approach RMB'000	Total RMB'000
Trade receivables	-	-	-	331,647	331,647
Financial assets included in prepayments, other receivables and other assets					
– Normal*	9,063,493	-	-	-	9,063,493
Due from a joint venture	21,532	-	-	-	21,532
Cash and bank balances					
– Not yet past due	1,719,395	-	-	-	1,719,395
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties					
– Not yet past due	13,484,269	-	-	-	13,484,269
Guarantees given to banks in connection with bank loans granted to joint ventures and associates					
– Not yet past due	18,703,676	-	-	-	18,703,676
	42,992,365	-	-	331,647	43,324,012

43. Financial Risk Management Objectives and Policies *(continued)*

Credit risk *(continued)*

	12-month ECLs	Lifetime ECLs			
2022	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	491,382	491,382
Financial assets included in prepayments, other receivables and other assets					
– Normal*	11,142,829	–	–	–	11,142,829
Due from a joint venture	22,532	–	–	–	22,532
Cash and bank balances					
– Not yet past due	10,337,890	–	–	–	10,337,890
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties					
– Not yet past due	15,499,033	–	–	–	15,499,033
Guarantees given to banks in connection with bank loans granted to joint ventures and associates					
– Not yet past due	16,292,484	–	–	–	16,292,484
	53,294,768	–	–	491,382	53,786,150

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The management of the Group aims to maintain sufficient cash and bank balances through the sales proceeds generated from the sale of the properties and having available funding through an adequate amount of credit facilities to meet the Group's construction commitments. The board of directors of the Company expects that the Group's net cash flows from operating activities and additional bank and other borrowings will be available to finance the Group's existing and future property development projects. The Group has a number of alternative plans to mitigate the potential impacts on the Group's working capital should there be any significant adverse changes in the economic environment. As further described in the going concern basis contained in note 2.1 to the financial statements, the directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

43. Financial Risk Management Objectives and Policies *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	32,829,439	2,562,674	9,879,176	31,723,702	13,400,351	90,395,342
Lease liabilities	–	18,850	46,594	286,424	556,301	908,169
Trade and bills payables	19,402,520	–	–	–	–	19,402,520
Other payables and accruals	14,451,764	–	–	–	–	14,451,764
Due to joint ventures	8,028,741	–	–	–	–	8,028,741
Due to associates	2,483,159	–	–	–	–	2,483,159
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	13,484,269	–	–	–	–	13,484,269
Guarantees given to banks in connection with bank loans granted to joint ventures and associates	18,703,676	–	–	–	–	18,703,676
	109,383,568	2,581,524	9,925,770	32,010,126	13,956,652	167,857,640

	2022					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	6,567,401	17,440,189	53,491,609	13,507,365	91,006,564
Lease liabilities	–	45,104	113,032	380,578	766,755	1,305,469
Trade and bills payables	15,540,743	–	–	–	–	15,540,743
Other payables and accruals	15,956,871	–	–	–	–	15,956,871
Due to joint ventures	9,996,546	–	–	–	–	9,996,546
Due to associates	3,328,395	–	–	–	–	3,328,395
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	15,499,033	–	–	–	–	15,499,033
Guarantees given to banks in connection with bank loans granted to joint ventures and associates	16,292,484	–	–	–	–	16,292,484
	76,614,072	6,612,505	17,553,221	53,872,187	14,274,120	168,926,105

43. Financial Risk Management Objectives and Policies *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is the net borrowings (total bank and other borrowings net of cash and bank balances) divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	2023 **RMB'000**	2022 RMB'000
Net borrowings	**71,616,577**	65,052,702
Total equity	**18,070,691**	40,199,295
Gearing ratio	**396.3%**	161.8%

44. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	451	14,297
Interests in subsidiaries	24,242,818	23,185,155
Interests in joint ventures	10,332,552	9,946,223
Total non-current assets	34,575,821	33,145,675
CURRENT ASSETS		
Prepayments, other receivables and other assets	2,040,636	2,169,875
Due from subsidiaries	8,916,003	9,294,825
Cash and bank balances	1,486	89,929
Total current assets	10,958,125	11,554,629
CURRENT LIABILITIES		
Trade payables	16,686	16,725
Other payables and accruals	4,349,631	2,982,041
Due to joint ventures	6,066,047	6,791,842
Interest-bearing bank and other borrowings	30,453,698	6,631,162
Total current liabilities	40,886,062	16,421,770
NET CURRENT LIABILITIES	(29,927,937)	(4,867,141)
TOTAL ASSETS LESS CURRENT LIABILITIES	4,647,884	28,278,534
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	3,805,116	26,856,537
Other payables and accruals	150,959	151,587
Deferred tax liabilities	134,938	134,938
Total non-current liabilities	4,091,013	27,143,062
NET ASSETS	556,871	1,135,472
EQUITY		
Issued capital	325,768	325,735
Treasury shares	–	(8)
Reserves (note)	231,103	809,745
TOTAL EQUITY	556,871	1,135,472

44. Statement of Financial Position of the Company *(continued)*

Note:

A summary to the Company's reserves is as follows:

	Notes	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Employee share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022		44,410	308,006	(182,310)	19,159	88,519	277,784
Share-based compensation expenses	31	–	–	–	2,958	–	2,958
Vested awarded shares transferred to employees	30	9,275	–	–	(9,363)	–	(88)
Profit for the year		–	–	–	–	1,452,098	1,452,098
Exchange differences on translation into presentation currency		–	–	(1,316,580)	–	–	(1,316,580)
Cancellation of shares	30	(2,983)	–	–	–	–	(2,983)
Issue of new shares		396,556	–	–	–	–	396,556
At 31 December 2022 and 1 January 2023		**447,258**	**308,006**	**(1,498,890)**	**12,754**	**1,540,617**	**809,745**
Share-based compensation expenses	31	**-**	**-**	**-**	**492**	**-**	**492**
Vested awarded shares transferred to employees	30	**4,872**	**-**	**-**	**(4,913)**	**-**	**(41)**
Loss for the year		**-**	**-**	**-**	**-**	**(352,760)**	**(352,760)**
Exchange differences on translation into presentation currency		**-**	**-**	**(226,333)**	**-**	**-**	**(226,333)**
Transfer of share option reserve upon the forfeiture or expiry of share options		**-**	**-**	**-**	**(8,333)**	**8,333**	**-**
At 31 December 2023		**452,130**	**308,006**	**(1,725,223)**	**-**	**1,196,190**	**231,103**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation of the Group in preparation for the listing of the Company, over the nominal value of the Company's shares in exchange therefor.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

45. Subsequent events

On 9 January 2024, the Company entered into an agreement to dispose of 50% of the equity of its associate Ningbo Meirui Real Estate Development Co., Ltd. with the consideration of approximately RMB400,000,000.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

Major Properties held by the Group

Property	The Group's interest (%)	Location	Site area ('000 sq.m.)	Total GFA ('000 sq.m.)	Usage	Expected date of completion
Major completed properties held for sale						
Uptown Riverside I	100	Tongzhou District,Beijing	17	57	Serviced apartment/office/commercial	N/A
The Summit	100	Zengcheng District, Guangzhou	1,260	1,935	Residential/villa/serviced apartment/ office/commercial/hotel	N/A
The Riviera Chongqing	100	Yuzhong District, Chongqing	10	50	Residential/commercial/hotel	N/A
Precious Mansion	100	Jianggan District, Hangzhou	43	102	Residential/office/commercial	N/A
Chengdu Cosmos	100	South New District, Chengdu	149	1,034	Residential/serviced apartment/office/ commercial/hotel	N/A
New Chang'an Mansion	100	Mentougou District, Beijing	26	65	Residential/office/commercial/hotel	N/A
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	11	37	Residential/serviced apartment/ commercial	N/A
Major properties under development						
Richmond Greenville	100	Tianhe District, Guangzhou	47	104	Residential	2024
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	20	73	Residential/serviced apartment/ commercial	2024
The Summit	100	Zengcheng District, Guangzhou	531	816	Residential/villa/serviced apartment/ office/commercial/hotel	2024
Lakeside Mansion	100	Zengcheng District, Guangzhou	124	334	Residential/commercial	2024
Swan Harbor Park	50	Wuzhong District, Suzhou	85	291	Residential/serviced apartment/office/ commercial/hotel	2024
International Commercial Plaza	100	Economic Development District, Jiaxing	104	423	Residential/serviced apartment/office/ commercial/hotel	2024
Yunshang Retreat	55	Dayi District, Chengdu	922	917	Residential/villa/serviced apartment/ commercial/hotel	2024
The Core of Center	100	Liangqing District, Nanning	169	304	Residential/villa/serviced apartment/ commercial/hotel	2024

Property	The Group's interest (%)	Usage	
Major investment properties			
International Finance Place, Plot J-6, Pearl River New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC	100	Office and commercial	Medium term lease
International Metropolis Plaza, 58 Yaoyuan Road, Pudong new area, Shanghai, the PRC	100	Office and commercial	Medium term lease

Five Year Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

Consolidated Results

	Year ended 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
Continuing operations					
Revenue	23,941,953	29,742,063	23,844,720	13,452,639	**15,807,106**
Profit/(loss) before tax from continuing operations	13,368,449	10,062,908	4,081,066	(10,697,269)	**(17,627,048)**
Income tax (expenses)/credits	(3,497,352)	(3,397,779)	(1,518,128)	855,008	**(1,352,248)**
Profit for the year from a discontinued operation	184,987	236,180	–	–	**-**
Profit/(loss) for the year	10,056,084	6,901,309	2,562,938	(9,842,261)	**(18,979,296)**
Attributable to:					
Owners of the Company	9,805,813	6,676,592	2,421,351	(9,240,619)	**(18,732,972)**
Non-controlling interests	250,271	224,717	141,587	(601,642)	**(246,324)**
	10,056,084	6,901,309	2,562,938	(9,842,261)	**(18,979,296)**
BASIC EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	RMB309 cents	RMB210 cents	RMB76 cents	RMB(289) cents	**RMB(548) cents**

Consolidated Assets, Liabilities and Equity

	As at 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023** **RMB'000**
ASSETS					
Non-current assets	84,577,931	94,396,477	108,538,168	91,130,388	**80,237,643**
Current assets	129,744,748	137,801,902	123,710,883	108,753,695	**87,227,752**
Total assets	214,322,679	232,198,379	232,249,051	199,884,083	**167,465,395**
LIABILITIES					
Current liabilities	109,671,769	121,113,896	112,166,340	103,264,012	**114,675,622**
Non-current liabilities	66,408,319	57,167,792	60,380,778	56,420,776	**34,719,082**
Total liabilities	176,080,088	178,281,688	172,547,118	159,684,788	**149,394,704**
EQUITY					
Equity attributable to owners of the Company	35,794,758	43,534,877	44,320,536	31,499,776	**12,731,934**
Non-controlling interests	2,447,833	10,381,814	15,381,397	8,699,519	**5,338,757**
Total equity	38,242,591	53,916,691	59,701,933	40,199,295	**18,070,691**

KWG GROUP HOLDINGS LIMITED