绿城

GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
綠城管理控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 09979)

2023

ANNUAL REPORT

Contents

2 Corporate Profile
4 Corporate Information
6 Five-year Financial Summary
7 Director's Report
9 Management Discussion and Analysis
23 Biographical Details of Directors and Senior Management
30 Report of the Directors
44 Corporate Governance Report
61 Independent Auditor's Report
67 Consolidated Statement of Profit or Loss and Other Comprehensive Income
68 Consolidated Statement of Financial Position
70 Consolidated Statement of Changes in Equity
72 Consolidated Statement of Cash Flows
75 Notes to the Consolidated Financial Statements
226 Definitions

Corporate Profile

The Group is the pioneer and leader of China's real estate asset-light development model. Greentown Management was founded in 2010. It is a subsidiary of Greentown China and the main body for exporting the "Greentown" brand and project management model.

In July 2020, Greentown Management was listed on the Main Board of The Hong Kong Stock Exchange, becoming the first project management stock in China. From 2017 to 2023, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (《中國房地產代建運營引領企業》) granted by China Real Estate Top 10 Research Team.

Greentown Management adheres to the core values of "quality, reliance, value and share", integrates resources, exports brand and standards through project management, and creates value for customers with customized solutions and high-quality services. The core business includes commercial project management, government project management and other services. As the pioneer of the Project Management 4.0 system and the "Greentown Star" standard setter, Greentown Management is committed to creating an ecological platform of "co-creating value and sharing benefits" for clients, owners, suppliers, employees and investors to build an exciting quality life.

As at 31 December 2023, the Group's project management projects were distributed in 122 major cities in 29 provinces, municipalities and autonomous regions in China.

Greentown · Haikou Taoli Chunfeng


Heilongjiang
Jilin
Liaoning
Xinjiang
Inner Mongolia
Beijing
Tianjin
Hebei
Ningxia
Shangxi
Shandong
Qinghai
Gansu
Shaanxi
Henan
Jiangsu
Tibet
Shanghai
Anhui
Hubei
Sichuan
Zhejiang
Chongqing
Hunan
Jiangxi
Diaoyu Islands
Chiweiyu
Guizhou
Fujian
Yunnan
Taiwan
Guangxi
Guangdong
Hong Kong
Macao
Dongsha Islands
Hainan
Xisha Islands
Zhongsha Islands
Nansha Islands
Zengmu Ansha

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun *(Vice Chairman)*
Mr. Wang Junfeng *(Chief Executive Officer)*
Mr. Lin Sanjiu

Non-executive Directors

Mr. Guo Jiafeng *(Co-Chairman)*
Mr. Zhang Yadong *(Co-Chairman)*

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

AUDIT COMMITTEE

Mr. Chan Yan Kwan Andy *(Chairman)*
Mr. Lin Zhihong
Dr. Ding Zuyu

REMUNERATION COMMITTEE

Dr. Ding Zuyu *(Chairman)*
Mr. Chan Yan Kwan Andy
Mr. Lin Zhihong

NOMINATION COMMITTEE

Mr. Lin Zhihong *(Chairman)*
Mr. Chan Yan Kwan Andy
Dr. Ding Zuyu

AUTHORIZED REPRESENTATIVES

Mr. Li Jun
Ms. Zhang Panpan

COMPANY SECRETARY

Ms. Zhang Panpan

LEGAL ADVISORS

As to Hong Kong laws:
Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor Central Plaza
18 Harbour Road
Wanchai
Hong Kong

As to PRC law:
Zhejiang T&C Law Firm
11/F, Building A, Dragon Century Plaza
No. 1 Hangda Road
Hangzhou 310007
Zhejiang
The PRC

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTER

9/F, Block C
Xixi International
767 Wen Yi West Road
Xihu District, Hangzhou
Zhejiang
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1004
10/F, New World Tower 1
16-18 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hua Xia Bank Co., Limited
Bank of Hangzhou Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

COMPANY'S WEBSITE

www.lcgljt.com

STOCK CODE

Hong Kong Stock Exchange: 09979

LISTING DATE

10 July 2020

Five-Year Financial Summary

The following table summarizes the results, assets and liabilities of the Group for the years ended 31 December 2019, 2020, 2021, 2022 and 2023:

Year ended 31 December

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
RESULTS					
Revenue	**3,302,422**	2,655,992	2,243,158	1,812,975	1,993,892
Profit before tax	**1,177,408**	924,601	722,242	524,934	538,204
Income tax expense	**(196,711)**	(189,236)	(151,577)	(117,414)	(149,282)
Profit attributable to owners of the parent company	**973,607**	744,544	565,224	439,325	324,769

	As at 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Assets and liabilities					
Total assets	**6,732,651**	6,161,319	5,244,163	4,747,544	3,759,707
Total liabilities	**2,599,045**	2,288,291	1,872,452	1,645,335	2,078,518
Net assets	**4,133,606**	3,873,028	3,371,711	3,102,209	1,681,189
Equity attributable to owners of the parent company	**3,995,747**	3,739,203	3,341,260	3,075,199	1,594,759

Director's Report

Dear Shareholders,

On behalf of the Board of the Company, I hereby present the annual results of the Company together with its subsidiaries for the financial year ended 31 December 2023.

In 2023, the domestic real estate industry continued to bottom out, with both the policy and market calling for transformation to a new development model. Against this backdrop, the government-led construction of the three major projects was in the ascendant. Land acquisition by urban investment platforms shifted to the stage of construction. The "ensure the delivery of properties (保交樓)" business model joined by the financial institutions became mature. The demand for professional development services grew rapidly. With the characteristics of specialization, light assets and anti-cyclicality, the project management industry has welcomed significant development.

Thanks to the endorsement of the central state-owned enterprises, leading effects, diversified customer structure and nationwide presence, coupled with high-quality products, services and innovation, the Company continued to lead the development of the project management industry as a top-tier enterprise, with market share exceeding 20% for eight consecutive years. The Company's brand reputation and capital market value were recognized by various sectors. The Company won nearly 30 TOP 1 industrial awards throughout the year.

In 2023, the Company exceeded its expectation in the performance of annual operating indicators. The net profit attributable to the parent company grew by more than 30%, therefore the Board maintained the 80% + 20% special dividend policy, sharing the Company's development results with the shareholders and investors. As of 31 December 2023, the Company's total contracted GFA was 119.55 million square meters, with the area under construction of 52.52 million square meters. In 2023, the area completed and delivered was 16.07 million square meters, fulfilling the promise of creating beautiful homes and business commitments for project owners, home buyers, suppliers and other parties.

We would like to express our gratitude to the shareholders, project owners, homeowners' families and partners in the industry chain for their continued support and love, as well as our employees for their persistent hard work. With trust, we will always uphold the spirit of "altruism" and stakeholder culture, and strive to create excellent value for multiple entities.

New era, new mode, new mission. Next, the Company will consolidate its leading position as the "first project management stock" and insist on being a defender of quality, a judge of trends, and a leader in the industry. In the process of economic transformation to high-quality development, it will adhere to the strategic determination, strengthen the model innovation, and improve the three main operations of project management (government project management, commercial project management, and capital owner project management) and the three main supporting services (financial services, industrial and urban services, and industrial chain services). At the same time, the Company will also focus on operational performance and improve service quality; we will improve operational performance for the B-end customers through the M Climbing Model; we will create a better life for the C-end owners through the M Climbing Model; under the current industry situation, we should give full play to our role as a leading company in the project management industry, and actively assume social responsibilities such as the provision of indemnificatory apartments, the facilitation of relieving measures under the "Ensure the delivery of properties (保交樓)" policy, urban village renovation, etc., lead the healthy development of the industry through the platform of the Project Management Division and make new contributions to building a new model of real estate development.

Li Jun
Vice Chairman and Executive Director

Hangzhou, PRC
22 March 2024

Management Discussion and Analysis

Management Discussion and Analysis

The Board is pleased to announce the audited annual results of the Group for 2023 together with comparative figures. The annual results have been reviewed by the Audit Committee.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for 2023 of RMB0.40 per share and a special dividend of RMB0.10 per share equivalent to a final dividend of HKD0.44 per share and a special dividend of HKD0.11 per share based on the prevailing exchange rate of HKD1.00 to RMB0.90709 published by the People's Bank of China on 21 March 2024) to shareholders, subject to shareholders' approval at the annual general meeting to be convened on Thursday, 13 June 2024. The dividends payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend and a special dividend are expected to be paid to shareholders on or before 15 July 2024.

BUSINESS REVIEW

I. Business Overview

In 2023, China's real estate industry was still in the adjustment stage, where real estate investment and market sales remained sluggish. As a result, traditional real estate companies have adopted prudent development strategies. In order to maintain economic activity and protect employment in the upstream and downstream of the industrial chain, local governments have increased land investment through entities such as urban investment platforms, etc., accelerated the facilitation of relieving measures under the "Ensure the delivery of properties (保交樓)" policy, and have commenced three mega projects, namely urban village renovation, affordable housing construction, and dual use of housing in normal and emergency situations. The central government has also introduced a series of supporting policies and financial support. The real estate industry has ushered in a new stage of development. As a light-asset development service, the project management model adapted to this new situation and new needs. Therefore, both project management business and service income, in turn, experienced rapid growth.

Hangzhou Jiangzhao Huating (government project management)

Relying on the reputable Greentown brand and the credit endorsement of central state-owned enterprises, combined with the diversified customer structure and national business layout, the Company has facilitated the upgrading of the business model and expanded its project management business, so as to improve business fulfillment for B-end customers with "M Climbing Model (M登山模型)" and create a beautiful living environment for C-end owners with "M Fortunate Community (M確幸社群)". The Company also further consolidated its leading position in the industry through top-level designs such as open source knowledge systems and preparation of the China Project Management Industry Association.

In 2023, the Company maintained its absolute leading position in the project management industry as its new business scale grew steadily with revenue and profits continuously increasing. During the Reporting Period, revenue from continuing operations reached RMB3,302.4 million, representing an increase of 24.3% from RMB2,656.0 million for the corresponding period of last year; the gross profit was RMB1,722.3 million, representing an increase of 24.0% from RMB1,388.6 million for the corresponding period of last year; the comprehensive gross profit margin rate during the Period reached 52.2%, which was basically the same as 52.3% in the corresponding period last year; the net profit attributable to shareholders of the Company was RMB973.6 million, representing an increase of 30.8% compared with RMB744.5 million for the corresponding period of last year; the net cash flow from operating activities of the Company reached RMB955.1 million during the Reporting Period, and the Company had no bank liabilities and had sufficient cash flow.

II. The Macro Market

In 2023, the overall new construction area of project management business exceeded 150 million square meters. Project management opportunities from clients such as the government, state-owned enterprises, urban investment companies, and financial institutions continued to increase, with more non-traditional real estate companies emerging on the investment side, thus the trend of separation of investment and development was more evident.

Government services: The central government first proposed the "three mega projects" and accelerated the construction of affordable housing and the transformation of urban villages through restarting PSL and issuance of special bonds, thereby promoting the industry-city integration and improving municipal supporting facilities. Provincial and municipal governments have successively introduced a project management system for government investment projects, and market-oriented development of project management services have become the service procurement model recommended by governments at all levels.

State-owned enterprise services: The results of land bidding, auctions and listings showed that the proportion of lands acquired by central state-owned enterprises (including local urban investment companies) has remained high in the past two years. However, owners of such lands generally lack excellent teams and industrial chain resources, and professional project management service providers are required to their high-quality development goals. Through brand empowerment and sell-through, values of state-owned assets can be maintained and increased.

Capital owner services: As the real estate industry cleared up, financial institutions have accumulated huge housing and land-related bailout projects. Project management model can assist distressed projects to start sales through various methods such as credit empowerment, brand renewal, and industrial chain reorganization, so as to help investors repair their balance sheets and achieve the goals of preserving asset prices, ensuring completion and delivery, and protecting the development team.

III. Management Measures

Based on the analysis of the macro-market and the Company's core strengths above, we adopted the following measures in 2023:

1 *Laying out nationwide business and focusing on developed areas*

In 2023, the Company maintained its No. 1 position in the field of real estate development services. It has maintained a market share of over 20% in the project management industry for eight consecutive years, and was awarded more than 20 honors including the "2023 TOP 1 Enterprise of Project Management in Real Estate Development" (「2023房地產開發企業代建地產TOP 1」), the "Outstanding Enterprise in Project Management Operation of Listed Companies" (「上市公司代建運營優秀企業」) of 2023 China Real Estate , the "Leading Enterprise in Project Management Operation" (「代建運營引領企業」) and the "Leading Enterprise in Project Management Operation for the Government" (「政府代建運營引領企業」).

As of 31 December 2023, the Company's project management projects were distributed in 122 major cities in 29 provinces, municipalities and autonomous regions in China. The total GFA of the contracted projects was 119.6 million square meters, representing a growth of 17.9% over the corresponding period last year.

With nationwide presence, major economic regions (including: Bohai Rim Economic Zone, Beijing-Tianjin-Hebei urban agglomeration, Yangtze River Delta Economic Zone, Pearl River Delta Economic Zone, and Chengdu-Chongqing urban agglomeration) continued to maintain a relatively large project proportion: the estimated total saleable value of these contracted projects reached RMB693.3 billion, accounting for 77.7% of the total saleable value, among which projects in the Yangtze River Delta Economic Zone of RMB289.7 billion accounted for 32.5%, projects in the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration of RMB234.3 billion accounted for 26.2%, projects in the Pearl River Delta Economic Zone of RMB122.8 billion accounted for 13.8%, and projects in Chengdu-Chongqing urban agglomeration of RMB46.5 billion accounted for 5.2%.

2 *Optimized customer structure to expand business scope*

The Company adapts to changes in the industry landscape and adjusts its customer structure and business scope in a timely manner. It continuously deepens project management cooperation in state-owned enterprises, financial institutions and other fields, and keeps consolidating its own strengths and industry influence.

In 2023, the Company's new business scale expansion maintained its growth against the downward trend. The total GFA of new contracted project management projects was 35.3 million square meters, representing an increase of approximately 25.0% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 74.7%. The estimated project management fee of new project management project was RMB10.37 billion, an increase of approximately 20.5% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 69.4%.

Besides residential projects, new expanded businesses also include industry parks, public rental housing, talent apartments, co-ownership property housing, future communities, municipal facilities, commercial, hotels, offices, and others.

As of 31 December 2023, according to the total GFA of contracted projects, the government projects were 32.0 million square meters, accounting for 26.8%; the projects entrusted by state-owned enterprise were 40.9 million square meters, accounting for 34.2%; the projects entrusted by private enterprises were 37.9 million square meters, accounting for 31.7%; and the projects entrusted by financial institutions were 8.8 million square meters, accounting for 7.3%.

3 *Applying information tools to improve business fulfillment*

The degree of project operation fulfillment is the ultimate expression of the capabilities of our project management services, which is also the core indicator of clients' satisfaction.

The Company has summarized and refined its 12 years of experience in project management services and launched the "M Climbing Model (M登山模型)", which broke down the project management services process into 6 major steps and 23 contact points, which further standardized the content and implementation standards of project management services. Through the promotion and use of the "Greentown M (綠城M)" APP by all employees, the Company has empowered its management and control departments at all levels with information tools, which simplified the business decision-making process, optimized the assessment and evaluation mechanism, and further improved the Company's operating efficiency and effectiveness per capita, so as to support the Company's business scale growth and management scope expansion.

The "M Climbing Model (M登山模型)" has also been praised by our clients. The intuitive display of the mobile APP and timely feedback of project information speed up the Company's ability to respond to various service needs, which ensures the control of the project operation process and the realization of operating results, and thus effectively improves clients' satisfaction.

4 *Optimizing organizational structure to build a platform enterprise*

In face of the rapidly growing demand for project management and diversified business models, the Company began to transform into a platform organization.

Internally, the Company accelerated the integration of its affiliated companies and signed a supplementary cooperation agreement with Greenview Holdings in respect of Zhejiang Greentown Times during the Year, bringing its 387 employees and 49 project management projects into the Company's direct management system. Externally, the Company has launched the Inclusive Recruitment Program. Against the backdrop of massive downsizing in the real estate industry, the Company introduced urban partners through a diversified cooperation model to attract outstanding teams and premium project management projects.

In 2023, the Company was engaged with over 500 imminent project management projects, making management more difficult. To this end, the Company initiated corresponding organizational structure changes. By subdividing the original regional market, five new regional/city companies were added to reduce the management radius, accelerate service response, and enhance customized service capabilities for clients.

5 Undertaking social mission to promote common prosperity of the industry

The Company is well aware that project management, as one of the representatives of new real estate development model in China, is still in the initial stage of the business model. To achieve faster and better development, it requires the participation of more peers and the support of more policies.

As a result, the Company continued to be committed to promoting mutual visits and exchanges, as well as value promotion in the project management industry. After summing up the experience in the operation of the "Asset Light Alliance" in the past three years, the Company led the establishment of the Project Management Division of the China Real Estate Association in 2023. Mr. Zhang Yadong and Mr. Li Jun, both being members of the Board of the Company, served as the president and executive president of the Project Management Division, respectively.

In the future, the Company will rely on the Project Management Division to actively communicate with governments at all levels and real estate authorities to promote the project management business model, and take the lead in formulating industry standards. The Company will also connect more peers in the project management industry and upstream and downstream enterprises in the industry chain through open source knowledge systems, building ecological platforms, etc., to promote the healthy and orderly development of the project management industry.

IV BUSINESS OUTLOOK

The Company believes that the development scale of China's real estate market during the medium term will maintain at around 1 billion square meters annually. It will show two major trends: the dual-track development of affordable housing and commercial housing, and the separation of investment and development.

Against the backdrop of more non-professional development enterprises entering the real estate business, the demand for professional project management services will grow steadily, and the penetration rate of China's project management industry is expected to reach over 30%.

The Company's project management business model is very in line with the above development trends. Going forward, the Company will continue to maintain its leading position in the industry, give full play to the endorsement of central enterprises and the credit of listed companies, keep abreast of policies and trends, optimize regional and customer structures, actively undertake association tasks and social responsibilities, and give back to all stakeholders with excellent performance.

The Company has become the largest real estate development service provider in China.

FINANCIAL ANALYSIS

As at 31 December 2023, the Group has achieved:

Revenue

Revenue of RMB3,302.4 million, representing a year-on-year increase of 24.3% compared with RMB2,656.0 million in 2022. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed by business segment as follows:

	As at 31 December				
	2023		2022		% Change
	RMB'000 (Audited)	% of total revenue	RMB'000 (Audited)	% of total revenue	Increase/ (Decrease)
From commercial project management	**2,346,326**	**71.0**	1,669,429	62.9	40.5
(1) Self-operated	**1,432,277**	**43.3**	1,038,861	39.2	37.9
(2) Cooperation with business partners	**914,049**	**27.7**	630,568	23.7	45.0
From government project management	**788,480**	**23.9**	781,054	29.4	1.0
(1) Self-operated	**759,098**	**23.0**	739,314	27.8	2.7
(2) Cooperation with business partners	**29,382**	**0.9**	41,740	1.6	(29.6)
Other services	**167,616**	**5.1**	205,509	7.7	(18.4)
Total	**3,302,422**	**100.0**	2,655,992	100.0	24.3

During the Reporting Period:

(i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB2,346.3 million during the year, accounting for 71.0% of the total revenue, increased by 40.5% compared with RMB1,669.4 million in 2022. The main reasons for the increase were the continuous promotion of strategy of exploring such local area of the Group in 2023, resulting in steady growth in new commercial project management business; continuous optimization of internal management of the Company to improve the conversion rate of project operation, resulting in an increase in the revenue arising from commercial project management from self-operation and cooperation with business partners.

(ii) revenue from government project management reached RMB788.5 million, accounting for 23.9% of the total revenue, basically remaining at the same level as compared with RMB781.1 million in 2022. In 2023, the Company optimized the layout and business model of its government project management business, with focus on improving operating efficiency and discontinuing low-margin projects, resulting in relatively moderate growth in revenue.

(iii) revenue from other services was RMB167.6 million, accounting for 5.1% of the total revenue, mainly due to the revenue of RMB112.2 million derived from a project during the Reporting Period which was tendered by Greentown Real Estate Group Co., Ltd. ("**Greentown Real Estate Group**") and managed by Greentown Project Management Group Co., Ltd. ("**Greentown Project Management Group**") as the Company did not obtain the grade 1 qualification for real estate development prior to listing.

Costs of Services

During the Reporting Period, costs of services was RMB1,580.1 million, representing an increase of 24.7% from RMB1,267.4 million in 2022. The main reasons for the increase were the increase in the scale of revenue of commercial project management from self-operation and cooperation with business partners as well as the increase in project service costs.

Gross Profit

During the Reporting Period, the gross profit was RMB1,722.3 million, representing an increase of 24.0% from RMB1,388.6 million in 2022. The gross profit margin was 52.2%, basically remaining at the same level as compared to 52.3% for 2022.

– The gross profit margins of the three business segments are: 52.3% for commercial project management, 45.2% for government project management and 82.2% for other services, compared to 53.8%, 40.8% and 84.0%, respectively, for 2022.

– The gross profit margin of commercial project management was 52.3%, decreased by 1.5 percentage points from 53.8% in 2022, mainly due to the increase in the proportion of clients from state-owned enterprises and financial institutions. In order to deepen business cooperation, the Company has shown its resilience to changes in the industry and expanded its service scope to areas which require assistance from third-party units such as design and marketing. As a result, costs have grown faster than revenue, and the overall gross profit margin of commercial project management has declined.

– The gross profit margin of government project management was 45.2%, increased by 4.4 percentage points from 40.8% in 2022, mainly due to the fact that the Group has strengthened its construction of informatization so as to empower management and control departments at all levels with informatized tools and optimize the assessment and evaluation mechanisms, resulting in an increase in the operating efficiency of the Company and efficiency per capita, thereby increasing the gross profit margin of government project management.

– The gross profit margin of other services was 82.2%. The higher gross profit margin was mainly due to the revenue of RMB112.2 million derived from a project during the Period which was tendered by Greentown Real Estate Group and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to listing on the Stock Exchange; the service cost of the project was recorded at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group.

Other Income

During the Reporting Period, other income of the Group was RMB155.8 million, a decrease of 6.3% from RMB166.2 million in 2022. The decrease in other income was mainly due to the decrease in interest rates of bank deposits, which resulted in a decrease in interest income from financial institutions.

Other Gains/Losses

During the Reporting Period, the other losses of the Group was RMB75.9 million, the losses were mainly due to (1) the increase in the estimated value of the contingent consideration for the equity acquisition of Zhejiang Shangli Construction Management Company Limited 浙江熵里建設管理有限公司 of RMB33.3 million; (2) the decrease in the fair value of financial assets of RMB27.6 million; and (3) the exchange loss incurred by foreign currency assets and foreign currency liabilities of RMB16.4 million.

Selling and Marketing Expenses

Selling and marketing expenses were RMB104.5 million, representing a decrease of 13.1% from RMB120.2 million in 2022. The decrease was mainly due to the improvement of the performance evaluation on developing personnel by the Company and the control of project acquisition costs during the Period.

Greentown · Yinchuan Taoli Jiangnan

Administration Expenses

Administration expenses were RMB514.5 million, representing an increase of 5.3% from RMB488.6 million in 2022. The increase was mainly due to the increase in the management personnel reserve of companies in such local area of the Group in order to promote the strategy of exploring various regions.

Profit for the Year

During the Reporting Period, the net profit of the Group was RMB980.7 million, representing an increase of 33.4% from RMB735.4 million in 2022. The net profit during the period attributable to the owners of the Company was RMB973.6 million, representing an increase of 30.8% from net profit of RMB744.5 million in 2022.

Trade and Other Receivables

As at 31 December 2023, trade and other receivables reached RMB823.9 million, remaining at the same level as compared to RMB823.9 million at the end of 2022. The Company strengthened the management of receivables in 2023. The turnover ratio of trade receivables increased from 14.7 times in 2022 to 15.1 times in 2023.

Contract Assets

As at 31 December 2023, the Group's contract assets amounted to RMB890.6 million, representing an increase of 55.2% from RMB573.9 million at the end of 2022. The contract assets reflected the amounts related to certain projects where the Company have fulfilled its obligations but have not yet reached the management fee collection milestone as agreed in the contract. The increase during the year was mainly due to the expansion of the Company's operating scale, which such project will be transferred to cash inflows from the Company's operating activities in the future.

Loans to Non-related Parties

The Company has provided loans to non-related companies in previous years. These non-related companies are property developers of real estate projects. The Company has been engaged by them to provide project management services for the development and construction of these projects. In the process of the property development, these projects were in urgent need of working capital support. In order to improve and enrich the Company's service scope and income sources, and ensure the normal development and sales of these projects, the Company decided to provide working capital support after assessing the credit risks.

Considering all such loans provided by the Company have underlying collateral, pledges and joint liability guarantees, and professional teams have been assigned to participate in project development, operation and management of these projects, the Company is able to continuously monitor the status of property development, sales and funds of these companies. The financial capital department of the Company also continuously monitors the borrowers' repayment status and its financial status.

As at 31 December 2023, other receivables of the Company included the principal balance of loans to non-related parties of RMB405,700,000 and interest receivable of RMB38,750,000. Details are as follows:

The loan principal provided by the Company to company A was RMB200,000,000, with an interest rate of 15% per annum. The underlying guarantees were: pledge of 100% equity interests in the project company with a valuation of RMB52,600,000, pledge of trade receivables of RMB85,200,000 of the project company, security of the project land use rights of the project company with a total valuation of RMB662,877,900, and guarantees provided by the shareholders of the project company.

The loan principal provided by the Company to company B was RMB3,700,000, with an interest rate of 6% per annum. The underlying guarantees were: pledge of 100% equity interests in the project company with a valuation of RMB20,000,000, pledge of trade receivables of RMB151,650,000 of the project company, security of the project land use rights of the project company with a total valuation of RMB108,730,000, and guarantees provided by the shareholders of the project company. The loan to company B was full repaid on 4 January 2024.

The loan principal provided by the Company to company C was RMB202,000,000, with an interest rate of 6% per annum. The underlying guarantees were: pledge of 100% equity interests in the project company and the equity interests in the parent of the project company with a valuation of RMB50,000,000 and RMB130,000,000, respectively, security of the project land use rights and buildings thereon of the project company with a total valuation of RMB432,510,465, and guarantees provided by the shareholders of the project company.

For details on the assessment of expected credit losses on loans to non-related parties, please see Note 25 to the financial statements.

Loans to Joint Ventures and Associates

The Company provides shareholder loans to joint ventures and associates from time to time. These joint ventures and associates are established by the Company together with business partners to develop the overall project management business. These companies are mainly engaged in project management services or related services. By providing shareholder loans for their daily operations, the financial pressure of such joint ventures/associates could be alleviated in an efficient manner, which is beneficial to these companies in obtaining project management business and related businesses, so as to enhance the Company's overall project management business and income.

Considering that the Company participated in or dispatched personnel to participate in the business decision-making and daily operation management of such joint ventures and associates, the Company can continuously monitor the business conditions of these companies. The financial capital department of the Company also continued to monitor the repayment status and financial status of such joint ventures and associates as borrowers.

As at 31 December 2023, the balance of principal of loans receivables from joint ventures and associates was RMB272,115,000.

For further details on the loans provided by the Company to joint ventures and associates, please see Note 39 to the financial statements.

Trade and Other Payables

As at 31 December 2023, trade and other payables amounted to RMB1,257.2 million, representing an increase of 7.2% from RMB1,173.3 million at the end of 2022. The increase was mainly attributable to the increase of collection payables of RMB90.4 million and increase of employees' compensation payables of RMB30.0 million.

Capital Structure

As at 31 December 2023, the total equity of the Group reached approximately RMB4,133.6 million, representing an increase of approximately RMB260.6 million from RMB3,873.0 million at the beginning of 2023. Specifically, equity attributable to shareholders was approximately RMB3,995.7 million, representing an increase of approximately RMB256.5 million from RMB3,739.2 million at the beginning of 2023, mainly due to the facts that: (1) the Company achieved a net profit attributable to the shareholders of listed companies of RMB973.6 million in 2023 led to the increase in equity attributable to shareholders; (2) the cost sharing of options of RMB39.1 million led to the increase in equity attributable to shareholders; and (3) the distribution of cash dividends to shareholders during the Period led to the equity attributable to shareholders decreased by RMB748.0 million.

As at 31 December 2023, the Company had a total of 2,010,000,000 shares in issue, and had a total market capitalization of approximately HKD10,793.7 million (based on the closing price on 31 December 2023).

Liquidity and Capital Resources

As at 31 December 2023, the Group had bank deposits and cash (not including pledged bank deposits) of RMB2,044.4 million (31 December 2022: RMB1,933.1 million); and the current ratio was 1.83 times (31 December 2022: 1.85 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.9% (31 December 2022: 0.9%). The cash flow was very abundant, providing strong support for the Company's future development.

During the Reporting Period, our liquidity was mainly tailored to meet the working capital needs. Internally generated cash flow was the main source of funding for our working capital, capital expenditures and other funding needs.

Debt

During the Reporting Period, the Group had no significant borrowings.

Foreign Exchange Risk

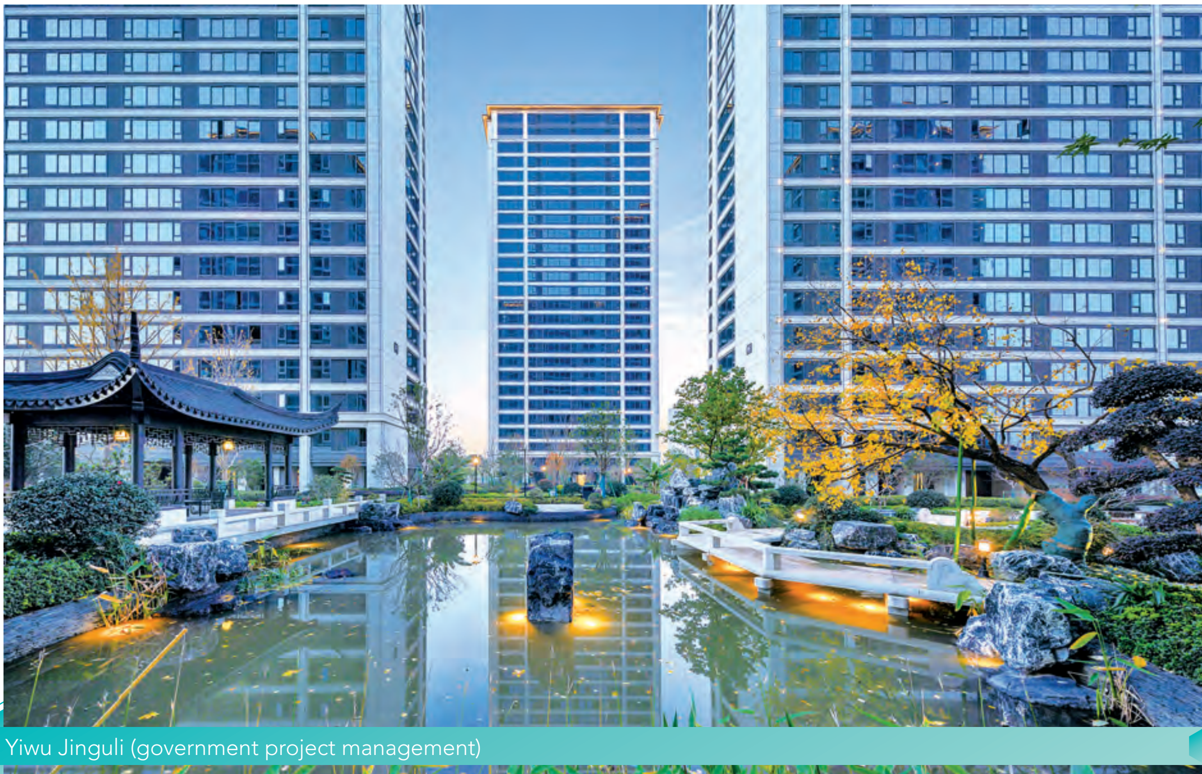
The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to low foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2023.

Zhoushan Chashan Pushui Street (government project management)

Greentown · Xining Taoli Chunfeng



Yiwu Jinguli (government project management)

Pledge of Assets

During the Reporting Period, the Group had no pledge of assets.

Asset Transactions and Significant Investments

During the Reporting Period, the Group had no asset transactions or significant investments.

Material Acquisitions and Disposals

During the Reporting Period, the Group had no material acquisition and disposal.

Treasury Management

Our treasury management function undertakes the responsibility of cash management, liquidity planning and control, provision of cost-efficient financing for the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of financial risks such as interest and foreign exchanges risks. Our treasury function is designed to align with the long-term and short-term needs of the Group and comply with good corporate governance standard.

**For identification purposes only*

Biographical Details of Directors and Senior Management

Biographical Details of Directors and Senior Management

Below are the biographies of the Directors and senior management of the Group during the Reporting Period and as at the Latest Practicable Date.

DIRECTOR

Non-executive Directors

Mr. GUO Jiafeng, aged 59, graduated from Zhejiang Construction Industry School (浙江建築工業學校) in 1981, majoring in industrial and civil architecture. Mr. Guo has more than 36 years of experience in the industry, and has extensive experience in project development and construction. Mr. Guo joined the Greentown Group in April 2000, served as an executive director of Greentown China from July 2006 to March 2015, and acted as the executive general manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) where he was primarily responsible for the real estate development of projects in areas such as Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei and Xinjiang. He was mainly engaged his personal business from April 2015 to July 2019. Mr. Guo was re-appointed as an executive director of Greentown China on 11 July 2019, and as chief executive officer on 17 December 2020. He has been the Chairman of the Board and a non-executive Director of the Company since 8 January 2020, and redesignated to Co-Chairman of the Board on 31 July 2023, mainly responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Guo also serves as an executive director and chief executive officer of Greentown China.

Mr. ZHANG Yadong, aged 55, joined the Greentown China in May 2018. Mr. Zhang studied at Liaoning University (遼寧大學), Dalian Polytechnic University (大連工業大學) and Xiamen University (廈門大學), and he is a Ph.D holder. Mr. Zhang served as the assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, deputy party chief of party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and the head of the United Front Work Department of the Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly-owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr. Zhang was responsible for urban construction and management, including overseeing the Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction department and has the extensive experience in urban and rural construction and real estate management. Mr. Zhang was appointed as an executive director and chief executive officer of Greentown China on 1 August 2018, and chairman of the board of directors of Greentown China on 11 July 2019. Mr Zhang resigned as chief executive officer of Greentown China with effect from 17 December 2020. He has been a non-executive Director of the Company since 8 January 2020, and has been appointed as Co-Chairman of the Board on 31 July 2023, primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Zhang also serves as chairman of the board of directors and executive director of Greentown China.

Executive Directors

Mr. LI Jun, aged 47, currently is the Vice Chairman of the Board and an executive Director of the Company. He was an executive Director and the Chief Executive Officer of the Company since 2016, and redesignated from Chief Executive Officer to Vice Chairman of the Board on 31 July 2023. Mr. Li focuses his efforts on the strategic development and competitive strategies of the Company and promotes business model innovation on the basis of coordinating the overall management of the Company. He is also responsible for the daily tasks of the Board.

Mr. Li joined the Greentown Group as an officer in the quality management department in 2002 and subsequently served as a department manager in its operations management department since 2009. Mr. Li has served as general manager of Greentown's first commercial project management project since 2010 and innovated the asset-light development model. He has served as president of the Group since 2015, responsible for overseeing daily operation and management. In July 2020, under the leadership of Mr. Li, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, driving the Company to become the first listing company of project management in China.

In 2019 and 2020, Mr. Li successively received the Most Influential Business Leader in China Real Estate Industry (中國房地產年度影響力行業領軍人物) and currently the executive president of the Project Management Division of the China Real Estate Association.

He completed his undergraduate studies in heating ventilation at the University of South China (南華大學) in the PRC in 1998 and obtained a master's degree in project management from Zhejiang University (浙江大學) in the PRC in 2010. He has the AMP alumni qualification of the Wharton School of Business in the United States.

Mr. WANG Junfeng, aged 48, currently is an executive Director and the Chief Executive Officer of the Company. He was an executive Director and the Executive President of the Company since 12 January 2023; and redesignated to executive Director and Chief Executive Officer on 31 July 2023. He is primarily responsible for the management of the Group's operations.

He graduated and obtained his bachelor's degree from the East China Jiao Tong University. (華東交通大學) Mr. Wang has 24 years of experience in real estate development and project management. From April 2017 to September 2021, Mr. Wang served as the executive deputy general manager of Zhejiang Greentown Real Estate Investment Co., Ltd.* (浙江綠城房地產投資有限公司), and also served as the general manager of Ningbo City Company* (寧波城市公司). Since September 2021, Mr. Wang has served as the general manager of Zhedong Greentown Real Estate Investment Co., Ltd.* (浙東綠城房地產投資有限公司).

Mr. LIN Sanjiu, aged 60, has been an executive Director and the Executive President of the Company since 8 January 2020 and is primarily responsible for reviewing major technical review and product supervision.

He joined the Greentown Group in October 2006, and he joined the Group as the general manager of certain project companies in 2009. Mr. Lin has extensive experience in real estate development.

He obtained an associate degree in business management from the Hangzhou Branch of the Associated Correspondent University for Economic Management (經濟管理刊受聯合大學杭州市分校) in the PRC in 1989.

Independent Non-executive Directors

Mr. Lin Zhihong, aged 53, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Lin has served as general manager, deputy general manager and president of a number of banks.

In 2008, Mr. Lin was selected as one of the Top Ten Pacemakers in the Building of Professional Ethics for Workers in the National Financial System (全國金融系統職工職業道德建設十佳標兵) by the National Committee of China Financial Trade Union (中國金融工會全國委員會) and one of the 50 Most Promising Young Bankers in Asia Pacific and the Gulf Region (亞太及海灣地區50名最有前途的年輕銀行家) by The Asian Banker (亞洲銀行家), and was awarded the May, 1 National Labour Medal in the National Financial System (全國金融五一勞動獎章) by China Financial Trade Union (中國金融工會). In 2011, he was awarded the 15th Anniversary Meritorious Service and Entrepreneur Award (十五週年功勳創業者獎) by China Minsheng Bank. In 2015, he was selected as a Year 2015 Outstanding Innovative Business Leader (2015傑出創新商業領袖) by Hong Kong Wen Wei Po Daily (香港文匯報).

He obtained a Ph.D in management science and engineering (financial engineering) from Dalian University of Technology (大連理工大學) in the PRC in 2014.

Dr. Ding Zuyu, aged 50, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Dr. Ding is an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (stock code: 2048) and an independent non-executive director of Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (stock code: 1238), both listed on the Main Board of the Stock Exchange, and also an executive member of China Real Estate Association (中國房地產業協會).

In the past three years, he acted as chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 2048)).

He obtained a Ph.D in economics from East China Normal University (華東師範大學) in the PRC in 2013.

Mr. Chan Yan Kwan Andy, aged 55, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Chan is the chief financial officer and company secretary of Kingdom Holdings Limited (金達控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 528).

He worked for a number of international accounting firms (including Ernst & Young), and has over 26 years of extensive financial experience.

He obtained a bachelor's degree in economics and accounting from the University of Hull in the United Kingdom in 1992; a master's degree in business administration from the University of Western Ontario in Canada in 2008 and a master's degree in corporate governance (with distinction) from The Hong Kong Polytechnic University in 2021. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is also a Fellow Chartered Secretary and Fellow Chartered Governance Professional of the Hong Kong Chartered Governance Institute.

SENIOR MANAGEMENT

Mr. Fu Peng, aged 49, has been the vice president of the Company since July 2021 and is mainly responsible for the management of the Group's products, and concurrently serves as the chief engineer of the Group.

He joined Greentown in 2003. From 2003 to 2015, he had served as the manager of the fine decoration management department of Greentown Real Estate Group, the assistant to the general manager of the Lancheng Qianjiang Project Company, the general manager of the Greentown Decoration Group, and the general manager of the Sincere Garden Project. From 2015 to 2021, he served as the vice president and chief product officer of the Sunac Southeast Regional Group, and the dean of the Future Community Development Research Center (未來社區發展研究中心), in charge of the product center, the cost recruitment center, the project management center, and the public construction center.

He obtained a bachelor's degree in civil engineering from the Department of Civil Engineering of Zhejiang University (浙江大學) in 1997.

Mr. CHENG Min, aged 42, has been vice president of the Company since December 2020. He is mainly responsible for the Group's business development, financial capital and management of investor's project management.

Mr. Cheng has extensive experience in real estate project investment and expansion. He previously joined the Greentown Group in 2010 as an officer of the corporate development department. In September of the same year, he was transferred to Greentown Construction Management Co., Ltd. (綠城建設管理有限公司) to engage in and be responsible for the expansion of the project management business. He served at the headquarters of Greentown Real Estate in 2015. He acted as executive general manager of the Huzhou Yuyuan Project (湖州御園項目), deputy general manager of the South China regional company, and deputy general manager of the development and investment center of Greentown China.

He obtained a bachelor's degree in mechanical engineering and automation from Zhejiang University of Technology (浙江工業大學) in 2005, and a master's degree in technical economy and management from Zhejiang University of Technology (浙江工業大學) in 2009.

Mr. LUO Yi, aged 46, has been the vice president of the Company since 15 February 2022. He is primarily responsible for the overall operation and management of the government business of the Group.

He joined Greentown Management in 2018 as general manager of its product center, and subsequently served as general manager of Greentown Leju Construction Management Group Co., Ltd. (綠城樂居建設管理集團有限公司) (a wholly-owned subsidiary of Greentown Management) since 2019. He has been an assistant president of the Group since 17 July 2020. Before joining Greentown Management, Mr. Luo served in Zhejiang Urban and Rural Planning and Design Institute (浙江省城鄉規劃設計研究院), Hangzhou Qianjiang New Town Management Committee (杭州市錢江新城管委會) and Hangzhou Qianjiang New Town Investment Group (杭州市錢江新城投資集團). He is familiar with business exploration and development in multiple sectors, and has extensive experience in primary and secondary city development.

He obtained a bachelor's degree in architecture from the School of Architecture of Zhejiang University (浙江大學建築學系) in the PRC in 2001, and a master's degree in urban planning and design from Zhejiang University (浙江大學) in the PRC in 2005.

Mr. JINIG Zeya, aged 51, has been the vice president of the Company since 1 December 2023, is primarily responsible for the management of the Group's operations.

He has 20 years of experience in real estate project and management as well as company operations and management. He joined Greentown Management in 2004 and served as deputy general manager of Greentown Cixi Company (綠城慈溪公司), general manager of Greentown Yuyao Company (綠城餘姚公司), and general manager of Zhejiang Greentown Times Construction Management Co., Ltd (浙江綠城時代建設管理有限公司).

He obtained a master's degree of business administration from Zhejiang University (浙江大學) and an EMBA degree from Tsinghua University (清華大學).

Ms. WANG Hui, aged 45, has been an assistant president of the Company since 2020, and is primarily responsible for the management of the customer research of the Group.

She has 20 years of experience in real estate marketing and management, and has served as various positions including deputy general manager of Shanghai Branch of Fosun Group Ceyuan Holdings (復星集團策源控股) under and assistant general manager of Fosun Land Control Zhejiang Fudi (復星地控浙江復地).

She joined Greentown in 2015, and served as deputy general manager, general manager and assistant president of the marketing center of Greentown Management Group.

She obtained a bachelor's degree in sales management from Sichuan University (四川大學), an EMBA degree from Fudan University (復旦大學) and a master's degree in business administration from China Europe International Business School (中歐國際商學院).

Mr. Zhou Ye, aged 41, has been the assistant president of the Company since 12 January 2023 and is primarily responsible for the marketing management of the Group.

He has 20 years of experience in real estate marketing management, and served as the regional deputy general manager and regional general manager of Zhedong Greentown Real Estate Investment Co., Ltd (浙東綠城房地產投資有限公司).

COMPANY SECRETARY

Ms. Zhang Panpan ("**Ms. Zhang**") is currently the company secretary of the Company.

Ms. Zhang is one of the joint company secretaries of the Company since December 2020 and obtained a confirmation from the Stock Exchange in December 2023 that she met the qualifications to act as the company secretary of the Company as required under Rules 3.28 and 8.17 of the Listing Rules. Following the resignation of the other joint company secretary, Ms. Yung Mei Yee, on 4 January 2024, Ms. Zhang becomes the sole company secretary of the Company.

Ms. Zhang is the secretary of the Board and is primarily responsible for capital markets affairs, information disclosure management, corporate governance and other functions of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the Group. She led the listing process of the Company, and was responsible for the supervision, coordination and management of the listing application process of the Company.

Ms. Zhang also served as the deputy secretary-general of the Project Management Division of the China Real Estate Association since November 2023.

Ms. Zhang obtained her Executive MBA degree in China Europe International Business School (中歐國際工商學院).

Report of the Directors

Report of the Directors

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Group is to provide project management services. An analysis of the Group's revenue for the Reporting Period by principal business activity is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 67.

BUSINESS REVIEW

During the year ended 31 December 2023, the Group had a total GFA under the management contracts of 119.6 million square meters, representing an increase of approximately 17.9% as compared to the corresponding period last year. The area under construction was 52.5 million square meters, representing an increase of approximately 11.4% as compared to the corresponding period last year.

SHARE CAPITAL

Details of the issued Shares of the Company during the year ended 31 December 2023 are set out in note 32 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in the Group's property, plant and equipment during the year ended 31 December 2023 are set out in note 15 to the consolidated financial statements of the Group.

BORROWINGS

The Group had no significant borrowings during the year ended 31 December 2023.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into or subsisted at any time during the year ended 31 December 2023.

DONATIONS

The Group has not made any donations during the year ended 31 December 2023.

DISTRIBUTABLE RESERVES

Details of the changes in the Company's reserves during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity on pages 70 to 71.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for 2023 of RMB0.40 per share and a special dividend of RMB0.10 per share equivalent to a final dividend of HKD0.44 per share and a special dividend of HKD0.11 per share based on the prevailing exchange rate of HKD1.00 to RMB0.90709 published by the People's Bank of China on 21 March 2024) to shareholders, subject to shareholders' approval at the annual general meeting to be convened on Thursday, 13 June 2024. The dividends payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend and special dividend are expected to be paid to shareholders on or before Monday, 15 July 2024.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from Friday, 7 June 2024 to Thursday, 13 June 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2024.

(b) For determining the entitlement to the 2023 proposed final dividend and special dividend

The register of members of the Company will be closed from Thursday, 4 July 2024 to Tuesday, 9 July 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2023 proposed final dividend, and special dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 3 July 2024.

FINANCIAL SUMMARY

The financial summary of the Group is set out on page 6 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, revenue from the largest customer of the Group accounted for approximately 4.9% of the total revenue for the year, and revenue from the five largest customers of the Group accounted for less than 11.5% of the Group's revenue for the year.

During the year ended 31 December 2023, the purchases made from the largest supplier of the Group accounted for approximately 16.2% of the total purchases for the year, and the purchases made from the five largest suppliers of the Group accounted for less than 64.4% of the purchases made by the Group during the year.

DIRECTORS' AND SHAREHOLDERS' INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

Save as disclosed above, none of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any direct or indirect interests in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Reporting Period and up to the Latest Practicable Date are as follows:

Non-executive Directors

Mr. Guo Jiafeng *(Co-Chairman)*
Mr. Zhang Yadong *(Co-Chairman)*

Executive Directors

Mr. Li Jun *(Vice Chairman)*
Mr. Wang Junfeng *(Chief Executive Officer)*
Mr. Lin Sanjiu

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

Pursuant to Article 16.2 and Article 16.19 of the Articles of Association, Mr. Guo Jiafeng, Mr. Lin Zhihong and Dr. Ding Zuyu shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

No Director proposed for re-election at the AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Director has entered into a service contract (for executive Directors) or signed an appointment letter (for non-executive Directors and independent non-executive Directors) with the Company for a specific term of three years and subject to re-election pursuant to the memorandum and Articles of Association where necessary.

The service contracts of the executive Directors may be terminated by not less than two months' notice in writing served by either party on the other. The appointment letter of the non-executive Directors and the independent non-executive Directors may be terminated by the Company or the Director himself with at least one month' and three months' prior written notice to the other party, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There are no transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts other than employment contracts concerning the management and administration of the whole or any substantial part of the Company were entered into or existed during the Reporting Period.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors or any of their respective associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that every Director for the time being acting in relation to any of the affairs of the Company 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 they may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. However, this indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the Reporting Period, the Company has taken out insurance for directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

The permitted indemnity provision was in force during the year ended 31 December 2023 for the benefit of the Directors.

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

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 11 and note 39(iii) to the consolidated financial statements of the Group.

The remuneration packages of individual Directors (including salaries and other benefits) is recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 35 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTION

On 24 February 2020, the Company and Greentown China entered into a trademark license agreement (the "**Trademark Licence Agreement**") pursuant to which Greentown China licensed certain "Greentown" series of trademark registered in the PRC and Hong Kong in relation to the project management business to the Company and its subsidiaries. The license under the Trademark License Agreement has an initial term commencing from the date of the agreement and ending 10 years from the Listing Date, which (subject to compliance with relevant laws and regulations, including the Listing Rules), may be renewed upon written notice given by the Company for every 10 years from the expiry date. For details of the Trademark Licence Agreement, please refer to "Connected Transaction" section of the Prospectus.

Annual Caps

Here below are the details of the annual caps for the Trademark Licence Agreement.

Year(s)	Annual Cap Licence Fee (RMB million)
1st year (the one year period starting from the Listing Date)	30
2nd year (the one year period starting from the expiration of the previous one year period. Same for license periods below.)	40
3rd year	50
4th year – 10th year	60

Note: The Company shall pay a license fee of RMB54.8 million for the year ended 31 December 2023.

Annual Review of the Continuing Connected Transaction

Pursuant to the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transaction and the report of the auditor and confirmed that the continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to (or from) independent third parties; and (iii) in accordance with the Trademark License Agreement governing it on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction with regard to the Trademark Licence Agreement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONNECTED AND RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 39 to the consolidated financial statements constituted connected transactions or continuing connected transactions under the Listing Rules, but are exempt from shareholder approval, disclosure and other requirements under Chapter 14A.76 of the Listing Rules.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material event after the Reporting Period and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2023 the interests and short positions of the Directors and chief executives of the Company in the shares of the Company, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying Shares

Name of Director or chief executive	Nature of interest	Number of ordinary Shares	Number of derivative Shares[1]	Total	Approximate percentage of interest in the Company
Mr. Guo Jiafeng	Beneficial owner	2,000,000	—	2,000,000	0.10%
Mr. Zhang Yadong	Beneficial owner	2,000,000	—	2,000,000	0.10%
Mr. Li Jun	Beneficial owner	—	2,450,000	2,450,000	0.12%
Mr. Lin Sanjiu	Beneficial owner	3,570,000	1,400,000	4,970,000	0.25%

Note:

(1) Such interests refer to the interests in the award share units granted under the 2022 Share Award Scheme.

(ii) Associated Corporation of the Company

Name of Director	Name of associated corporation of the Company	No. of Shares (including Share Options or Award Shares Granted)	% of issued share capital of the associated corporation[3]
Mr. Guo Jiafeng	Greentown China	7,705,024[1]	0.30%
Mr. Zhang Yadong	Greentown China	17,525,588[2]	0.69%

Notes:

(1) It represents (i) 6,280,000 share options under the Greentown China 2016 Share Option Scheme; and (ii) 1,425,024 shares of Greentown China held as beneficial owner.

(2) It represents (i) 14,880,000 share options under the Greentown China 2016 Share Option Scheme; and (ii) 2,645,588 shares of Greentown China held as beneficial owner.

(3) Calculated based on the relevant individual's interest in the relevant shares and the total number of issued shares of Greentown China as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2023, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Greentown China	Beneficial owner	1,432,660,000	71.28%

Save as disclosed above, as at 31 December 2023, our Directors are not aware of any other person (other than Directors and chief executive of the Company) who have any interest and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to 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. Our Directors are also not aware of any pledging of shares by the controlling shareholder as at 31 December 2023.

SHARE AWARD SCHEMES

The Company adopted the following two Share Award Schemes with major terms and details set out below:

		2020 Share Award Scheme	2022 Share Award Scheme
1.	Purpose	To recognize the contributions by the eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group	
2.	Adoption Date	28 October 2020	24 April 2022
3.	Duration	It shall be valid and effective for a period of 10 years from the adoption date	It shall be valid and effective for a period of 10 years from the adoption date
4.	Maximum number of Shares that can be awarded	1.83% of the issued Shares of the Company as at the adoption date	2.657% of the issued Shares of the Company as at the adoption date
5.	Vesting Period	24 December 2020 to 24 December 2023	The vesting period for the share awards granted on 24 April 2022: 24 April 2022 to 24 April 2025 The vesting period for the share awards granted on 28 October 2022: 28 October 2022 to 28 October 2025
6.	Maximum entitlement of each participant	1% of the issued Shares of the Company as at the adoption date	
7.	Voting Rights	The trustee shall not exercise any voting rights in respect of any Shares held pursuant to the trust deed	
8.	Remaining Life	Effective for a term of 10 years commencing from 28 October 2020 and with a remaining life of approximately 6 years	Effective for a term of 10 years commencing from 24 April 2022 and with a remaining life of approximately 8 years

The Company has complied with the chapter 17 of the Listing Rules when granting the awarded shares. If awards are to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

2020 Share Award Scheme

The Company did not grant any award shares under 2020 Share Award Scheme during the Reporting Period. As at the date of 31 December 2023, a total of 28,710,000 share awards had been vested, 7,030,000 share awards had been lapsed and no share awards had been cancelled.

2022 Share Award Scheme

On 24 April 2022, the Company adopted the 2022 share award scheme (the "**2022 Share Award Scheme**") to issue and allot new Shares to the trustee pursuant to the specific mandate and in accordance with the terms of the scheme rules. The new Shares issued will be held on trust for the grantees until the end of each vesting condition which may differ among the grantees and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board in the award letter.

As at 31 December 2023, the Company had a total of 38,250,000 unvested award shares, the details of which are as follows:

		Number of Award Shares					
Name of directors	Date of grant	As at 1 January 2023	Granted during the Period	Vested during the Period	Lapsed during the Period	As at 31 December 2023	Vesting Period
Connected Grantees (Note 1)							
Mr. Li Jun	24 April 2022 (Note 3)	3,500,000	–	1,050,000	–	2,450,000	(Note 5)
Mr. Lin Sanjiu	24 April 2022 (Note 3)	2,000,000	–	600,000	–	1,400,000	(Note 5)
Subsidiary Directors							
Ms. Zhan Liying	24 April 2022 (Note 3)	2,000,000	–	600,000	–	1,400,000	(Note 5)
Mr. Luo Yi	24 April 2022 (Note 3)	2,000,000	–	600,000	–	1,400,000	(Note 5)
Non-connected Grantees							
32 grantees (note 2)	24 December 2020	2,370,000	–	370,000	2,000,000	–	(Note 6)
69 employees	24 April 2022 (Note 3)	38,400,000	–	7,750,000	1,171,000	29,479,000	(Note 5)
6 employees	28 October 2022 (Note 4)	2,580,000	–	459,000	–	2,121,000	(Note 7)
Total		52,850,000	–	11,429,000	3,171,000	38,250,000	

Note 1: Among the connected grantees, Mr. Li Jun and Mr. Lin Sanjiu are the executive Directors of the Company.

Note 2: Selected participants of the 2020 Share Award Scheme who are not connected with the Company or a connected person of the Company.

Note 3: The fair value per Share granted on 24 April 2022: HKD4.71 (first tranche), HKD4.39 (second tranche) and HKD4.14 (third tranche).

Note 4: The fair value per Share granted on 28 October 2022: HKD3.26 (first tranche), HKD3.13 (second tranche) and HKD2.97 (third tranche).

Note 5: 24 April 2022 to 24 April 2025

Note 6: 24 December 2020 to 23 December 2023

Note 7: 28 October 2022 to 28 October 2025

Note 8: A total of 11,429,000 shares were vested during 2023, and the weighted average closing price of the relevant shares before the vesting date was HKD7.51.

Note 9: During 2023, no shares were cancelled under the share award scheme.

Note 10: On 31 December 2023, the number of share awards available for grant under the 2020 Share Award Scheme was 7,120,961 shares, and the number of underlying Shares was 7,120,961 shares, accounting for approximately 0.354% of the total issued shares of the Company.

Note 11: On 31 December 2023, the number of share awards available for grant under the 2022 Share Award Scheme was 2,715,000 shares, of which 2,715,000 shares were the existing shares of the Company, accounting for approximately 0.135% of the total issued shares of the Company.

SHARE OPTION SCHEME

As at 31 December 2023, the Company did not have any share option scheme.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

DIVIDEND POLICY

The future declarations of dividends of the Company will be at the absolute discretion of the Directors. Any amount of dividends declares and pays will depend on the Company's future operations and earnings, capital requirements and surplus, general financial conditions and other factors that the Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents and the relevant laws. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution.

RISKS AND UNCERTAINTIES

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be very material in the future. In addition, this annual report does not constitute a recommendation or advice to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Relating to Our Industry

Our commercial project management business is one of the core business of the Group, and the number of project management projects that we manage, and hence, our income level, depend on the performance of the real estate market in China. In 2022, the definancialization policy implemented by the State on the real estate industry has continued to impact the development of the real estate industry. Any market downturn, any oversupply of properties or potential decline in demand for or prices of properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Business

The project owners' selection of a project management company depends on a number of factors, including but not limited to the quality of services, the level of pricing, the operating scales, the operating history and reputation of the project management company in the real estate industry. The project management market in the PRC is highly competitive, and our competitors may have greater financial, technical and other resources, better brand recognition and larger customer bases, and may be able to devote more resources to the development, promotion and sale of their services and solutions. There is no assurance that we will be able to procure new project management service contracts in the future as planned or at a desirable pace or price, or at all, as a result of the factors discussed above. If we cannot respond to changes in customer preferences more swiftly or more effectively than our competitors, or increased competition arising from new market participants, our business, results of operations and financial condition could be adversely affected.

Risks Relating to Foreign Exchange

The Group principally focuses on its business in the PRC. Except for bank deposits and trade receivables denominated in foreign currencies, the Group is not subject to any other material risk directly relating to foreign exchange fluctuations. During the year, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

EMPLOYEES AND REMUNERATION POLICIES

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to established human resources policies and systems. The remuneration package including basic salaries, allowances, bonuses, share award schemes and other employee benefits offered to the employees was determined by their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 31 December 2023, the Group had 2,056 employees, of which the number of male and female employees are 1,517 and 539, respectively (accounted for 73.78% and 26.22% respectively), which representing an increase of 34.47% from 31 December 2022, mainly due to the Company's effort to build a platform organization during the Period, which brought 387 employees and 49 project management projects of Zhejiang Greentown Times into our direct management system. At the same time, the Company changed the organizational structure, subdivided the original regional market, and added 5 new regional/city companies.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in the section "SHARE AWARD SCHEMES", during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte Touche Tohmatsu. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the Company's auditor for the ensuing year is to be proposed at the AGM.

For and on behalf of the Board

Li Jun
Vice Chairman and Executive Director

Hangzhou, PRC
21 March 2024

Corporate Governance Report

Corporate Governance Report

CORPORATE CULTURE

The Board leads to establish, promote and continually reinforce the desired corporate culture of "Quality, Reliance, Value and Share" and the service concept of "Management Creates Value". Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

For detailed information about the Company's mission, corporate values and strategies, please refer to the 2023 Environmental, Social and Governance Report and the Company's website.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code during the Reporting Period.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

Delegation of Management Function

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the memorandum and Articles of Association.

All Directors have full and timely access to all the information of the Company and advices from the joint company secretaries and senior management of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders at all times.

Save as disclosed in the Prospectus and this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors.

Chairman and Chief Executive Officer

The CG Code requires that the roles of chairman and chief executive officer should be separated and not be performed by the same individual to ensure there is a clear division of responsibilities between the Board and the executives who run the business.

During the period from 1 January 2023 to 31 July 2023, Mr. Guo Jiafeng is the chairman (the "**Chairman**") of the Company and Mr. Li Jun is the chief executive officer (the "**Chief Executive Officer**") of the Company. Their respective roles and responsibilities are clearly separated and set out in writing.

On 31 July 2023, Mr. Zhang Yadong and Mr. Guo Jiafeng are the Co-Chairmen and Mr. Wang Junfeng is the Chief Executive Officer. Their respective roles and responsibilities are clearly separated and set out in writing.

The Chairman is mainly responsible for setting the Company's direction in consultation with the Board and for the macro-oversight of the management. With the support of the Company Secretary and Corporate Governance Committee, the Chairman also takes primary responsibility to establish good corporate governance practices and procedures of the Company. The Chief Executive Officer, with the support of executive Directors (who are in charge of different businesses and functional divisions in accordance with their respective areas of expertise), is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

The Company has established relevant mechanisms to ensure independent views and input are available to the Board, including without limitation by reviewing that the independent non-executive Directors have appropriate qualifications and expertise from time to time with sufficient time commitment to the Group, that the number of independent non-executive Directors comply with the requirements of the Listing Rules, and that channels are established (including without limitation at Board meetings) to assess and evaluate the independent non-executive Directors' contribution and views. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis. During the Reporting Period, the Board reviewed the implementation of the abovementioned mechanism and considered the mechanism to be appropriate and effective.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the memorandum and Articles of Association.

Each of the executive Directors have entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary. Either party has the right to give not less than two months' written notice to terminate the agreement.

Each of the non-executive Directors has entered into an appointment letter with the Company for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than one month' notice in writing served by either party on the other at any time.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than three months' notice in writing served by either party on the other at any time.

In accordance with the memorandum and Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any Director appointed as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 16.19 of the memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than onethird, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, Mr. Guo Jiafeng, Mr. Lin Zhihong and Dr. Ding Zuyu will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in Company as referred to in code provision C.1.3 of part 2 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During the Reporting Period, all Directors has attended training session arranged by the Company which was provided by the professional advisers relating to the continuing obligations of listed companies and its directors, disclosure obligations of listed companies and update on the Listing Rules which was provided by the professional advisers.

A summary of training received by the Directors for the year ended 31 December 2023 is set out as follows:

Name of Directors	Training[1]
Mr. Guo Jiafeng	√
Mr. Zhang Yadong	√
Mr. Li Jun	√
Mr. Wang Junfeng	√
Mr. Lin Sanjiu	√
Mr. Lin Zhihong	√
Dr. Ding Zuyu	√
Mr. Chan Yan Kwan Andy	√

Note:

(1) Attended training arranged by the Company or other external parties or read legal and regulatory updates and other reference materials relating to, among others, Directors' duties and responsibilities, corporate governance and Listing Rules requirements.

The joint company secretaries have also attended the training on the best practices of performing the duties of company secretary.

LIABILITY INSURANCE OF DIRECTORS AND SENIOR MANAGEMENT

The Company has purchased insurances for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

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

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

BOARD MEETINGS AND GENERAL MEETING

During the period from the Listing Date to 31 December 2023, the Company held a total of four Board meetings. The Company has fully complied with the requirement under the code provision C.5.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

The attendance of the above meetings by each Director is as follows:

Name of Directors	Board meetings attended/Eligible to attend
Mr. Guo Jiafeng	4/4
Mr. Zhang Yadong	4/4
Mr. Li Jun	4/4
Mr. Wang Junfeng	4/4
Mr. Lin Sanjiu	4/4
Mr. Lin Zhihong	4/4
Dr. Ding Zuyu	4/4
Mr. Chan Yan Kwan Andy	4/4

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are maintained by the joint company secretaries with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a Board resolution have abstained from voting for such resolution.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director may seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Chan Yan Kwan Andy, Mr. Lin Zhihong and Dr. Ding Zuyu. Mr. Chan Yan Kwan Andy, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;

- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;

- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;

- to review the Company's financial and accounting policies and practices; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the memorandum and Articles of Association, and as authorized by the Board.

During the reporting period, the Audit Committee held two meetings, at which (i) the Group's annual results for 2022 were reviewed and considered with the external auditors; (ii) the Group's interim results for 2023 were reviewed and considered; (iii) the adequacy and effectiveness of the Group's risk management procedures and internal control system covering all material controls, including financial, operational and compliance controls were evaluated.

Code provision D.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision D.3.3(e)(i) of the CG Code since the Company's listing.

The attendance of the meetings by each member is as follows:

Name of Directors	Meeting attended/Eligible to attend
Mr. Chan Yan Kwan Andy	2/2
Mr. Lin Zhihong	2/2
Dr. Ding Zuyu	2/2

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three independent non-executive directors, namely Dr. Ding Zuyu, Mr. Lin Zhihong and Mr. Chan Yan Kwan Andy. Dr. Ding Zuyu currently serves as the chairwoman of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;
- to review the remuneration of individual executive Directors, senior management and non-executive Directors;
- to review the Company's policy on expense reimbursements for the Directors and senior management;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the memorandum and Articles of Association, and as authorized by the Board.

During the Reporting Period, the Remuneration Committee held two meetings, at which (i) the performance and remuneration package of the executive Directors and senior management of the Company were reviewed; (ii) the remuneration package of the independent non-executive Directors was reviewed; and (iii) the proposed grant of award shares to connected persons under the 2022 Share Award Scheme were reviewed.

The attendance of the meetings by each member is as follows:

Name of Directors	Meetings attended/Eligible to attend
Dr. Ding Zuyu	2/2
Mr. Lin Zhihong	2/2
Mr. Chan Yan Kwan Andy	2/2

Pursuant to the code E.1.5 of the CG Code, the following table sets forth the total remuneration of the Directors and members of senior management categorized by remuneration group for the year ended 31 December 2023:

The emoluments of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2023	2022
	Number of employees	Number of employees
HKD5,500,001 to HKD6,000,000	**1**	–
HKD7,000,001 to HKD7,500,000	**1**	–
HKD7,500,001 to HKD8,000,000	**–**	1
HKD9,000,001 to HKD9,500,000	**1**	–
HKD9,500,001 to HKD10,000,000	**–**	2
HKD10,000,001 to HKD10,500,000	**1**	–
HKD11,000,001 to HKD11,500,000	**–**	1
HKD14,000,001 to HKD14,500,000	**–**	1
HKD18,000,001 to HKD18,500,000	**1**	–
	5	5

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in note 11 to the financial statements.

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Lin Zhihong, Mr. Chan Yan Kwan Andy and Dr. Ding Zuyu. Mr. Lin Zhihong currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the Chairman and the Chief Executive Officer;
- to assess the independence of independent non-executive Directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's Audit and Remuneration Committees, in consultation with the chairmen of those committees; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the memorandum and Articles of Association, and as authorized by the Board.

One Nomination Committee meeting was held during the Reporting Period, at which (i) the structure, size and composition of the Board were reviewed ; (ii) the continued independence of each of the independent non-executive Directors were assessed; and (iii) considered the re-election of Directors.

According to the nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Board Diversity Policy

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

It also believes the Board has a well-balanced cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

The Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance. The Company is of the view that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Nomination Committee will use its best endeavors and on suitable basis, before 31 December 2024, to identify and recommend at least one female candidate to our Board for its consideration on appointment of a Director with the goal to have at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its shareholders as a whole when considering the appointment. The Company believes that such merit-based selection process with reference to the diversity policy and the nature of our business will be in the best interests of the Company and its shareholders as a whole.

As at 31 December 2023, the Group had 2,056 employees, of which the number of male and female employees are 1,517 and 539, respectively (accounted for 73.78% and 26.22% respectively), which representing an increase of 34.47% from 31 December 2022, mainly due to the Company's effort to build a platform organization during the Period, which brought 387 employees and 49 project management projects of Zhejiang Greentown Times into our direct management system. At the same time, the Company changed the organizational structure, subdivided the original regional market, and added 5 new regional/city companies.

Independent Views and Input to the Board

To ensure independent views and input are made available to the Board, the Board (or through its Board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

(i) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through Board meetings;

(ii) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;

(iii) the chairman of the Board meets with independent non-executive Directors annually without the presence of other Directors; and

(iv) all independent non-executive Directors are required to confirm in writing on an annual basis their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;

- to review and monitor the training and continuous professional development of Directors and senior management;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

COMPANY SECRETARY

Currently, Ms. Zhang Panpan ("**Ms. Zhang**") is the company secretary of the Company.

Ms. Zhang is the secretary of the Board and is primarily responsible for capital markets affairs and corporate governance of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the group and led the listing process of the Company. Ms. Zhang obtained her Executive MBA degree in China Europe International Business School.

For the Reporting Period, Ms. Zhang and Ms. Yung Mei Yee are the joint company secretaries of the Company; and Ms. Zhang is the primary contact person of Ms. Yung Mei Yee. Ms. Yung Mei Yee resigned on 4 January 2024 and Ms. Zhang becomes the sole company secretary of the Company on 4 January 2024.

Both of them had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

AUDITOR

Financial statements contained in this report have been audited by Deloitte Touche Tohmatsu.

Service fees which shall be paid by the Company to Deloitte Touche Tohmatsu for the year ended 31 December 2023 amounted to RMB5,315,000.

Service rendered	RMB
Audit of financial statements	2,928,000
Fees other than audit of financial statements	2,387,000
Total	**5,315,000**

Note: Fees other than audit of financial statements primarily comprise fees for review of interim financial statements, audit of special purpose financial statements and other advisory services.

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 61 to 66.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the Guidelines on Disclosure of Inside Information.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

The Group has established procedures in handling and dissemination of inside information in an accurate, secure and timely manner, so as to avoid possible unauthorised access and mishandling of inside information within the Group.

During the year ended 31 December 2023, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them.

The extraordinary general meetings are convened irregularly. In accordance with the memorandum and Articles of Association, an extraordinary general meeting shall be convened either by the Board or on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or any one of the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the memorandum and Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by shareholders at general meetings. Shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. For proposing a person for election as a Director, please refer to the "Procedures for shareholders to Nominate a Person for Election as a Director" posted on the Company's website.

Communication with Shareholders and Investors

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

To promote effective communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lcgljt.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees, where applicable, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the Reporting Period, the Company disclosed information truly, accurately, completely and timely according to the laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, thus protecting the investors' interests to the greatest extent.

Shareholders should direct their inquiries about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for shareholders to communicate with the Company:

China address:	9/F, Block C, Xixi International, 767 Wen Yi West Road, Xihu District, Hangzhou, Zhejiang, the PRC
Telephone number:	86 (0571) 8795 8738
E-mail:	zhangpanpan@chinagreentown.com
Hong Kong address:	Room 1004, 10/F, New World Tower, 18 Queen's Road Central, Hong Kong
Telephone number:	(852) 3795 6979
E-mail:	zhangpanpan@chinagreentown.com

UPDATES ON DIRECTORS' INFORMATION

The changes in directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules with effect from 31 July 2023, are set out below:

(1) Mr. Zhang Yadong has been appointed as a Co-Chairman of the Board;

(2) Mr. Guo Jiafeng has been redesignated from the Chairman of the Board to the Co-Chairman of the Board;

(3) Mr. Li Jun has been appointed as the Vice Chairman of the Board and ceased to act as the chief executive officer of the Company; and

(4) Mr. Wang Junfeng has been appointed as the chief executive officer of the Company.

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

A copy of the memorandum and Articles of Association is available on the website of the Company and the Stock Exchange.

Reference is made to the announcement of the Company dated 17 March 2023. The Board proposes to amend the memorandum and Articles of Association for the purposes of, among others, (i) bringing the articles of association of the Company in line with amendments made to Appendix 3 to the Listing Rules and applicable laws of the Cayman Islands; and (ii) making other consequential and housekeeping changes. The amended and restated memorandum of association and the amended and restated articles of association have been adopted by the Company by way of special resolution passed at the annual general meeting of the Company held on 25 May 2023. During 2023, save as disclosed above, there were no significant changes to the Company's constitutional documents.

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 225, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service	
We identified the revenue recognition on project management service as a key audit matter due to the significant judgements exercised by the management to i) determine the budgeted schedule and total staff costs used in the calculation of percentage of completion for revenue from project management service recognised over time; and ii) determine the estimated total project management fee including variable consideration embedded in the project management contracts. As disclosed in Note 4 to the consolidated financial statements, the Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of personnel assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on the estimated selling price in the ordinary course of business.	Our procedures in relation to revenue recognition on project management service included: • Understanding the management's processes and internal control designed and implemented by the management in estimating the percentage of completion for revenue from project management service recognised over time, comprising the determination of total project management fee including variable consideration, the determination of budgeted schedule and total staff costs, and the internal control designed to monitor the progress of project on an ongoing basis; • Testing the operating effectiveness of relevant internal controls of selected samples of particular project budgeting process including the estimation of the total project management fee and the staff costs throughout the duration of the selected projects, and the processes to update the budget based on the latest project status;

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service	
Accordingly, significant judgments and estimations are required in determining the completeness of the estimated total costs, the accuracy of progress towards complete satisfaction of the performance obligation and the accuracy of the amount of variable consideration recognised at the reporting date. As disclosed in Note 5 to the consolidated financial statements, the revenue recognised from project management service is RMB3,247,016,000 for the year ended 31 December 2023 (2022: RMB2,615,527,000).	• Performing substantive tests on selected project samples basis to: i) assess the reasonableness of budgeted schedule and total estimated staff costs to determine the estimated percentage of completion by comparing, the budgeted staff costs to the staff assignment schedule confirmed by the project owners. Our audit procedures include (a) sending confirmation to the project owners of selected projects to check the staff assignment schedule, including the number of staffs assigned, and their title during the project duration; (b) checking the actual staff costs incurred up to the reporting date; and (c) checking the assigned staff salaries with the approved standard salary policy of the Group; and ii) assess the accuracy of estimated total project management fee including the estimated variable consideration embedded in the project management contracts, by obtaining the relevant supporting documents including the signed project management contracts, approved sales forecast or pre-sale information of the selected projects subjected to the estimates made by the management; • Performing retrospective review on: i) the management estimation of the total project management fee, on a selected sample basis, by comparing the actual unit price referred to the sales contract information from the project owners with the estimated unit price applied in previous management estimation; and ii) the management estimation of the budgeted project costs, on a selected sample basis, by comparing the actual project staff costs incurred during the year with the estimated staff costs in the previous budgeted project costs schedule; and • Performing project site visit on a selected sample basis to inspect the construction progress and project status of selected projects.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 IFRSs issued by the IASB 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 the independent auditor's report is ZHOU SZE.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Revenue	5	**3,302,422**	2,655,992
Cost of services		**(1,580,120)**	(1,267,385)
Gross profit		**1,722,302**	1,388,607
Other income	6	**155,846**	166,246
Other gains and losses	7	**(75,878)**	(49,114)
Selling and marketing expenses		**(104,520)**	(120,195)
Administration expenses		**(514,505)**	(488,643)
Finance costs	8	**(5,493)**	(6,922)
Impairment losses under expected credit loss model, net of reversal	9	**(42,092)**	(22,516)
Loss from changes in fair value of investment properties	18	**(1,333)**	(1,315)
Gain on disposal of an associate		**–**	420
Share of results of associates	20	**360**	8,102
Share of results of joint ventures	21	**42,721**	49,931
Profit before tax	10	**1,177,408**	924,601
Income tax expense	12	**(196,711)**	(189,236)
Profit for the year		**980,697**	735,365
Other comprehensive expense			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		**(8,104)**	(24,984)
Total comprehensive income for the year		**972,593**	710,381
Profit (loss) for the year attributable to:			
Owners of the Company		**973,607**	744,544
Non-controlling interests		**7,090**	(9,179)
		980,697	735,365
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**965,503**	719,560
Non-controlling interests		**7,090**	(9,179)
		972,593	710,381
EARNINGS PER SHARE			
– Basic (RMB)	14	**0.50**	0.38
– Diluted (RMB)	14	**0.49**	0.38

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Non-Current Assets			
Property, plant and equipment	15	**111,087**	109,328
Intangible assets	16	**354,139**	412,354
Right-of-use assets	17	**10,643**	18,573
Investment properties	18	**44,308**	45,641
Goodwill	19	**981,761**	981,761
Interests in associates	20	**100,264**	79,962
Interests in joint ventures	21	**263,733**	236,821
Equity instruments at FVTOCI	22	**56,625**	67,430
Other long-term receivables	23	**129,394**	265,165
Deferred tax assets	24	**45,603**	27,529
Deposits for acquisition of properties	43	**195,025**	59,192
		2,292,582	2,303,756
Current Assets			
Trade and other receivables	25	**823,908**	823,930
Contract assets	26	**890,602**	573,892
Financial assets at fair value through profit or loss ("FVTPL")	27	**41,324**	75,430
Amounts due from related parties	39(ii)	**474,422**	298,289
Pledged bank deposits	28	**165,436**	152,923
Bank balances and cash	28	**2,044,377**	1,933,099
		4,440,069	3,857,563
Current Liabilities			
Trade and other payables	29	**1,257,219**	1,173,275
Amounts due to related parties	39(ii)	**395,246**	221,366
Income tax payable		**229,835**	217,264
Other taxes payable		**26,140**	34,556
Contract liabilities	30	**507,614**	432,867
Lease liabilities	31	**4,233**	7,870
		2,420,287	2,087,198
Net Current Assets		**2,019,782**	1,770,365
Total Assets Less Current Liabilities		**4,312,364**	4,074,121

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Capital and Reserves			
Share capital	32	**16,769**	16,769
Reserves		**3,978,978**	3,722,434
Equity attributable to owners of the Company		**3,995,747**	3,739,203
Non-controlling interests		**137,859**	133,825
Total Equity		**4,133,606**	3,873,028
Non-Current Liabilities			
Deferred tax liabilities	24	**53,206**	103,088
Lease liabilities	31	**3,344**	9,138
Financial liabilities at FVTPL	37	**122,208**	88,867
		178,758	201,093
		4,312,364	4,074,121

The consolidated financial statements on pages 67 to 225 were approved and authorised for issue by the directors of the Company on 21 March 2024 and are signed on its behalf by:

LI Jun	**WANG Junfeng**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Equity attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note i)	Shares held for share award scheme RMB'000 (Note 32)	Merge reserve RMB'000 (Note ii)	Special reserve RMB'000 (Note iii)	FVTOCI reserve RMB'000	Share-based payments reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	16,324	2,933,656	198,751	(58,266)	(1,470,994)	79,384	56,394	9,542	1,576,469	3,341,260	30,451	3,371,711
Profit (loss) for the year	–	–	–	–	–	–	–	–	744,544	744,544	(9,179)	735,365
Other comprehensive expense for the year	–	–	–	–	–	–	(24,984)	–	–	(24,984)	–	(24,984)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	(24,984)	–	744,544	719,560	(9,179)	710,381
Transfer to statutory reserve	–	–	95,416	–	–	–	–	–	(95,416)	–	–	–
Issue of ordinary shares	445	–	–	(445)	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	65,805	–	65,805	–	65,805
Vesting of share awards	–	(21,100)	–	34,869	–	–	–	(13,769)	–	–	–	–
Dividends recognised as distribution (Note 13)	–	–	–	–	–	–	–	–	(387,422)	(387,422)	–	(387,422)
Acquisition of a subsidiary (Note 33)	–	–	–	–	–	–	–	–	–	–	143,048	143,048
Dividends declared to non-controlling interests (Note iv)	–	–	–	–	–	–	–	–	–	–	(27,295)	(27,295)
Liquidation of subsidiaries (Note iv)	–	–	(1,246)	–	–	–	–	–	1,246	–	(3,200)	(3,200)
At 31 December 2022	16,769	2,912,556	292,921	(23,842)	(1,470,994)	79,384	31,410	61,578	1,839,421	3,739,203	133,825	3,873,028
Profit for the year	-	-	-	-	-	-	-	-	973,607	973,607	7,090	980,697
Other comprehensive expense for the year	-	-	-	-	-	-	(8,104)	-	-	(8,104)	-	(8,104)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(8,104)	-	973,607	965,503	7,090	972,593
Transfer to statutory reserve	-	-	45,648	-	-	-	-	-	(45,648)	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	39,068	-	39,068	-	39,068
Vesting of share awards	-	40,368	-	3,636	-	-	-	(44,004)	-	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	-	-	(748,027)	(748,027)	-	(748,027)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	760	760
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	(116)	(116)
Liquidation of subsidiaries	-	-	(299)	-	-	-	-	-	299	-	(3,700)	(3,700)
At 31 December 2023	16,769	2,952,924	338,270	(20,206)	(1,470,994)	79,384	23,306	56,642	2,019,652	3,995,747	137,859	4,133,606

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), they are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) The merge reserve mainly represents:

(a) the changes in equity attributable to owners of the Company arisen from acquisition of subsidiaries under common control from Greentown China Holdings Limited ("Greentown China") for reorganisation purpose. The changes are calculated based on the difference between the book value of the net assets recognised from the ultimate holding shareholder and the fair value of consideration paid for acquisition under common control;

(b) the changes in equity attributable to owners of the Company arisen from acquisition of non-controlling interests. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid for the acquisition of non-controlling interests;

(c) the deemed distribution to shareholders arisen from the acquisition of associates at the consideration without commercial substance. The changes are calculated based on the difference between the fair value of the interests in associates acquired at acquisition date and the fair value of the consideration paid for acquisition of such associates;

(d) the deemed contribution from shareholder arisen from the disposal of an associate at the consideration without commercial substance. The change is calculated based on the difference between the carrying amount of the interest in an associate disposed at disposal date and the fair value of the consideration received for disposal of such associate.

(iii) The special reserve represents capital contribution and retained earnings in Greentown Construction Management Co., Ltd. 綠城建設管理集團有限公司 ("Greentown Construction Management") by the then shareholders of the combining entities before the group reorganisation.

(iv) Shanghai Bluetown Lianjie Construction Management Co., Ltd. 上海藍城聯捷建設管理有限公司 and Shanghai Greentown Lianjie Construction Management Co., Ltd. 上海綠城聯捷建設管理有限公司, are subsidiaries of the Group with the same non-controlling interests, which were liquidated in 2022. These subsidiaries declared total dividends of RMB26,857,000 and returned capital refund of RMB3,000,000 to their non-controlling interests before the liquidation, of which RMB29,239,000 were offset by outstanding other receivables from such non-controlling interests and the remaining RMB618,000 had been paid in January 2023.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit for the year	**980,697**	735,365
Adjustments for:		
Income tax expense	**196,711**	189,236
Finance costs	**5,493**	6,922
Exchange loss (gain)	**16,383**	(1,435)
Interest income	**(82,948)**	(76,739)
Dividends from equity instruments at FVTOCI	**(22,000)**	(22,000)
Share of results of associates	**(360)**	(8,102)
Share of results of joint ventures	**(42,721)**	(49,931)
Depreciation of property, plant and equipment	**16,919**	15,553
Amortisation of intangible assets	**58,215**	53,363
Depreciation of right-of-use assets	**9,108**	8,368
Impairment losses under expected credit loss model, net of reversal	**42,092**	22,516
Share-based payment expenses	**39,068**	65,805
Net gain on disposal/retirement of property, plant and equipment	**(1,392)**	(103)
Loss on disposal of investment properties	**–**	452
Gain on early termination of leases	**(424)**	(18)
Loss from changes in fair value of investment properties	**1,333**	1,315
Loss on fair value changes of financial liabilities at FVTPL	**33,341**	61,774
Loss (gain) on fair value changes of financial assets at FVTPL	**27,620**	(11,455)
Net gain on disposal of an associate	**–**	(420)
Operating cash flows before movements in working capital	**1,277,135**	990,466
Increase in trade and other receivables	**(119,471)**	(145,993)
Increase in contract assets	**(340,998)**	(99,435)
Decrease (increase) in amounts due from related parties	**41,207**	(11,297)
Increase in trade and other payables	**96,290**	146,868
Increase (decrease) in amounts due to related parties	**175,560**	(20,010)
Increase in contract liabilities	**74,747**	48,004
Cash generated from operations	**1,204,470**	908,603
Income tax paid	**(249,395)**	(183,948)
NET CASH FROM OPERATING ACTIVITIES	**955,075**	724,655

	Note	Year ended 31 December 2023 RMB'000	2022 RMB'000
INVESTING ACTIVITIES			
Interests received		**42,285**	62,930
Dividends received		**7,441**	33,273
Proceeds on disposal of property, plant and equipment		**722**	1,338
Proceeds on disposal of investment properties		**–**	11,228
Proceeds from disposal of an associate		**–**	1,000
Investments in associates		**(20,000)**	(2,000)
Investments in joint ventures		**(2,550)**	(31,530)
Purchases of property, plant and equipment		**(24,359)**	(27,586)
Payment for right of use assets		**(146)**	(1,173)
Payments for rental deposits		**(672)**	(217)
Payment for arrangement fee for other long-term receivables		**(84)**	(434)
Advance of other long-term receivables		**(130,000)**	(260,000)
Repayment from other long-term receivables		**–**	57,000
Advance of loans to related parties		**(6,800)**	(67,500)
Repayment from loans to related parties		**63,484**	7,800
Advance of loans to third parties		**(568,000)**	(40,000)
Repayment from loans to third parties		**583,300**	255,000
Net cash outflow on acquisition of subsidiaries	33	**–**	(400,000)
Withdraw of pledged bank deposits		**56,759**	7,340
Placement of pledged bank deposits		**(69,272)**	(147,761)
Proceeds from disposal of financial assets at FVTPL		**326,486**	421,056
Purchases of financial assets at FVTPL		**(320,000)**	(410,000)
NET CASH USED IN INVESTING ACTIVITIES		**(61,406)**	(530,236)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Dividends paid	**(748,761)**	(388,099)
Interest paid	**(4,268)**	(4,686)
Capital refund to the non-controlling interests	**(3,700)**	(200)
Repayments of lease liabilities	**(10,039)**	(7,418)
Capital contribution from non-controlling shareholders of subsidiaries	**760**	–
NET CASH USED IN FINANCING ACTIVITIES	**(766,008)**	(400,403)
Effect of foreign exchange rate changes	**(16,383)**	1,435
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**111,278**	(204,549)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,933,099**	2,137,648
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,044,377**	1,933,099

Notes to The Consolidated Financial Statements

1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" of the annual report. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China, a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is to provide project management services.

The functional currency of the Company is Renminbi ("RMB"), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclose the related deferred tax assets of RMB2,542,000 and deferred tax liabilities of RMB2,542,000 on a gross basis in Note 24 but it has no impact on the retained earnings at the earliest period presented.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

Amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Basis of consolidation** (Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction- by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Business combinations or asset acquisitions** (Continued)*

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer 's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statement items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Goodwill** (Continued)*

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures *(Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Investments in associates and joint ventures** (Continued)*

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5, 26 and 30.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases

Definition of 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.

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles and equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Leases** (Continued)*

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Leases** (Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivables, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Leases** (Continued)*

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Leases** (Continued)*

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 Financial Instruments ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All the borrowing costs of the Group are recognised in profit or loss in the year in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payments transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to "shares held for share award scheme" and "share premium".

Modification to the terms and conditions of the share-based payment arrangements

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Taxation** (Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Taxation** (Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Investment properties** (Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill** (Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and trade related amounts due from related parties. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and collectively using a provision matrix with debtors' aging as groupings of various debtors that have similar loss patterns for these assets which are individually insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor 's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk because the counterparties with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables, contract assets and trade related amounts due from related parties using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables, contract assets and trade related amounts due from related parties are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, trade related amounts due from related parties and other long-term receivables as well as contract assets where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item (Note 7) as part of the net foreign exchange gains/(losses); and

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item as part of the gain/(loss) from changes in fair value of financial assets (Note 7).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

***Financial instruments** (Continued)*

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

The financial liability at FVTPL held by the Group is the contingent consideration arising from the acquisition of a subsidiary, which is regarded as a business combination applied IFRS 3.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Determination of percentage of completion for revenue recognised over time

The Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of who assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. Significant judgments 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. The Group has budgeted project schedule and total estimated staff costs for each project in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of staffs. The Group recognised project management revenue over time amounted to RMB 3,247,016,000 for the year ended 31 December 2023 (2022: RMB2,615,527,000).

Estimated variable consideration in connection to project management contracts

For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on certain percentages on the estimated selling price in the ordinary course of business. The Group has a process to monitor each project sales performance, and the management of the Group relies on the latest information obtained and their past industry experience to review and update the most likely future sales amount to determine the total project management fee periodically.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives and amortisation of the intangible assets arising from the acquisition of a subsidiary

The intangible assets of the Group are the contractual rights from the project management contracts arising from a business combination. The estimates of useful lives of the intangible assets are determined based on the estimated remaining periods of certain project management contracts acquired from the acquisition, over which the contractual rights are expected to generate net cash inflows for the Group. The estimated useful lives of the intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate, including the conditions and working progress of certain project management contracts. The Group will revise the amortisation charges where useful lives are different from that of previously estimated on a prospective basis. Periodic review could result in a change in useful lives and therefore amortisation expenses in future periods. As at 31 December 2023, the estimated useful lives of the intangible assets from the acquisition are eight years (2022:eight years).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The key assumptions that are used in the calculation of the value in use of the CGU include i) annual sale growth rate for first five years/incremental contract growth rate for first five years; ii) gross margin rate; iii) pre-tax discount tax, and iv) long-term growth rate. Where the actual future discounted cash flows are less than expected, or change in facts and circumstances which results in downward revision of future discounted cash flows, a material impairment loss may arise. The carrying amount of goodwill as at 31 December 2023 were RMB981,761,000 (net of accumulated impairment loss of RMB nil) (2022: RMB981,761,000 (net of accumulated impairment loss of RMB nil)). Details of the impairment loss calculation are set out in Note 19.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue recognised overtime:		
Commercial project management	**2,346,326**	1,669,429
Governmental project management	**788,480**	781,054
Others (Note)	**167,616**	205,509
	3,302,422	2,655,992

Note: Revenue from other services include (a) project management service provided for certain governmental projects amounting to RMB112,210,000 (2022: RMB165,044,000), which were tendered by the subsidiaries of Greentown China and managed by the Group as the Group did not obtain the grade 1 qualification for real estate development prior to August 2020. Such arrangements are no longer entered by the Group since the grade 1 qualification was obtained by the Group in August 2020. As a result, the Group presented the revenue from certain projects as "others" in the disaggregation of revenue; and (b) construction design and other consulting service amounting to RMB55,406,000 (2022: RMB40,465,000). Revenue from each of other service is less than 10% of the total revenue of the Group during both years. Therefore, all other services are aggregated into one reportable segment as below.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Commercial and governmental project management service

The Group provides project management service to commercial and government customers. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's project management service. Revenue for these project management services are recognised over time on input method based on the proportion of staff costs incurred for work performed to date relative to the estimated total budgeted staff costs.

For those projects in the early stage which the Group is not able to reasonably determine the outcome of the performance obligation or its progress toward satisfaction of that obligation, the Group recognises revenue for these project management services over time based on the work which is performed, but only to the extent of costs incurred as long as the Group expects to at least recover its costs.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

Commercial and governmental project management service *(Continued)*

The commercial and governmental project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the commercial and governmental project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For commercial and governmental project management contracts that contain variable consideration based on the future sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Since the period between payments pertain to commercial and governmental project management service and transfer of the associated services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

The Group applies the practical expedient to expense all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Governmental project management service with construction design and other consulting service

For certain government customers, the Group provides project management service with construction design and other consulting service at early stage of the projects. Construction design and other consulting service is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. Transaction price is allocated between project management service and construction design and other consulting service on a relative standalone selling price basis. Revenue relating to construction design and other consulting service is recognised over time on input method based on the proportion of contact costs incurred for work performed to date relative to the estimated total budgeted contract costs.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

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

As at 31 December 2023

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	**2,904,420**	**771,609**	**34,737**
More than one year	**12,461,718**	**968,739**	**35,080**
	15,366,138	**1,740,348**	**69,817**

As at 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	1,718,704	765,836	105,568
More than one year	8,887,157	967,582	80,844
	10,605,861	1,733,418	186,412

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and all of the Group's consolidated assets are located in the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

The Group's reportable segments under IFRS 8 Operating Segments are as follows:

1 Commercial project management – provide property development management service to project owner

2 Governmental project management – provide property development management service to government on resettlement housing property development projects and public infrastructure

3 Others (including (i) project management service provided for certain governmental projects tendered by the Group before the grade 1 qualification was obtained by the Group in August 2020, and (ii) construction design and other consulting service, etc.)

For the commercial project management service, the CODM reviews the financial information of each commercial project management service project, hence each commercial project management service project constitutes a separate operating segment. However, the commercial project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all commercial project management service projects are aggregated into one reportable segment for segment reporting purposes.

For the governmental project management service, the CODM reviews the financial information of each governmental project management service project, hence each governmental project management service project constitutes a separate operating segment. However, the governmental project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all governmental project management service projects are aggregated into one reportable segment for segment reporting purposes.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, fair value changes in financial assets mandatorily measured at FVTPL, administrative expenses, finance costs, exchange gains and losses and licensing fee. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

An analysis of the Group's revenue and results by reportable segment is as follow:

For the year ended 31 December 2023

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	2,346,326	788,480	167,616	3,302,422	–	3,302,422
Inter-segment revenue	183,938	618,232	7,099	809,269	(809,269)	–
Total	2,530,264	1,406,712	174,715	4,111,691	(809,269)	3,302,422
Segment results	873,664	156,049	75,872	1,105,585	438	1,106,023
Unallocated other income						59
Unallocated loss from changes in fair value of financial assets mandatorily measured at FVTPL						(30,505)
Unallocated administrative expenses						(26,779)
Unallocated finance costs						(51)
Unallocated exchange loss						(16,383)
Unallocated license fee (Note 39(i)(e))						(51,667)
Profit for the year						980,697

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

For the year ended 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	1,669,429	781,054	205,509	2,655,992	–	2,655,992
Inter-segment revenue	51,849	557,968	3,552	613,369	(613,369)	–
Total	1,721,278	1,339,022	209,061	3,269,361	(613,369)	2,655,992
Segment results	611,534	89,642	90,988	792,164	438	792,602
Unallocated other income						28
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						8,831
Unallocated administrative expenses						(25,401)
Unallocated finance costs						(6)
Unallocated exchange gain						1,435
Unallocated license fee (Note 39(i)(e))						(42,124)
Profit for the year						735,365

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

Other segment information

For the year ended 31 December 2023

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(41,916)	731	(907)	(42,092)	–	(42,092)
Loss from changes in fair value of investment properties	–	–	(1,333)	(1,333)	–	(1,333)
Share of results of associates	2,729	425	(2,794)	360	–	360
Share of results of joint ventures	11,423	317	30,981	42,721	–	42,721
Depreciation of property, plant and equipment	(9,255)	(6,461)	(1,033)	(16,749)	(170)	(16,919)
Amortisation of intangible assets	(58,215)	–	–	(58,215)	–	(58,215)
Depreciation of right-of-use assets	(5,875)	(1,516)	(1,030)	(8,421)	(687)	(9,108)

For the year ended 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(19,024)	(1,587)	(1,905)	(22,516)	–	(22,516)
Loss from changes in fair value of investment properties	–	–	(1,315)	(1,315)	–	(1,315)
Share of results of associates	10,134	(985)	(1,047)	8,102	–	8,102
Share of results of joint ventures	15,967	(3,040)	37,004	49,931	–	49,931
Depreciation of property, plant and equipment	(7,627)	(6,484)	(744)	(14,855)	(698)	(15,553)
Amortisation of intangible assets	(53,363)	–	–	(53,363)	–	(53,363)
Depreciation of right-of-use assets	(5,228)	(1,365)	(1,383)	(7,976)	(392)	(8,368)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Company A[1]	**N/A[2]**	285,660

1 Revenue from commercial project management.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest income from:		
– bank balances	**30,438**	46,961
– loans to third parties (Note 25)	**42,211**	68,586
– loans to related parties (Note 39(i)(c))	**40,737**	8,153
	113,386	123,700
Dividends from equity instruments at FVTOCI (Note (i))	**22,000**	22,000
Government grants (Note (ii))	**19,565**	19,958
Gross rental income from investment properties	**503**	413
Others	**392**	175
	155,846	166,246

6. OTHER INCOME (CONTINUED)

Notes:

(i) In June 2023, an equity instrument at FVTOCI of the Group, declared a total dividend of RMB6,000,000 to the Group, which is set off against the Group's outstanding other payables due to such equity instrument at FVTOCI. The remaining dividend of RMB16,000,000 had not been received as at 31 December 2023.

(ii) The amounts were mainly accounted for (a) tax refunds and benefits, and (b) enterprise development supports received from PRC government authorities, which have no condition imposed.

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss from changes in fair value of financial liabilities at FVTPL (Note 33)	**(33,341)**	(61,774)
(Loss) gain arising on financial assets at FVTPL	**(27,620)**	11,455
Exchange (loss) gain	**(16,383)**	1,435
Loss on disposal of investment properties	**–**	(452)
Net gain on disposal/retirement of property, plant and equipment	**1,392**	103
Gain on early termination of leases	**424**	18
Others	**(350)**	101
	(75,878)	(49,114)

8. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Interest expenses on loans from third parties (Note 29)	**(3,150)**	(3,150)
Interest expenses on loans from related parties (Note 39(i)(f))	**(1,505)**	(2,334)
Interest on lease liabilities	**(754)**	(1,004)
Arrangement fee for entrusted loans	**(84)**	(434)
	(5,493)	(6,922)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Impairment losses (recognised) reversed on:		
– trade receivables	**1,928**	(10,675)
– contract assets	**(24,288)**	(7,955)
– other receivables	**(21,297)**	(1,166)
– amounts due from related parties	**683**	(1,232)
– other long-term receivables	**882**	(1,488)
	(42,092)	(22,516)

Details of impairment assessment are set out in Note 37(b).

10. PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Directors' remuneration	**25,922**	24,311
Salaries and other benefits	**970,616**	831,957
Retirement benefits scheme contributions	**51,456**	39,443
Staff costs (including directors' emoluments)	**1,047,994**	895,711
Research and development costs recognised as expenses (included in administration expenses)	**31,785**	18,881
Depreciation of property, plant and equipment	**16,919**	15,553
Amortisation of intangible assets	**58,215**	53,363
Depreciation of right-of-use assets	**9,108**	8,368
Auditors' remuneration	**4,663**	5,107

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to each of the eight (2022: seven) directors and the Chief Executive Officer of the Company are set out as follows:

For the year ended 31 December 2023

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. WANG Junfeng (Note (vii))	320	1,714	7,306	119	–	9,459
Executive director						
Mr. LI Jun (Note (viii))	320	2,205	943	119	4,746	8,333
Mr. LIN Sanjiu (Note (iv))	320	1,638	1,768	92	2,712	6,530
Non-executive directors (Note (iii)(v))						
Mr. GUO Jiafeng	320	–	–	–	–	320
Mr. ZHANG Yadong	320	–	–	–	–	320
Independent non-executive directors (Note (vi))						
Mr. LIN Zhihong	320	–	–	–	–	320
Dr. DING Zuyu	320	–	–	–	–	320
Mr. CHAN Yan Kwan	320	–	–	–	–	320
	2,560	5,557	10,017	330	7,458	25,922

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2022

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. LI Jun	320	2,450	3,655	115	6,337	12,877
Executive director						
Mr. LIN Sanjiu (Note (iv))	320	1,820	2,625	115	3,808	8,688
Non-executive directors (Note (iii)(v))						
Mr. GUO Jiafeng	320	–	–	–	573	893
Mr. ZHANG Yadong	320	–	–	–	573	893
Independent non-executive directors (Note (vi))						
Mr. LIN Zhihong	320	–	–	–	–	320
Dr. DING Zuyu	320	–	–	–	–	320
Mr. CHAN Yan Kwan	320	–	–	–	–	320
	2,240	4,270	6,280	230	11,291	24,311

Notes:

(i) The performance-based bonus is discretionary based on the Group's financial results and directors' performance as decided by the management.

(ii) Mr. LI Jun, Mr. LIN Sanjiu and all the non-executive directors of the Company were granted share awards under 2020 Share Award Scheme on 24 December 2020. Mr. LI Jun and Mr. LIN Sanjiu were granted share awards under 2022 Share Awards Scheme on 24 April 2022, in respect of their services to the Group under the share award schemes of the Company. Details of the share award schemes are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

(iii) Certain non-executive directors received remunerations from affiliates in the group headed by Greentown China. The non-executive directors are of the opinion that the service provided to the Group only occupy an insignificant amount of their time and therefore it is concluded that the non-executive directors are not remunerated for such services.

(iv) Mr. LIN Sanjiu was appointed as executive director of the Company in January 2020.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Notes: (Continued)

(v) Mr. GUO Jiafeng and Mr. ZHANG Yadong were appointed as non-executive directors of the Company in January 2020.

(vi) Mr. LIN Zhihong, Dr. DING Zuyu and Mr. CHAN Yan Kwan were reappointed as independent non-executive directors of the Company in May 2022.

(vii) Mr. WANG Junfeng was appointed as executive director of the Company in January 2023 and appointed as the chief executive officer of the Company in July 2023.

(viii) Mr. LI Jun ceased to act as the chief executive officer of the Company in July 2023.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors 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.

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, three (2022: two) of them were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining two (2022: three) individuals were as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employees		
– salaries and other benefits	**3,151**	2,827
– performance-based bonus	**16,927**	15,287
– retirement benefits scheme contributions	**238**	231
– equity-settled share-based expenses	**1,310**	7,331
	21,626	25,676

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Five highest paid individuals' emoluments (Continued)

The emoluments of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2023	2022
	Number of employees	Number of employees
HKD5,500,001 to HKD6,000,000	**1**	–
HKD7,000,001 to HKD7,500,000	**1**	–
HKD7,500,001 to HKD8,000,000	**–**	1
HKD9,000,001 to HKD9,500,000	**1**	–
HKD9,500,001 to HKD10,000,000	**–**	2
HKD10,000,001 to HKD10,500,000	**1**	–
HKD11,000,001 to HKD11,500,000	**–**	1
HKD14,000,001 to HKD14,500,000	**–**	1
HKD18,000,001 to HKD18,500,000	**1**	–
	5	5

During the year, certain non-director and non-chief executive highest paid employees were granted share awards, in respect of their services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**265,139**	220,873
(Over) under provision in prior years:		
– EIT	**(3,173)**	1,269
Deferred tax:		
– Current year	**(65,255)**	(32,906)
	196,711	189,236

The Company is registered as an exempted company and as such is not subject to the Cayman Islands taxation.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of Greentown Construction Management.

Greentown Construction Management was accredited as a "High and New Technology Enterprise" on 4 December 2019 which was renewed on 24 December 2022 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of accreditation, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Construction Management for the year ended 31 December 2023 is 15% (2022: 15%).

Greentown Shangli Construction Management Co., Ltd. 綠城熵裡建設管理有限公司 ("Greentown Shangli"), a 60%-owned subsidiary of the Group was accredited as a "High and New Technology Enterprise" on 8 December 2023 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of accreditation, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Shangli for the year ended 31 December 2023 is 15% (2022: 25%).

12. INCOME TAX EXPENSE (CONTINUED)

Certain subsidiaries of the Group operating in the PRC meet the eligibility criteria set for small and low-profit enterprises in this year, which are eligible for preferential corporate income tax policy. The EIT of those eligible PRC subsidiaries is calculated based on 25% of the taxable profit amount and a preferential tax rate of 20% is applied, thus the actual effective EIT rate of those PRC subsidiaries for the year ended 31 December 2023 is 5%. The qualification of small and low-profit enterprises is reassessed annually through the annual EIT filling process.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit before tax	**1,177,408**	924,601
Income tax expense calculated at 25% (2022: 25%)	**294,352**	231,150
Tax effect of share of results of associates	**(90)**	(2,026)
Tax effect of share of results of joint ventures	**(10,680)**	(12,483)
Effect of income that are non-taxable	**(5,500)**	(5,500)
Effect of expenses that are not deductible	**31,338**	24,541
Effect of unused tax losses not recognised as deferred tax assets	**823**	1,082
Effect of deductible temporary differences not recognised as deferred tax assets	**1,541**	244
Utilisation of unused tax losses previously not recognised	**(997)**	(3,757)
Utilisation of deductible temporary differences previously not recognised	**(1,757)**	(206)
Effect of preferential EIT rate applied to deferred tax and current tax	**(109,146)**	(45,078)
(Over) under provision in prior years	**(3,173)**	1,269
Income tax expenses recognised in profit or loss	**196,711**	189,236

12. INCOME TAX EXPENSE (CONTINUED)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive expense:

	Year ended					
	31 December 2023			31 December 2022		
	Before-tax amount RMB'000	tax benefit RMB'000	Net-of-income tax amount RMB'000	Before-tax amount RMB'000	tax benefit RMB'000	Net-of-income tax amount RMB'000
Item that will not be reclassified to profit or loss:						
Fair value loss on investments in equity instruments at FVTOCI	(10,805)	2,701	(8,104)	(33,312)	8,328	(24,984)

13. DIVIDENDS

During the year, a final dividend of RMB0.30 per share (2022: RMB0.17 per share) and a special dividend of RMB0.08 per share (2022: nil per share) in respect of the year ended 31 December 2022 were declared to owners of the Company, in an aggregate amount of RMB766,361,000 (2022: RMB391,595,000), including a dividend of RMB18,334,000 (2022: RMB4,173,000) distributed to the treasury shares held by the Group for share award schemes. The final dividend was subsequently wholly paid on 26 July 2023.

Subsequent to the end of the year, a final dividend of RMB0.4 per share (2022: RMB0.30 per share) and a special dividend of RMB0.1 per share (2022: 0.08 per share) in respect of the year ended 31 December 2023, in an aggregate amount of approximately RMB1,005,000,000 (2022: RMB763,800,000) to the shareholders of the Company, including a dividend to the treasury shares held by the Group for share award schemes, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share for the year attributable to owners of the Company	**973,607**	744,544

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,958,322**	1,937,354
Effect of dilutive potential ordinary shares:		
Share awards	**40,644**	37,701
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,998,966**	1,975,055

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST					
At 1 January 2022	92,126	26,222	22,524	18,059	158,931
Additions	–	3,510	19,388	1,513	24,411
Disposals	–	(1,536)	(2,322)	(3,451)	(7,309)
At 31 December 2022	92,126	28,196	39,590	16,121	176,033
Additions	14	2,928	17,848	766	21,556
Disposals	–	(3,725)	(2,110)	(1,841)	(7,676)
At 31 December 2023	**92,140**	**27,399**	**55,328**	**15,046**	**189,913**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	(21,936)	(15,592)	(8,256)	(11,065)	(56,849)
Provided for the year	(3,893)	(4,880)	(4,250)	(2,530)	(15,553)
Eliminated on disposals	–	1,410	1,915	2,372	5,697
At 31 December 2022	(25,829)	(19,062)	(10,591)	(11,223)	(66,705)
Provided for the year	(3,850)	(4,506)	(6,982)	(1,581)	(16,919)
Eliminated on disposals	–	1,512	1,733	1,553	4,798
At 31 December 2023	**(29,679)**	**(22,056)**	**(15,840)**	**(11,251)**	**(78,826)**
CARRYING VALUES					
At 31 December 2023	**62,461**	**5,343**	**39,488**	**3,795**	**111,087**
At 31 December 2022	66,297	9,134	28,999	4,898	109,328

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum after taking into account of the residual value:

Land and buildings	4.75% and 19%
Leasehold improvements	Short of lease term or useful life of the leasehold properties
Furniture, fixtures and equipment	19% to 31.67%
Transportation equipment	19%

16. INTANGIBLE ASSETS

	Contractual rights from the project management contracts RMB'000
COST	
At 1 January 2022	–
Acquired on acquisition of a subsidiary (Note 33)	465,717
At 31 December 2022 and 2023	**465,717**
AMORTISATION	
At 1 January 2022	–
Charge for the year	(53,363)
At 31 December 2022	(53,363)
Charge for the year	(58,215)
At 31 December 2023	**(111,578)**
CARRYING VALUES	
At 31 December 2023	**354,139**
At 31 December 2022	412,354

The intangible assets held by the Group are the contractual rights from the project management contracts with the project owners, which were arisen from the acquisition of Greentown Shangli from third parties during the year. The fair value of the intangible assets acquired at the acquisition date was RMB465,717,000. The details of the acquisition are set out in Note 33.

The intangible assets have finite useful lives and are amortised on a straight-line basis over a period of approximately eight years, which is the estimated weighted average remaining contractual period of the project management contracts acquired.

17. RIGHT-OF-USE ASSETS

	Office premises RMB'000
COST	
At 1 January 2022	24,166
Additions	10,882
Derecognition due to the completion of leases	(5,605)
Decrease in early termination of leases	(914)
At 31 December 2022	28,529
Additions	5,245
Derecognition due to the completion of leases	(3,638)
Decrease in early termination of leases	(5,903)
At 31 December 2023	**24,233**
DEPRECIATION	
At 1 January 2022	(7,650)
Charge for the year	(8,368)
Derecognition due to the completion of leases	5,605
Decrease in early termination of leases	457
At 31 December 2022	(9,956)
Charge for the year	(9,108)
Derecognition due to the completion of leases	3,638
Decrease in early termination of leases	1,836
At 31 December 2023	**(13,590)**
CARRYING VALUES	
At 31 December 2023	**10,643**
At 31 December 2022	18,573

17. RIGHT-OF-USE ASSETS (CONTINUED)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Expense relating to short-term leases with lease terms end within 12 months	**5,115**	1,437
Total cash outflow for leases	**16,054**	11,032

For both year, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 13 months to 5 years (2022: 2 years to 7 years) without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group regularly entered into short-term leases for office premises and machinery equipment. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar.

In addition, all the balance of lease liabilities are recognised with related right-of-use assets as at 31 December 2023 and 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the maturity analysis of lease liabilities are set out in Note 31.

18. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2022	46,956
Transfer from deposit for acquisition of properties	7,080
Disposal	(7,080)
Net decrease in fair value recognised in profit or loss	(1,315)
At 31 December 2022	45,641
Net decrease in fair value recognised in profit or loss	(1,333)
At 31 December 2023	**44,308**

18. INVESTMENT PROPERTIES (CONTINUED)

For the year ended 31 December 2023, the Group recognised unrealised loss of RMB1,333,000 (2022: RMB1,315,000) on property held at the end of reporting period.

The Group leases out commercial stores, apartments and carparks under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 to 5 years (2022: 1 to 5 years), with unilateral rights to extend the lease beyond initial period held by lessees only. The leases of commercial stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2023 and 2022 has been arrived at on the basis of a valuation carried out on the respective dates by Tianyuan Assets Appraisal Co., Ltd., independent qualified professional valuer not connected to the Group. The management of the Company works closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. INVESTMENT PROPERTIES (CONTINUED)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Shengzhou: 2023: RMB9,383,000 (2022: RMB9,922,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB7,500 per square meter (2022: RMB7,900 per square meter).	The higher the price per square meter,the higher the fair value.
			For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB90,300 per unit (2022: RMB103,100 per unit).	The higher the price per unit, the higher the fair value
Commercial store units in Lin'an: 2023: RMB14,301,000 (2022: RMB14,984,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB17,700 per square meter (2022: RMB18,500 per square meter).	The higher the price per square meter,the higher the fair value.

18. INVESTMENT PROPERTIES (CONTINUED)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Apartment units in Sanya: 2023: RMB18,901,000 (2022: RMB18,776,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For apartment units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB26,400 per square meter (2022: RMB26,300 per square meter).	The higher the price per square meter,the higher the fair value.
Carpark units in Cixi: 2023: RMB800,000 (2022: RMB945,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB80,000 per unit (2022: RMB94,500 per unit).	The higher the price per unit, the higher the fair value.
Apartment units in Tianjin: 2023: RMB923,000 (2022: RMB1,014,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For apartment units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB20,200 per square meter (2022: RMB22,200 per square meter).	The higher the price per square meter,the higher the fair value.

Except for the transfer out of Level 3 mentioned in above note, there were no other transfers into or out of Level 3 during the year.

19. GOODWILL

	Acquisition of Greentown Construction Group and Greentown Shidai RMB'000	Acquisition of Greentown Shangli RMB'000	Total RMB'000
COST AND CARRYING VALUES			
At 1 January 2022	769,241	–	769,241
Arising on acquisition of a subsidiary (Note 33)	–	212,520	212,520
At 31 December 2022 and 2023	**769,241**	**212,520**	**981,761**

Goodwill arose on the acquisition of Greentown Construction Management Group and Greentown Shidai

Goodwill arose on the acquisition of Greentown subsidiaries Greentown Real Estate Construction Management Group Co., Ltd. 綠城房地產建設管理集團有限公司 ("Greentown Construction Management Group") and 綠城時代城市建設發展有限公司 Greentown Shidai Urban Construction Development Co., Ltd. ("Greentown Shidai") in 2015 because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Construction Management Group and Greentown Shidai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill set out above has been allocated to one CGU. During the year ended 31 December 2023, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 14.38% (2022: 15.91%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

19. GOODWILL (CONTINUED)

Goodwill arose on the acquisition of Greentown Construction Management Group and Greentown Shidai (Continued)

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2023 and 2022.

Key assumptions	Year ended 31 December 2023	2022
Annual sale growth rate for first five years	**3% – 12%**	6% – 12%
Gross margin rate	**25% – 93%**	25% – 87%
Pre-tax discount rate	**14.38%**	15.91%
Long-term growth rate	**1%**	1%

Goodwill arose on the acquisition of Greentown Shangli

Goodwill arose on the acquisition of Greentown Shangli in 2022 because the acquisition included the assembled workforce of Greentown Shangli, some potential contracts which are still under negotiation with prospective new customers and the benefit of expected synergies, revenue growth and future market development of Greentown Shangli as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill arose in acquisition of Greentown Shangli has been allocated to one CGU. During the year ended 31 December 2023, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 14.70% (2022: 14.83%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include incremental contract growth rate and gross margin is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

19. GOODWILL (CONTINUED)

Goodwill arose on the acquisition of Greentown Shangli (Continued)

The table below sets forth the other key assumptions that are used In the calculation of the value in use of the CGU at 31 December 2023.

Key assumptions	Year ended 31 December 2023	2022
Incremental contract growth rate for first five years	**5%**	5%
Gross margin rate	**98%**	85%-94%
Pre-tax discount rate	**14.70%**	14.83%
Long-term growth rate	**0%**	0%

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

20. INTERESTS IN ASSOCIATES

	Year ended 31 December 2023 RMB'000	2022 RMB'000
Cost of unlisted investments in associates	**72,795**	52,795
Share of post-acquisition profits, net of dividends received	**27,469**	27,167
	100,264	79,962

20. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal associates established and operating in the PRC:

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
浙江綠城佳園建設工程管理有限公司 Zhejiang Greentown Jiayuan Construction Project Management Co., Ltd. ("Greentown Jiayuan")	RMB100,000,000	**25%**	25%	Project management service
西南綠城房地產開發有限公司 Southwestern Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**25%**	25%	Project management service
浙江綠城繁星控股集團有限公司 (formerly named 浙江綠城繁星管理諮詢有限公司) Zhejiang Greentown Fanxing Holdings Group Co., Ltd. ("Greentown Fanxing")	RMB50,000,000	**40%**	40%	Management and consulting
杭州蕭山浙企綠城資產管理有限公司 Hangzhou Xiaoshan Zheqi Greentown Asset Management Co., Ltd. ("Xiaoshan Zheqi")	RMB10,000,000	**35%**	35%	Investment holding and consulting
浙江綠城景道園林工程有限公司 Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden")	RMB19,341,350	**49%**	49%	Landscape design and consulting
杭州綠星原力企業管理諮詢有限公司 Hangzhou Lvxing Yuanli Enterprise Management Consulting Co., Ltd. ("Lvxing Yuanli")	RMB3,000,000	**20%**	20%	Management and consulting
杭州恒太綠星商業管理有限公司 Hangzhou Hengtai Lvxing Enterprise Management Co., Ltd. ("Hangzhou Hengtai")	RMB4,000,000	**35%**	35%	Management and consulting

20. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal associates established and operating in the PRC: (Continued)

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
杭州未來產築建設管理有限公司 Hangzhou Future Chanzhu Construction Management Co., Ltd. ("Hangzhou Future")	RMB5,000,000	**51% (i)**	51% (i)	Project management service
寧波杭州灣新區綠開建設管理有限公司 Ningbo Hangzhou Bay New Area Lvkai Construction Management Co. Ltd. ("Hangzhou Bay")	RMB5,000,000	**40%**	40%	Project management service
綠城建設集團上海實業有限公司 Greentown Construction shanghai industrial Co., Ltd	RMB10,000,000	**40%**	40%	Management and consulting
杭州莘冉科技有限責任公司 Hangzhou Xinran Technology Co., Ltd.	RMB1,000,000	**35%**	35%	Management and consulting
中翊綠星(杭州)建設發展有限公司 Zhongyi Green Star (Hangzhou) Construction and Development Co., Ltd.	RMB10,000,000	**35%**	35%	Project management service
泰州市綠聯建設管理有限公司 Taizhou Lvlian Construction Management Co., Ltd. ("Taizhou Lvlian")	RMB5,000,000	**51% (i) (ii)**	NA	Project management service
杭州綠璟福傑企業管理合夥企業(有限合夥) Hangzhou Lvjing Fujie Enterprise Management Partnership (Limited Partnership)	RMB 101,000,000	**35.64% (ii)**	NA	Investment holding and consulting

20. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

(i) One out of three directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, this company is accounted for as an associate of the Group.

(ii) The company was incorporated in 2023.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Greentown Jiayuan is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**729,051**	593,968
Non-current assets	**14,556**	21,519
Current liabilities	**526,985**	409,147
Non-controlling interests	**8,027**	6,094

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	**14,420**	27,776

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**258,159**	824,499
Profits for the year attributed to the owner of the Greentown Jiayuan	**8,348**	36,902

The above profits for the year includes the following:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation and amortisation	**1,374**	1,685
Interest income	**213**	444
Income tax expense	**4,506**	20,388

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Equity attributable to owners of Greentown Jiayuan	**208,595**	200,246
Proportion of the Group's ownership interest in Greentown Jiayuan	**25%**	25%
Carrying amount of the Group's interest in Greentown Jiayuan	**52,149**	50,062

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

Aggregate information of associates that are not individually material:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Group's share of total loss for the year	**(1,727)**	(1,123)
Aggregate carrying amount of the Group's interest in these associates	**48,115**	29,900

Group's share of total profits for the year includes the provision for the share of certain associates as its share of losses of those associates exceeds its interests in those associates. As at 31 December 2023 and 2022, the Group did not fulfill the obligation of registered capital contribution to those associates and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those associates registered by the Group. Other than the abovementioned provision, the amounts of unrecognised share of losses of these associates are nil as at 31 December 2023 and 2022 respectively.

21. INTERESTS IN JOINT VENTURES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	**176,277**	173,727
Share of post-acquisition profits, net of dividends received	**87,456**	63,094
	263,733	236,821

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
上海綠城輔秦建設工程管理有限公司 (formerly named 上海輔秦建設工程管理有限公司) Shanghai Greentown Fuqin Project ManagementCo., Ltd. ("Shanghai Fuqin")	RMB5,000,000	51% (i)	51% (i)	Project management service
山東綠新萬合房產管理有限公司 (formerly named 山東藍城建設管理有限公司) Shandong Lvxin Wanhe Real Estate Management Co., Ltd. ("Shandong Lvxin Wanhe ")	RMB10,000,000	51% (i)	51% (i)	Project management service
新疆綠城創景建設管理有限公司 (formerly named 新疆藍城房地產開發有限公司) Xinjiang Chuangjing Construction Management Co., Ltd. ("Xinjiang Chuangjing")	RMB20,000,000	51% (i)	51% (i)	Project management service
綠城景豐房地產建設管理有限公司 Greentown Jingfeng Real Estate Co., Ltd. ("Greentown Jingfeng")	RMB50,000,000	51% (i)	51% (i)	Project management service
浙江綠城時代建設管理有限公司 Zhejiang Shidai of Greentown Construction Management Co., Ltd. ("Zhejiang Shidai")	RMB50,000,000	51% (i)	51% (i)	Project management service
綠城長裕建設管理有限公司 Greentown Changyu Construction Management Co., Ltd. ("Greentown Changyu")	RMB50,000,000	51% (i)	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
綠城綠明建設管理有限公司 Greentown Lvming Construction Management Co., Ltd. ("Greentown Lvming")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service
山東綠城萬合房地產建設管理有限公司 Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Shandong Wanhe")	RMB10,000,000	**51%** **(i)**	51% (i)	Project management service
浙江綠城匠信建設管理有限公司 Zhejiang Greentown Jiangxin Construction Management Co., Ltd. ("Zhejiang Jiangxin")	RMB10,000,000	**51%** **(ii)**	51% (ii)	Project management service
浙江綠城商地建設管理有限公司 Zhejiang Greentown Shangdi Construction Management Co., Ltd. ("Zhejiang Greentown Shangdi")	RMB10,000,000	**58.65%** **(iii)**	58.65% (iii)	Project management service
綠城創新建設管理有限公司 Greentown Innovation Construction Management Co., Ltd. ("Greentown Innovation")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service
綠城北方建設管理有限公司 Greentown Northern Construction Management Co., Ltd. ("Greentown Northern")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
綠城正弘(北京)建設管理有限公司 Greentown Zhenghong (Beijing) Construction Management Co., Ltd. ("Greentown Zhenghong")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd. ("Greentown Tianyuan")	RMB50,000,000	**51% (ii)**	51% (ii)	Project management service
杭州綠城鼎力建設管理有限公司 Hangzhou Greentown Dingli Construction Management Co., Ltd. ("Greentown Dingli")	RMB20,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城珅業房產建設管理有限公司 Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. ("Zhejiang Shenye")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
杭州綠城都會建築設計有限公司 Hangzhou Greentown Duhui Construction and Design Co., Ltd. ("Greentown Duhui")	RMB25,744,898	**51% (ii)**	51% (ii)	Construction and service
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Greentown Lipu")	RMB12,245,000	**51% (ii)**	51% (ii)	Construction and service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Greentown Qinghe")	RMB6,120,000	**50.98% (ii)**	50.98% (ii)	Construction and service
浙江綠城市政基礎設施建設管理有限公司 (formerly named 浙江綠城市政園林建設有限公司) Zhejiang Greentown Public City Infrastructure Construction Management Co., Ltd. ("Greentown Public City Garden")	RMB50,000,000	**51% (iv)**	51% (iv)	Construction and service
綠城樂居科技管理(浙江)有限公司 Greentown Leju Technology Management (Zhejiang) Co., Ltd. ("Leju Technology")	RMB10,080,000	**51% (i)**	51% (i)	Construction and service
綠城萬家房產建設管理有限公司 Greentown Wanjia Real Estate Construction Management Co., Ltd. ("Greentown Wanjia")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
浙江星鏈營銷策劃管理有限公司 Zhejiang Xinglian Marketing Planning Management Co., Ltd. ("Zhejiang Xinglian")	RMB10,000,000	**51% (iv)**	51% (iv)	Management and consulting
浙江中合泓美裝飾設計有限公司 Zhejiang Zhonghe Hongmei Decoration Design Co., Ltd. ("Zhejiang Zhonghe")	RMB10,000,000	**51% (iv)**	51% (iv)	Construction and service
杭州綠管新原建築設計事務所有限公司 Hangzhou Lvguan Xinyuan Architectural Design Office Co., Ltd. ("Hangzhou Lvguan")	RMB10,000,000	**51% (iv)**	51% (iv)	Construction and service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2023 and 2022, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2023	2022	Principal activities
珠海萬和遠澤投資中心(有限合夥) Zhuhai Wanhe Yuanze Investment center Limited Partnership)("Zhuhai Wanhe")	RMB141,000,000	**71.44% (v)**	71.44% (v)	Investment and service
無錫綠居城建有限公司 Wuxi Lvju Urban Construction Co., Ltd. ("Wuxi Lvju")	RMB6,000,000	**51% (ii)**	51% (ii)	Construction and service
浙江綠城喜頌建設管理有限公司 Zhejiang Greentown Xisong Construction Management Co., Ltd.	RMB10,000,000	**51% (ii)**	51% (ii)	Construction and service
綠城萬合房地產建設管理有限公司 Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Greentown Wanhe")	RMB50,000,000	**51% (iv)**	51% (iv)	Construction and service
浙江綠城管理智慧城市運營有限公司 Zhejiang Greentown Management Smart City Operation Co., Ltd.	RMB10,000,000	**51% (iv)(vi)**	NA	Management and consulting

Notes:

(i) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(ii) Three out of five directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(iii) Three out of seven directors of this company are appointed by the Group, while a valid board resolution of relevant activities requires a unanimous approval from all directors. Therefore, this company is accounted for as a joint venture of the Group.

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Notes: (Continued)

(iv) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires a unanimous approval from all directors. Therefore, these companies are accounted for as joint ventures of the Group.

(v) One out of two members of investing committee of this partnership is appointed by the Group, while a valid decision of relevant activities requires a unanimous approval from all members of investing committee. Therefore, this partnership is accounted for as a joint venture of the Group.

(vi) The company was incorporated in 2023.

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures, Zhuhai Wanhe and Greentown Lipu is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Zhuhai Wanhe

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**13,211**	3,210
Non-current assets	**140,000**	140,000
Current liabilities	**–**	188

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	**3**	2

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Zhuhai Wanhe *(Continued)*

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000
Profits for the year	**20,600**	20,064
Dividends received from Zhuhai Wanhe during the year	**7,441**	13,575

The above profits for the year includes the following:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000
Gain arising on financial assets at FVTPL	**20,688**	–
Interest income	**–**	20,186

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Equity attributable to shareholders of Zhuhai Wanhe	**153,211**	143,022
Proportion of the Group's ownership interest in Zhuhai Wanhe	**71.44%**	71.44%
Carrying amount of the Group's interest in Zhuhai Wanhe	**109,453**	102,175

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Greentown Lipu

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**109,118**	140,696
Non-current assets	**52,573**	10,016
Current liabilities	**54,116**	69,683
Non-current liabilities	**18,130**	7,834

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents	**65,405**	75,506

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**149,305**	166,299
Profits for the year	**16,250**	23,926

The above profits for the year includes the following:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation and amortisation	**4,095**	4,422
Interest income	**700**	1,150
Income tax expense	**774**	3,213

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

***Greentown Lipu** (Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Net assets of Greentown Lipu	**89,445**	73,195
Less: Accumulated results of particular projects attributable solely to the Group	**(56,563)**	(52,486)
Equity attributable to shareholders of Greentown Lipu	**32,882**	20,709
Proportion of the Group's ownership interest in Greentown Lipu	**51%**	51%
Group's share of adjusted net assets in Greentown Lipu	**16,770**	10,562
Add: Accumulated results of particular projects attributable solely to the Group	**56,563**	52,486
Accumulated dividends received from particular projects pertaining to the Group	**(9,508)**	(9,508)
Carrying amount of the Group's interest in Greentown Lipu	**63,825**	53,540

Aggregate information of joint ventures that are not individually material:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Group's share of total profits for the year	**17,719**	19,556
Aggregate carrying amount of the Group's interest in these joint ventures	**90,455**	81,106

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

***Greentown Lipu** (Continued)*

Group's share of total profits for the year includes the provision for the share of certain joint ventures as its share of losses of those joint ventures exceeds its interests in those joint ventures. As at 31 December 2023 and 2022, the Group did not fulfill the obligation of registered capital contribution to those joint ventures and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those joint ventures registered by the Group. Other than the abovementioned provision, the amounts of unrecognised share of losses of these joint ventures are nil as at 31 December 2023 and 2022 respectively.

22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Unlisted equity securities	**56,625**	67,430

	Total
	RMB'000
At 1 January 2022	100,742
Unrealised fair value loss	(33,312)
At 31 December 2022	67,430
Unrealised fair value loss	(10,805)
At 31 December 2023	**56,625**

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships. The dividends of RMB22,000,000 (2022: RMB22,000,000) declared by above equity instruments at FVTOCI for the current year have been recognised in profit or loss.

23. OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Fixed interest rate other long-term receivables:		
– unsecured and unguaranteed loans to related parties (Note 39(ii))	**405,836**	266,653
– secured loans to third parties (Note)	**205,700**	221,000
	611,536	487,653
Less: allowance for credit losses	**(23,994)**	(1,488)
	587,542	486,165
Analysed as		
Current	**458,148**	221,000
Non-current	**129,394**	265,165
	587,542	486,165

Note: As at 31 December 2023, the carrying amount of loans to third parties is amounting to RMB205,700,000 (2022: RMB221,000,000) with terms of 35 months to 42 months (2022: 24 months to 30 months) and repayable in full on the maturity date. The fixed interest rate of loans is 6% (2022: 6%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the debtor's credit quality and their related collateral pledged for certain other long-term receivables. The Group has not recognised a loss allowance for certain other long-term receivables as a result of these collaterals.

Details of impairment assessment of other long-term receivables are set out in Note 37(b).

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Impairment loss RMB'000	Tax losses RMB'000	Fair value adjustment – investment properties RMB'000	Fair value adjustment - FVTOCI RMB'000	Accrued expenses RMB'000	Fair value adjustment – contingent consideration RMB'000	Intangible assets arisen from acquisition of Greentown Shangli RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	12,872	2,700	2,832	(18,795)	27	–	–	(2,542)	2,542	(364)
Credit (charge) to profit or loss	4,255	(411)	304	–	(27)	15,444	13,341	107	(107)	32,906
Charge to other comprehensive expense	–	–	–	8,328	–	–	–	–	–	8,328
Acquisition of subsidiaries (Note 33)	–	–	–	–	–	–	(116,429)	–	–	(116,429)
At 31 December 2022	17,127	2,289	3,136	(10,467)	–	15,444	(103,088)	(2,435)	2,435	(75,559)
Credit (charge) to profit or loss	8,008	(442)	295	–	–	8,335	8,732	625	(1,201)	24,352
Charge to other comprehensive expense	–	–	–	2,701	–	–	–	–	–	2,701
Effect of change in tax rate	(332)	–	–	–	–	–	41,235	–	–	40,903
At 31 December 2023	24,803	1,847	3,431	(7,766)	–	23,779	(53,121)	(1,810)	1,234	(7,603)

24. DEFERRED TAXATION (CONTINUED)

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets	**45,603**	27,529
Deferred tax liabilities	**(53,206)**	(103,088)
	(7,603)	(75,559)

As at 31 December 2023, the Group has deductible temporary differences of RMB21,594,000 (2022: RMB22,457,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which such deductible temporary differences can be utilised.

As at 31 December 2023, the Group has unused tax losses of RMB20,297,000 (2022: RMB24,782,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB7,385,000 (2022: RMB9,154,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB12,912,000 (2022: RMB15,628,000) due to the unpredictability of future profit streams. For these unrecognised tax losses, pursuant to the relevant laws and regulations in the PRC, these tax losses will be carried forward and expired in years as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
2023	**–**	2,022
2024	**4,436**	4,722
2025	**4,185**	4,423
2026	**132**	132
2027	**867**	4,329
2028	**3,292**	–
	12,912	15,628

25. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	**221,623**	216,948
Less: allowance for credit losses	**(23,840)**	(27,716)
Trade receivables, net of allowance for credit losses	**197,783**	189,232
Other receivables	**642,589**	600,957
Less: allowance for credit losses	**(24,664)**	(3,367)
Other receivables, net of allowance for credit losses	**617,925**	597,590
Prepayments	**8,200**	37,108
	823,908	823,930

Included in the trade receivables were bills receivables amounted to RMB28,664,000 (2022: RMB25,166,000). All bills received by the Group are with a maturity period of less than one year.

Included in other receivables were loans to third parties amounting to RMB405,700,000 (2022: RMB421,000,000) (collectively with interest receivable of RMB38,750,000 (2022: RMB7,961,000)) as at 31 December 2023. The loans are expected to be recovered within one year which carries fixed interest rate from 6% to 15% (2022: 6% to 15%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, constructions in progress and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. Among certain secured loans to third parties, the balances of RMB205,700,000 (2022: RMB421,000,000) are not past due as at the reporting date, and there has not been any significant changes in the debtors' credit quality and their related collateral pledged for these advances. Therefore, the directors of the Company are in the view that there have been no significant increase in credit risk nor default as at the reporting date.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2023, included in the abovementioned Group's loans to third parties balance is a debtor with the carrying amount of RMB200,000,000 (2022: RMB nil) whose repayments are overdue as at the reporting date and a repayment extension of 5 months has been granted by the Group, the directors of the Company individually assess the credit risk for such loan to a third party and consider that there is a significant increase in credit risk since initial recognition because the project held by the debtor is suspended which indicates significant deterioration in the operating results of the debtor. As at 31 December 2023, the accumulated impairment losses under ECL of such outstanding significant balance is amounting to RMB22,101,000 (2022: RMB nil).

The Group does not normally allow a credit period to its customers. For the receivables balance which has been past due more day 90 days, the directors of the Group consider certain past due balances are not in default since certain balances could be recovered based on the historical repayment pattern of overdue receivables and the financial conditions of corresponding customers.

The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date at the end of each reporting period end:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 180 days	**163,934**	123,689
180 – 365 days	**13,725**	39,392
Over 365 days	**20,124**	26,151
	197,783	189,232

Besides abovementioned loans to third parties, other receivables were mainly earnest money for potential projects. Except for abovementioned loans to third parties, other receivables and prepayments are expected to be recovered within 12 months or normal operating cycle.

Details of impairment assessment of trade and other receivables are set out in Note 37(b).

26. CONTRACT ASSETS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Project management service		
Contract assets	**954,749**	613,751
Less: allowance for credit losses	**(64,147)**	(39,859)
	890,602	573,892

As at 1 January 2022, contract assets amounted to RMB482,412,000.

The contract assets primarily relate to the Group's right to consideration for work completed in connection to project management service and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's project management service contracts include payment schedules which require stage payments over the project construction period once certain specified milestones are reached. The Group typically transfers contract assets to trade receivables when specified milestones are reached and the completion of corresponding construction progress is agreed with the customers.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of impairment assessment of contract assets are set out in Note 37(b).

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Structured investment	**41,324**	75,430

The structured investment presented an investment in the share of a segregated portfolio subscribed from a private fund which is registered as a "segregated portfolio company" with the Registrar of Companies of the Cayman Islands. The principal amount of the investment is 80,000,000 Hong Kong Dollars ("HKD") (equivalent to approximately RMB67,056,000). As at 31 December 2023, the share of fund invested in portfolio of (i) cash and cash equivalents and (ii) investments with fixed return. The Company formally requested to withdraw its share of fund in October 2023. Subsequent to the end of the reporting period, the Company received the refund of investment of HKD24,000,000 (equivalent to approximately RMB21,775,000) from the private fund.

For the year ended 31 December 2023, the Group recognised loss on fair value changes arising from the investment amounted to RMB30,505,000 (2022: gain of RMB8,831,000) and was included in "other gains and losses".

28. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash at bank	**1,375,728**	1,429,080
Cash on hand	**6**	19
Term deposits on demand (Note(i))	**668,643**	504,000
Cash and cash equivalents	**2,044,377**	1,933,099
Pledged bank deposits (Note(ii))	**165,436**	152,923

28. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS (CONTINUED)

Notes:

(i) The term deposits on demand are under the Group's rights of early redemption at its principal before the maturity date. In the event of early withdrawal prior to maturity, a prevailing current account interest rate would be offered instead of the term deposits interest rate without any penalty. The term deposits on demand are then classified as cash and cash equivalents.

(ii) The deposits are pledged to banks as collateral for the issue of letter of credit by the bank in connection with the project management projects.

Bank balances and pledged bank deposits carry interest at market rates ranging as follows per annum:

	As at 31 December	
	2023	2022
Cash at bank	**0.001% to 0.20%**	0.001% to 0.25%
Term deposits on demand	**1.15% to 3.99%**	0.25% to 3.00%
Pledged bank deposits	**0.25% to 2.75%**	0.25% to 2.75%

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 37(b).

29. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables	**34,073**	15,893
Other payables	**937,211**	889,833
Payroll payable	**270,435**	240,455
Dividend payable	**–**	618
Provision for share of losses of joint ventures exceeded interests invested (Note 21)	**15,500**	26,418
Provision for share of losses of associates exceeded interests invested (Note 20)	**–**	58
	1,257,219	1,173,275

Included in other payables were unsecured and unguaranteed advances from third parties of RMB25,000,000 (2022: RMB25,000,000) (collectively with interest payable of RMB653,000 (2022: RMB1,017,000)) as at 31 December 2023. The advances are expected to be settled within one year which carry interest at 12% to 15% (2022: 12% to 15%) per annum.

The following is an aged analysis of trade payables presented based on the invoice date.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**32,431**	14,989
1 – 2 years	**870**	807
2 – 3 years	**676**	–
More than 3 years	**96**	97
	34,073	15,893

30. CONTRACT LIABILITIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Contract liabilities	**507,614**	432,867

As at 1 January 2022, contract liabilities amounted to RMB384,863,000.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the amount of stage payment according to the payment schedule determined in the project management service contract received by the Group exceeds the amount of the revenue could be recognised based on the proportion of completion of the project management service rendered to date, this will give rise to contract liabilities. The stage payment results in contract liabilities being carried forward to recognise as revenue when the performance obligation of corresponding project management service is satisfied.

31. LEASE LIABILITIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**4,233**	7,870
Within a period of more than one year but not more than two years	**1,918**	4,105
Within a period of more than two years but not more than five years	**1,426**	5,033
	7,577	17,008
Less: amount due for settlement with 12 months shown under current liabilities	**(4,233)**	(7,870)
Amount due for settlement after 12 months shown under non-current liabilities	**3,344**	9,138

Lease liabilities are monitored within the Group's treasury function.

32. SHARE CAPITAL

	Number of shares	Amount HKD
Authorised		
Ordinary shares of HKD0.01 each		
At 1 January 2022, 31 December 2022 and 2023	**100,000,000,000**	1,000,000,000

	Number of shares	Amount HKD	Shown in the consolidated statements of financial position RMB'000
Issued and fully paid			
At 1 January 2022 (Note (ii))	1,957,976,000	19,579,760	16,324
New shares issued through allotment (Note (i))	52,024,000	520,240	445
At 31 December 2022 and 2023 (Note (ii))	2,010,000,000	20,100,000	16,769

Notes:

(i) On 20 June 2022, the Company issued and allotted 52,024,000 ordinary shares of HKD0.01 each for the 2022 Share Award Scheme to Computershare Hong Kong Trustees Limited, the trustee and administrator of the 2022 Share Award Scheme. The amounts of the new shares issued and allotted are equivalent to approximately RMB445,000, which are presented as "shares held for share award scheme" in the consolidated statement of changes in equity.

(ii) Included in number of shares as at 31 December 2023 are 48,085,961 (2022: 60,414,961) shares amounted to HKD24,043,000 (2022: HKD28,238,000)(equivalent to approximately RMB20,206,000 (2022: RMB23,842,000)) held by the trusts which are constituted by the Company for the share award schemes. Details of the share award schemes are set out in Note 34.

The Company has the power to direct the relevant activities of certain trusts and it has the ability to use its power over the trusts to affect its exposure to returns. Therefore, the assets and liabilities of the trusts are included in the Group's consolidated statement of financial position and the ordinary shares held for the share award schemes were regarded as treasury shares and presented as a deduction in equity as "shares held for share award scheme" in the consolidated statement of changes in equity of the Group.

33. ACQUISITION OF A SUBSIDIARY

No subsidiary was acquired during 2023.

Particulars of a subsidiary acquired during 2022 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
Greentown Shangli (Note)	Project management	27 January 2022	60%	427,093

Note: Greentown Construction Management Group acquired 60% equity interest of Greentown Shangli at a fixed cash consideration of RMB400,000,000 with a contingent consideration arrangement. Based on the relevant agreement, the Group is required to pay an additional adjusted incremental consideration determined according to the service fee receivable from the new project management projects of Greentown Shangli during a three-year period following completion of the acquisition. The structure of contingent consideration is tiered with different thresholds of new service fee receivable from new project management projects. The first tier starts at RMB30,000,000 contingent consideration when new service fee receivable are greater or equal to RMB100,000,000 and the ceiling of contingent consideration is set at RMB 200,000,000 when new service fee receivable are greater or equal to RMB 700,000,000. The fair value of the contingent consideration at the acquisition date is RMB27,093,000. As at 31 December 2022, the Group had settled the cash consideration of RMB400,000,000 and the condition of the contingent consideration had not been fulfilled yet. The Group acquired Greentown Shangli so as to continue the expansion of the Group's commercial project management operations.

33. ACQUISITION OF A SUBSIDIARY (CONTINUED)

A summary effect of acquisition of a subsidiary is as follows:

	Year ended 31 December 2022 RMB'000
Fair value of assets and liabilities recognised at the date of acquisition	
Property, plant and equipment	–
Intangible assets	465,717
Deferred tax assets	–
Trade and other receivables	56,983
Contract assets	–
Amounts due from parent company	–
Bank balances and cash	–
Trade and other payables	(48,650)
Income tax payable	–
Other taxes payable	–
Contract liabilities	–
Deferred tax liabilities	(116,429)
	357,621
Non-controlling interests	(143,048)
	214,573
Less:	
Gain on acquisition of a subsidiary	–
	214,573

33. ACQUISITION OF A SUBSIDIARY (CONTINUED)

A summary effect of acquisition of a subsidiary is as follows: (Continued)

	Year ended 31 December 2022 RMB'000
Consideration transferred, satisfied by:	
Cash	400,000
Contingent consideration arrangement	27,093
Consideration payable	–
	427,093
Goodwill arising on acquisition:	
Consideration transferred	427,093
Less: recognised amounts of net assets acquired	214,573
	212,520
Net cash outflow arising on acquisition:	
Cash paid	(400,000)
Bank balances and cash acquired	–
	(400,000)

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB56,983,000 at the date of acquisition had gross contractual amounts of RMB56,983,000, which were expected to be fully collected for Greentown Shangli.

The acquisition of the subsidiaries has been accounted for using the acquisition method.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of net assets of the subsidiary and amounted to RMB143,048,000.

33. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The contingent consideration amounting to RMB27,093,000 in relation to acquisition of Greentown Shangli was subsequently measured at FVTPL. During the current year, loss from changes in fair value of contingent consideration for RMB33,341,000 (2022: RMB61,774,000) was included in the "other gains or losses". As at 31 December 2023, the balance of the contingent consideration recognised as "financial liabilities at FVTPL" is amounted to RMB122,208,000 (2022: RMB88,867,000).

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administration expenses" line item in the consolidated statements of profit or loss and other comprehensive income.

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2022 is RMB82,189,000 attributable to the additional business generated by Greentown Shangli. Revenue for the year ended 31 December 2022 includes RMB181,308,000 generated from Greentown Shangli.

Had the acquisition of Greentown Shangli been completed on 1 January 2022, revenue for the year ended 31 2022 of the Group would have been RMB181,308,000, and the profit for the year ended 31 December 2022 would have been RMB82,189,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Greentown Shangli been acquired at the beginning of the year, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of the acquisition.

34. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

2020 Share Award Scheme

The Company's share award scheme (the "Scheme") was adopted pursuant to a board resolution passed on 28 October 2020 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 27 October 2030. Under the Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the Scheme, the award shares will be satisfied by existing shares to be acquired and held by a trust constituted by the Company (the "2020 Trust") through on-market transactions at the average prevailing market price, and the Company appointed an independent trustee, Computershare Hong Kong Trustees Limited (the "Trustee") acted as the administrator of the Company's Scheme.

The total number of the award shares made pursuant to the Scheme shall not exceed 1.83% of the total number of issued shares as at 28 October 2020.

The 2020 Trust has acquired 35,830,961 award shares from the market at an average prevailing market price of approximately HKD3.30 (equivalent to approximately RMB2.79) per share, including an aggregate of 35,740,000 award shares were granted by the Group to its 45 directors and eligible employees (the "2020 Grantee") pursuant to the Scheme on 24 December 2020. The award shares granted shall be vested in two tranches, (i) 50% of the award shares shall vest on the first anniversary date of the grant date, and (ii) the second 50% of the award shares shall vest on the second anniversary date of the grant date. When the relevant 2020 Grantee has satisfied all vesting conditions including a condition in relation to the closing price of the Company's shares on the date of vesting, and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the 2020 Grantee in accordance with the Scheme rules.

During this year, 1,270,000 (2022: 14,505,000) award shares have been vested by the qualified 2020 Grantee, the remaining number of shares repurchased from market for share award scheme as at 31 December 2023 are 7,120,961 (2022: 8,390,961) shares amounted to HKD23,523,000 (2022: HKD27,718,000) (equivalent to approximately RMB19,856,000 (2022: RMB23,397,000)).

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2020 Share Award Scheme** (Continued)*

Movement in the number of award shares outstanding is as follows:

	Number of award shares
At 1 January 2022	16,935,000
Vested	(14,505,000)
Forfeited	(1,160,000)
At 31 December 2022 (Note)	1,270,000
Vested (Note)	(1,270,000)
Forfeited	–
At 31 December 2023	–

Note: As at 31 December 2022, there are 1,270,000 granted award shares under 2020 Share Award Scheme have not been vested since corresponding grantees have not satisfied the performance conditions during the vesting period. According to the 2020 Share Award Scheme, these granted award shares have been vested in 2023 as the performance condition is fulfilled.

During the year ended 31 December 2023, no share award was granted under the 2020 Share Award Scheme.

The fair value of award shares was calculated using the Monte-Carlo simulation. The key inputs into the model were as follows:

Key inputs	24 December 2020
Share price	HKD3.20
Closing price condition on vesting date	HKD4.16
Expected life	10 years
Expected volatility	41.92%
Expected dividend yield	0.00%
Risk-free rate for the first tranche	0.08%
Risk-free rate for the second tranche	0.07%

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2020 Share Award Scheme** (Continued)*

The Group shall estimate the expected yearly percentage of the 2020 Grantee that will stay within the Group at the end of the vesting periods of the granted shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2023, the Expected Retention Rate was assessed to be 85.93% (2022: 85.93%).

The number of share awards granted expected to vest has been reduced to reflect historical experience of forfeiture of 14.07% (2022: 14.07%) of share awards granted prior to completion of vesting period and accordingly the share-based payment expense has been adjusted.

For the year ended 31 December 2023, the Group has recognised the total expenses of RMB nil (2022: RMB8,710,000) in the profit or loss in relation to share awards granted under the 2020 Share Awards Scheme.

2022 Share Award Scheme

The Company's 2022 share award scheme (the "2022 Share Award Scheme") was adopted pursuant to a board resolution passed on 24 April 2022 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 23 April 2032. Under the 2022 Share Award Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the 2022 Share Award Scheme, the award shares will be satisfied by the issue and allotment of new shares to a trust constituted the trust deed to service the 2022 Share Award Scheme (the "2022 Trust"), and the Company appointed the Trustee acted as the administrator of the Company's 2022 Share Award Scheme.

The total number of the award shares made pursuant to the 2022 Share Award Scheme shall not exceed 2.657% of the total number of issued shares as at 24 April 2022.

As at 31 December 2022, the Company issued and allotted 52,024,000 award shares to the 2022 Trust for the 2022 Share Award Scheme. On 24 April 2022 and 28 October 2022, 52,024,000 and 2,580,000 award shares were granted by the Group to its 73 directors and eligible employees and 6 eligible employees respectively (the "2022 Grantee"), pursuant to the 2022 Share Award Scheme.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2022 Share Award Scheme** (Continued)*

Subject to the satisfaction of the vesting criteria and conditions of the award letter, the award shares shall be vested in three tranches, (i) 30% of the award shares shall vest on the first anniversary date of the grant date, (ii) 30% of the award shares shall vest on the second anniversary date of the grant date, and (iii) 40% of the award shares shall vest on the third anniversary date of the grant date. When the relevant 2022 Grantee has satisfied all vesting conditions and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the 2022 Grantee in accordance with the scheme rules. Each of the 2022 Grantee further agreed to the Company that, upon vesting of the award shares, the vested award shares can only be sold when the latest closing price per share stated on the daily quotation sheet of the Stock Exchange is no less than HKD6.5 per share.

Movement in the number of award shares outstanding is as follows:

Number of award shares	24 April 2022	28 October 2022
At 1 January 2022	–	–
Granted	52,024,000	2,580,000
Forfeited	(4,124,000)	–
At 31 December 2022	47,900,000	2,580,000
Vested	(10,600,000)	(459,000)
Forfeited	(1,171,000)	–
At 31 December 2023	**36,129,000**	**2,121,000**

During the year ended 31 December 2023, no share award was granted under the 2022 Share Award Scheme.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2022 Share Award Scheme** (Continued)*

The fair value of award shares was calculated using the Binomial model. The key inputs into the model were as follows:

Key inputs	24 April 2022	28 October 2022
Share price	HKD5.75	HKD4.45
Condition of sale	HKD6.50	HKD6.50
Expected life	10 years	10 years
Expected volatility	38.330%	36.967%
Expected dividend yield	4.217%	4.389%
Risk-free interest rate	2.784%	3.634%

Expected volatility was determined by using the historical average annualised daily volatility of the Company and comparable companies within the same industry. The expected life used in the model is in accordance with the vesting condition term as described above.

The Group shall estimate the expected vest ratio of the 2022 Share Awards Scheme based on comprehensive consideration of expected retention rate and the possibility of achievement of relevant performance conditions of each eligible 2022 Grantee in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2023, the average expected vest ratio were assessed to be 61.84% and 64.19% (2022: 75.15% and 68.89%) for the award shares granted on 24 April 2022 and 28 October 2022 under 2022 Share Awards Scheme respectively.

For the year ended 31 December 2023, the Group has recognised the total expenses of RMB39,068,000 (2022: RMB57,095,000) in the profit or loss in relation to share awards granted under the 2022 Share Awards Scheme.

At the end of each year, the Group revises its estimates of the number of share awards under the 2020 Share Award Scheme and the 2022 Share Award Scheme that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

35. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes interest bearing amounts due to related parties, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**3,629,337**	3,436,298
Equity instruments at FVTOCI	**56,625**	67,430
Financial assets at FVTPL	**41,324**	75,430
	3,727,286	3,579,158
Financial liabilities		
Financial liabilities at amortised cost	**1,366,530**	1,127,092
Financial liabilities at FVTPL	**122,208**	88,867
	1,488,738	1,215,959

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, other long-term receivables, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, financial assets at FVTPL, trade and other payables, amounts due to related parties and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Company and two subsidiaries of the Group located in Hong Kong have foreign currency bank balances which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary bank balances at the end of the year are as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
HKD	**39,762**	21,848

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in RMB against HKD 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding HKD denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of HKD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other comprehensive income.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Market risk** (Continued)*

Currency risk (Continued)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Profit or loss	**(1,988)**	(1,092)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, other receivables, other long-term receivables, amounts due from related parties, amounts due to related parties and other payables. The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposit and bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

If the interest rate had been 5 basis points (2022: 5 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by RMB1,159,000 (2022: increase/decrease by RMB1,086,000) for the year ended 31 December 2023.

Other price risk

The Group is exposed to equity price risk through its investments in unlisted equity securities measured at FVTOCI. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the equity instruments had been 10% (2022: 10%) higher/lower, FVTOCI reserve would increase/decrease by RMB4,247,000 (2022: increase/decrease by RMB5,057,000) for the year ended 31 December 2023.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2023 and 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits, bank balances and contract assets. Except for loans to third parties recognised as other receivables and other long – term receivables are secured by collaterals as detailed in Note 25 and Note 23 respectively, all other financial assets are without collateral or credit enhancement.

Trade receivables, contract assets and trade related amounts due from related parties arising from contracts with customers

In order to minimise the credit risk, the Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually or based on provision matrix, as appropriate.

Other receivables, non-trade related amounts due from related parties and other long-term receivables due from related parties

The credit risk of other receivables, non-trade related amounts due from related parties and other long-term receivables due from related parties is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Secured loans to third parties recognised as other receivables and other long-term receivables

The management estimates the estimated loss rates of secured loans to third parties based on credit quality of the debtors as well as the fair value of the collateral pledged by the debtors to the loans. Based on assessment by the management, for the loans are not past due, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the management considers the ECL for loans to third parties is insignificant and therefore no loss allowance was recognised. For loans are overdue, the management individually assesses the credit risk for these loans. Details of secured loans to third parties recognised as other receivables and other long-term receivables are set out in Note 25 and Note 23 respectively.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Bank balances and cash and pledged bank deposits

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

The Group's internal credit risk grading assessment for trade receivables, contract assets and trade related amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates.	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

The Group's internal credit risk grading assessment for other receivables, other long-term receivables, non-trade related amounts due from related parties and bank balances and pledged bank deposits comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	The counterparty still has a strong capacity to meet contractual cash flows after due date and the Group considers that the counterparty can settle in full afterwards.	12-month ECL
Watch list	Repayments are overdue and the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Doubtful	Repayments are overdue and the Group considers that default has occurred.	Lifetime ECL – credit-impaired
Loss	There is evidence indicating the asset is fully impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2023 Gross carrying amount RMB'000	As at 31 December 2022 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivables	25	N/A	Note (i)	Lifetime ECL (not credit-impaired)	214,512	205,679
			Doubtful	Lifetime ECL (not credit-impaired)	100	1,400
			Loss	Lifetime ECL (credit-impaired)	7,011	9,869
					221,623	216,948
Trade related amounts due from related parties	39(ii)	N/A	Note (i)	Lifetime ECL (not credit-impaired)	173	20,755
			Loss	Lifetime ECL (credit-impaired)	700	729
					873	21,484
Other receivables	25	N/A	Performing Note (iii)	12-month ECL	205,700	421,000
			Performing & Low risk	12-month ECL	234,844	177,912
			Watch list	Lifetime ECL (not credit-impaired)	200,285	285
			Doubtful &Loss	Lifetime ECL (credit-impaired)	1,760	1,760
					642,589	600,957

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment: (Continued)

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2023 Gross carrying amount RMB'000	2022 Gross carrying amount RMB'000
Non-trade related amounts due from related parties	39(ii)	N/A	Performing	12-month ECL	**476,545**	280,484
Other long-term receivables	23	N/A	Performing	12-month ECL	**130,000**	266,653
Pledged bank deposits	28	AAA – A (Note (ii))	N/A	12-month ECL	**165,436**	152,923
Bank balances and cash	28	AAA – A (Note (ii))	N/A	12-month ECL	**2,044,377**	1,933,099
Contract assets	26	N/A	Note (i)	Lifetime ECL (not credit-impaired)	**951,534**	610,536
			Loss	Lifetime ECL (credit-impaired)	**3,215**	3,215
					954,749	613,751

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Notes:

(i) For trade receivables, trade related amounts due from related parties and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aging of debtors.

(ii) External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

(iii) Debtors with significant outstanding balance with gross carrying amount of RMB205,700,000 for other receivables as at 31 December 2023 (2022: RMB421,000,000) were assessed individually. For the year ended 31 December 2023 and 2022, the Group has not recognised the loss allowance for certain other receivables since the value of collaterals pledged for these other receivables is much higher than their carrying amounts and there is no significant change in the quality of these collaterals as at 31 December 2023 and 2022.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers including those who are the related parties of the Group in relation to its project management service and construction design service because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables, contract assets and trade related amounts due from related parties based on provision matrix as at 31 December 2023 and 2022 within lifetime ECL (not credit impaired) are presented below respectively. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RMB7,111,000, RMB3,215,000 and RMB700,000 for trade receivables, contract assets and trade related amounts due from related parties respectively as at 31 December 2023 (2022: RMB11,269,000, RMB3,215,000 and RMB729,000 for trade receivables, contract assets and trade related amounts due from related parties respectively) were assessed individually.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – debtors' aging (Continued)

	As at 31 December			
	2023		2022	
	Average loss rate	**Trade receivables RMB'000**	Average loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 180 days	**5.70%**	**173,843**	5.87%	131,405
180 – 365 days	**6.40%**	**14,663**	6.34%	42,057
Over 365 days	**22.82%**	**26,006**	21.00%	32,217
		214,512		205,679

	As at 31 December			
	2023		2022	
	Average loss rate	**Contract assets RMB'000**	Average loss rate	Contract assets RMB'000
Gross carrying amount	**6.40%**	**951,534**	6.00%	610,536

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – debtors' aging (Continued)

	As at 31 December			
	2023		2022	
	Average loss rate	Trade related amounts due from related parties RMB'000	Average loss rate	Trade related amounts due from related parties RMB'000
Gross carrying amount				
Within 180 days	3.12%	173	3.18%	15,529
Over 365 days	–	–	17.24%	5,226
		173		20,755

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and trade related amounts due from related parties under the simplified approach.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Provision matrix – debtors' aging (Continued)

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	40,899	12,106	53,005
– Transfer to credit-impaired	(323)	323	–
– Impairment losses recognised	28,082	11,264	39,346
– Impairment losses reversed	(12,772)	(7,073)	(19,845)
– Write-offs	–	(2,807)	(2,807)
At 31 December 2022	55,886	13,813	69,699
– Transfer to credit-impaired	(111)	111	–
– Impairment losses recognised	47,693	3,041	50,734
– Impairment losses reversed	(25,701)	(4,091)	(29,792)
– Write-offs	–	(1,948)	(1,948)
At 31 December 2023	**77,767**	**10,926**	**88,693**

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – debtors' aging (Continued)

Changes in the loss allowance for trade receivables, contract assets and trade related amounts due from related parties are mainly due to:

	Year ended 31 December			
	2023		2022	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**	Not credit-impaired	Credit-impaired
	RMB'000	**RMB'000**	RMB'000	RMB'000
Several new trade debtors with gross carrying of RMB335,914,000 (2022: RMB258,670,000)	**19,149**	**–**	14,943	–
Several settlement in full of trade debtors with gross carrying amounts of RMB42,057,000 (2022: RMB25,894,000)	**(2,469)**	**–**	(1,229)	(4,993)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables, non-trade related amounts due from related parties and other long-term receivables which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables, non-trade related amounts due from related parties and other long-term receivable from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix as at 31 December 2023 and 2022 within 12-month ECL and lifetime ECL (not credit impaired) are presented below respectively. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RMB407,460,000 for other receivables as at 31 December 2023 (2022: RMB422,760,000) were assessed individually.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – internal credit rating (Continued)

	As at 31 December			
	2023		2022	
	Average loss rate	Other receivables RMB'000	Average loss rate	Other receivables RMB'000
Gross carrying amount				
Performing	0.31%	234,684	0.54%	173,841
Low risk	16.20%	160	16.42%	4,071
Watch list	21.05%	285	21.01%	285
		235,129		178,197

	As at 31 December			
	2023		2022	
	Average loss rate	Non-trade related amounts due from related parties RMB'000	Average loss rate	Non-trade related amounts due from related parties RMB'000
Gross carrying amount				
Performing	0.48%	476,545	0.55%	280,484

	As at 31 December			
	2023		2022	
	Average loss rate	Other Long-term receivables due from a related party RMB'000	Average loss rate	Other Long-term receivables due from a related party RMB'000
Gross carrying amount				
Performing	0.47%	130,000	0.56%	266,653

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – internal credit rating (Continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables, non-trade related amounts due from related parties and other long-term receivables.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2022	1,970	60	1,365	3,395
– Transfer to lifetime ECL	(4)	4	–	–
– Transfer to credit-impaired	–	(408)	408	–
– Impairment losses recognised	2,948	404	312	3,664
– Impairment losses reversed	(324)	–	(325)	(649)
At 31 December 2022	4,590	60	1,760	6,410
– Impairment losses recognised	1,345	22,101	–	23,446
– Impairment losses reversed	(2,296)	–	–	(2,296)
At 31 December 2023	**3,639**	**22,161**	**1,760**	**27,560**

Changes in the loss allowance for other receivables, non-trade related amounts due from related parties and other long-term receivables are mainly due to:

	Year ended 31 December **2023** **Increase in lifetime ECL** **RMB'000**	 2022 Increase in lifetime ECL RMB'000
Several new non-trade debtors with a gross carrying amounts of RMB237,942,000 (2022: RMB719,000)	**22,101**	404

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2023					
Non-derivative financial liabilities					
Trade and other payables					
– fixed rate	13.13%	28,313	–	28,313	25,653
– interest-free	–	945,631	–	945,631	945,631
Amounts due to related parties					
– fixed rate	15.00%	15,001	–	15,001	14,555
– interest-free	–	380,691	–	380,691	380,691
Lease liabilities	5.40%	4,541	3,520	8,061	7,577
Financial liabilities at FVTPL	3.50%	–	126,803	126,803	122,208
As at 31 December 2023		1,374,177	130,323	1,504,500	1,496,315

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Liquidity risk** (Continued)*

Liquidity and interest risk tables (Continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2022					
Non-derivative financial liabilities					
Trade and other payables					
– fixed rate	12.37%	27,355	–	27,355	26,017
– interest-free	–	879,709	–	879,709	879,709
Amounts due to related parties					
– fixed rate	15.00%	13,560	–	13,560	13,050
– interest-free	–	208,316	–	208,316	208,316
Lease liabilities	5.40%	8,582	9,881	18,463	17,008
Financial liabilities at FVTPL	4.30%	–	97,014	97,014	88,867
As at 31 December 2022		1,137,522	106,895	1,244,417	1,232,967

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Unquoted equity investments	Equity instrument at FVTOCI: RMB11,127,000 (2022: RMB16,307,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Discount rate of 5.4% (2022: 5.6%). (Note (i))
	Equity instrument at FVTOCI: RMB22,748,000 (2022: RMB27,218,000)	Level 3	Market approach – in this approach, the value of an asset or security is based upon development of ratios of market prices which investors are paying for similar assets or securities in the market place.	Adjusted price earnings ratio ("P/E ratio"), determined by reference to the P/E ratio of listed entities in similar industries, of 6.9 (2022: 7.2). (Note (ii)) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, of 30.5% (2022: 31.1%). (Note (iii))
	Equity instruments at FVTOCI: RMB22,750,000 (2022: RMB23,905,000)	Level 3	The value of underlying net assets is based on the expected net realizable value of properties under development calculated by the discounted future income generated from the sales of such properties under development in the future less costs to be incurred to reach the sales condition, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Discount rate, used to determine the value of properties under development, taking into account weighted average cost of capital (WACC) determined by using a Capital Asset Pricing Model, of 9.1% (2022: 9.8%). (Note (i)) Expected price per square meter, used to determine the value of properties under development, ranging from RMB8,500 to RMB32,800 (2022: RMB8,900 to RMB32,800). (Note (iv))

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

***Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis** (Continued)*

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Structured investment	Financial asset at FVTPL: RMB41,324,000 (2022: RMB75,430,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected interest income and ultimate disposal proceed.	Discount rate of 1.8% (2022: 2.2%). (Note (i)) Expected loss rate of 43.0% (2022: return rate of 3.0%) (Note (v))
Contingent consideration in a business combination	Financial liabilities at FVTPL: RMB122,208,000 (2022: RMB88,867,000)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of 3.5% (2022: 4.3%) (Note (i))

Notes:

(i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, structured deposits, contingent consideration in a business combination, and vice versa.

(ii) An increase in the adjusted P/E ratio used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

(iii) An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.

(iv) An increase in the expected price per square meter used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

(v) An increase in the expected loss/return rate would result in a decrease/increase in the fair value measurement of structured deposits, and vice versa.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000
At 1 January 2022	100,742	75,031	–
Fair value gain (loss):			
– in profit or loss	–	11,455	(61,774)
– in other comprehensive income	(33,312)	–	–
Acquisition of a subsidiary (Note 33)	–	–	(27,093)
Purchased	–	410,000	–
Disposals	–	(421,056)	–
At 31 December 2022	67,430	75,430	(88,867)
Fair value loss:			
– in profit or loss	–	(27,620)	(33,341)
– in other comprehensive income	(10,805)	–	–
Purchased	–	320,000	–
Disposals	–	(326,486)	–
At 31 December 2023	**56,625**	**41,324**	**(122,208)**

Of the total gains or losses for the year included in profit or loss, an unrealised loss of RMB30,505,000 (2022: gain of RMB8,734,000) relates to financial assets at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets at FVTPL are included in "other gains and losses".

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

***Reconciliation of Level 3 fair value measurements** (Continued)*

All gains and losses were included in other comprehensive income related to unquoted equity instruments at FVTOCI held at the end of current and comparable reporting periods and were reported as changes of FVTOCI reserve. Dividends from equity instruments at FVTOCI of RMB22,000,000 (2022: RMB22,000,000) for current reporting period has been recognised in "other income" line item in the consolidated statement of profit or loss and other comprehensive income.

Of the total gains or losses for the year ended 31 December 2023 included in profit or loss, an unrealised loss of RMB33,341,000 relates to financial liabilities at FVTPL held at 31 December 2023 (2022: RMB61,774,000). Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses".

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other payables RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Amounts due to related parties RMB'000
At 1 January 2022	25,645	15,192	239	17,636
Financing cash flows	(2,978)	(8,422)	(388,099)	(904)
New leases	–	9,709	–	–
Interest expenses	3,150	1,004	–	2,334
Early termination of lease	–	(475)	–	–
Offset by trade and other receivables	(3,000)	–	(26,239)	–
Offset by amount due from a related party	–	–	–	(6,016)
Dividends recognised as distribution	–	–	387,422	–
Dividends to non-controlling interests	–	–	27,295	–
Liquidation of subsidiaries	3,200	–	–	–
At 31 December 2022	26,017	17,008	618	13,050
At 1 January 2023	26,017	17,008	618	13,050
Financing cash flows	(3,514)	(10,793)	(748,761)	–
New leases	–	5,099	–	–
Interest expenses	3,150	754	–	1,505
Early termination of lease	–	(4,491)	–	–
Dividends to non-controlling interests	–	–	116	–
Dividends declared	–	–	748,027	–
At 31 December 2023	**25,653**	**7,577**	**–**	**14,555**

39. RELATED PARTY DISCLOSURES

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

(a) Provided project management service to related parties

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Zhejiang Shidai	(3)	**107,069**	16,849
杭州錢江綠星樂居建設管理有限公司 Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd.	(1)	**71,009**	50,639
Greentown Dingli	(3)	**32,281**	21,335
麗水綠星樂居建設管理有限公司 Lishui Lvxing Leju Construction Management Co., Ltd.	(1)	**25,153**	4,958
杭州綠興工程項目管理有限公司 Hangzhou Lvxing Project Management Co., Ltd.	(1)	**21,009**	9,025
Shandong Lvxin Wanhe	(3)	**15,500**	22,115
南京六合中堂置業有限公司 Nanjing Liuhe Zhongtang Zhiye Co.,Ltd. ("Nanjing Liuhe")	(1)	**8,427**	–
綠城房地產集團有限公司 Greentown Real Estate Group ("Greentown Real Estate Group")	(1)	**6,708**	2,785
浙江拓峰科技股份有限公司 Zhejiang Tuofeng Technology Co., Ltd . ("Zhejiang Tuofeng")	(1)	**4,953**	–
杭州綠城東部置業有限公司 Zhejiang Greentown East Zhiye Co., Ltd.	(1)	**3,940**	–
Taizhou Lvlian	(3)	**3,642**	–
Greentown Northern	(3)	**3,479**	1,415
Hangzhou Bay	(3)	**2,658**	3,417

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(a) Provided project management service to related parties (Continued)

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
首創青旅置業(昆山)有限公司 Capital Youth Travel Real Estate (Kunshan) Co., Ltd. ("Youth Travel")	(2)	**2,321**	5,469
Greentown Jingfeng	(3)	**1,701**	52
Shanghai Fuqin	(3)	**1,248**	212
Greentown Lvming	(3)	**1,218**	21
Zhejiang Jiangxin	(3)	**663**	–
海南綠城綠明建設管理有限公司 Hainan Greentown Lvming Construction Management Co. Ltd. ("Hainan Lvming")	(3)	**572**	1,350
Wuxi Lvju	(3)	**311**	32
Greentown Innovation	(3)	**232**	30
Greentown Wanhe	(3)	**220**	–
Hangzhou Future	(3)	**189**	–
Greentown Wanjia	(3)	**120**	–
溫州綠城樂居企業管理有限公司 Wenzhou Greentown Leju Enterprise Management Co., Ltd.	(1)	**–**	52,526
溫州綠城樂居項目管理有限公司 Wenzhou Greentown Leju Project Management Co., Ltd.	(1)	**–**	50,586
海南島三亞日出觀光有限公司 Hainan Sanya Sunrise Sightseeing Co., Ltd.	(1)	**–**	18,868
Others		**218**	619
		314,841	262,303

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(b) Provided construction design and education consulting service to related parties

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Greentown Lipu	(3)	**879**	246
浙江綠城都會建築規劃設計有限公司 Zhejiang Greentown Duhui Architecture Planning and Design Co. Ltd.	(3)	**242**	1,554
西安國際陸港文廣置業有限公司 Xi'an International Lugang Wenguang Real Estate Co., Ltd.	(1)	**127**	–
Others		**26**	446
		1,274	2,246

(c) Interest income arising from loans to related parties

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Xiaoshan Zheqi	(3)	**37,396**	6,653
Greentown Zhenghong	(3)	**1,337**	–
Greentown Tianyuan	(3)	**795**	852
Greentown Jingfeng	(3)	**440**	103
Hangzhou Lvguan	(3)	**268**	–
Greentown Innovation	(3)	**228**	–
Others		**273**	545
		40,737	8,153

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(d) Received consulting and other service from related parties

	Notes	Year ended 31 December 2023 RMB'000	2022 RMB'000
Greentown Northern	(3)	**90,107**	64,231
Hainan Lvming	(3)	**82,165**	17,747
Zhejiang Shidai	(3)	**79,366**	109,211
Zhejiang Shenye	(3)	**51,050**	26,425
Zhejiang Greentown Jiangxin	(3)	**44,587**	18,914
Shanghai Fuqin	(3)	**34,045**	46,423
Greentown Lvming	(3)	**27,205**	53,781
Greentown Innovation	(3)	**24,543**	25,640
Greentown Tianyuan	(3)	**22,157**	28,993
Greentown Lipu	(3)	**21,874**	41,097
Greentown Wanhe	(3)	**19,365**	–
Greentown Wanjia	(3)	**16,694**	–
Greentown Zhenghong	(3)	**16,014**	30,323
Greentown Changyu	(3)	**14,495**	10,578
Greentown Duhui	(3)	**11,382**	30,207
Zhejiang Xinglian	(3)	**7,649**	2,139
Greentown Jingfeng	(3)	**5,237**	5,935
Leju Technology	(3)	**4,166**	2,777
Hangzhou Future	(3)	**2,870**	–
Zhejiang Greentown Shangdi	(3)	**2,031**	3,807
浙江綠城樂信建設管理有限公司 Zhejiang Greentown Lexin Construction Management Co., Ltd	(2)	**1,197**	–
Others		**38,445**	12,840
		616,644	531,068

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) **During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:** (Continued)

(e) Licensing fee

On 24 February 2020, the Company and Greentown China entered into a license agreement in respect of certain "綠城" ("Greentown") or related trademarks for a term commencing from its effective date on 24 February 2020 for an initial term of ten years after the listing date. Pursuant to the license agreement, there are licensing fees charged by Greentown China to the Company upon 10 July 2020, the listing date of the Company in the following manner: (i) for the first year: RMB30,000,000; (ii) for the second year: RMB40,000,000; (iii) for the third year: RMB50,000,000; (iv) for each of the fourth to tenth year: RMB60,000,000; and (v) for each of the eleventh to twentieth year: RMB60,000,000 if applicable, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the first to tenth year shall also be subject to a lower amount that may be agreed by Greentown China and the Company, and the licensing fee for the eleventh to twentieth year may also be adjusted as agreed by Greentown China and the Company.

For the year ended 31 December 2023, the licensing fee amounting to RMB51,667,000 (2022: RMB42,124,000) pursuant to the license agreement was presented as "selling and marketing expenses" in the consolidated statement of profit or loss and other comprehensive income. During the year, the Group has paid RMB nil (2022: RMB42,233,000) for the abovementioned licensing fee.

(f) Interest expenses on loans from related parties

		Year ended 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Greentown Jiayuan	(3)	**1,505**	1,500
Greentown Zhenghong	(3)	**–**	834
		1,505	2,334

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Amounts due from related parties			
Trade related			
Greentown Landscape Garden	(3)	**700**	700
Greentown Lipu	(3)	**173**	–
Greentown Real Estate Group	(1)	**–**	17,310
Zhejiang Shidai	(3)	**–**	2,674
Hainan Lvming	(3)	**–**	779
Others		**–**	21
		873	21,484
Non-trade related			
Xiaoshan Zheqi	(3)	**275,836**	–
Zhejiang Shenye	(3)	**31,459**	37,748
Greentown Tianyuan	(3)	**29,532**	35,900
Zhejiang Shidai	(3)	**20,949**	29,537
Greentown Wanhe	(3)	**14,320**	–
Greentown Northern	(3)	**13,618**	19,936
Xinjiang Chuangjing	(3)	**11,437**	13,897
Shandong Wanhe	(3)	**10,996**	19,028
綠城楊柳郡房地產有限公司 Greentown Yangliujun Real Estate Co., Ltd. ("Greentown Yangliujun")	(1)	**10,912**	–
Greentown Innovation	(3)	**10,723**	14,300
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	(1)	**9,511**	1,310
Shanghai Fuqin	(3)	**9,043**	10,370
Zhejiang Jiangxin	(3)	**8,168**	9,185
Greentown Zhenghong	(3)	**3,934**	36,735
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd.	(1)	**3,642**	6,473

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

		As at 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Amounts due from related parties – continued			
Non-trade related – continued			
Hangzhou Lvguan	(3)	**3,268**	–
Greentown Real Estate Group	(1)	**2,964**	1,425
Hangzhou Bay	(3)	**2,000**	2,000
Greentown Lvming	(3)	**1,994**	27,114
Greentown Jingfeng	(3)	**850**	5,103
Hainan Lvming	(3)	**576**	8,883
Greentown Landscape Garden	(3)	**365**	365
Hangzhou Future	(3)	**378**	–
Zhejiang Xinglian	(3)	**–**	482
Others		**70**	693
		476,545	280,484
		477,418	301,968

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

Except for the non-trade related amounts due from Xiaoshan Zheqi of RMB260,000,000 (2022: RMB260,000,000) (collectively with interest receivable of RMB15,836,000 (2022: RMB nil)), Greentown Tianyuan of RMB7,615,000 (2022: RMB11,000,000) (collectively with interest receivable of RMB1,798,000 (2022: RMB1,003,000)), Hangzhou Lvguan of RMB3,000,000 (2022: RMB nil) (collectively with interest receivable of RMB268,000 (2022: RMB nil)), Greentown innovation of RMB1,000,000 (2022: RMB nil) (collectively with interest receivable of RMB183,000 (2022: RMB nil)), Greentown Jingfeng of RMB500,000 (2022: RMB5,000,000) (collectively with interest receivable of RMB350,000 (2022: RMB103,000)), Greentown Lvming of RMB nil (2022: RMB25,000,000) (collectively with interest receivable of RMB nil (2022: RMB nil)), Greentown Zhenghong of RMB nil (2022: RMB23,984,000) (collectively with interest receivable of RMB nil (2022: RMB nil)), Zhejiang Shenye of RMB nil (2022: RMB7,000,000) (collectively with interest receivable of RMB nil (2022: RMB802,000)) and Greentown Landscape Garden of RMB nil (2022: RMB nil) (collectively with interest receivable of RMB365,000 (2022: RMB365,000)) are unsecured advances to related parties, which carry interest rate from 4% to 15% (2022: 4% to 16%) per annum respectively and are expected to be recovered within 12 months, the other abovementioned non-trade related amounts due from related parties are mainly related to the performance deposits paid to the related parties and funds paid in advance to the related parties in connection with the project management business which are all expected to be received on demand or within normal operating cycle are all interest free.

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,996,000 as at 31 December 2023 (2022: RMB3,679,000).

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) **As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:** (Continued)

The following is an aged analysis of gross amounts of trade related amounts due from related parties presented based on the invoice dates.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 180 days	**173**	15,529
Over 365 days	**700**	5,955
	873	21,484

		As at 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Prepayments (included in trade and other receivables)			
Greentown Northern	(3)	**–**	14,203
Greentown Innovation	(3)	**–**	3,866
Hainan Lvming	(3)	**–**	781
Greentown Jingfeng	(3)	**–**	741
		–	19,591

		As at 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Contract assets			
Zhejiang Shidai	(3)	**72,728**	–

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) **As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:** (Continued)

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Other long-term receivables			
Xiaoshan Zheqi	(3)	**275,836**	266,653
Zhejiang Shidai	(3)	**130,000**	–
Loans to related parties		**405,836**	266,653
Less: amounts expected to be recovered within 12 months		**(275,836)**	–
		130,000	266,653

The other long-term receivables due from Zhejiang Shidai amounted to RMB130,000,000 (2022: RMB nil) (collectively with interest receivable of RMB nil (2022: RMB nil)) are unsecured advances to related parties, which carry interest 4.75% per annum with term of two years.

As at 31 December 31 2023, the advance to Xiaoshan Zheqi are classified as "amounts due from related parties" presented as current assets which is expected to be recovered within 12 months.

The above other long-term receivables are presented before accumulative impairment losses of RMB606,000 as at 31 December 2023 (2022: RMB1,488,000).

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

		As at 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Amounts due to related parties			
Trade related			
Greentown Real Estate Group	(1)	**55,242**	475
Zhejiang Shidai	(3)	**50,949**	25,944
Zhejiang Shenye	(3)	**40,287**	29,603
Greentown Tianyuan	(3)	**35,437**	30,055
Greentown Northern	(3)	**17,980**	–
Greentown Zhenghong	(3)	**14,198**	10,756
Shanghai Fuqin	(3)	**13,270**	837
Hainan Lvming	(3)	**12,496**	–
Greentown Innovation	(3)	**12,449**	–
Greentown Changyu	(3)	**8,437**	4,008
Greentown Wanhe	(3)	**7,966**	–
Greentown Wanjia	(3)	**6,801**	–
Zhejiang Jiangxin	(3)	**4,528**	1,250
Greentown Jingfeng	(3)	**4,344**	917
Greentown Lvming	(3)	**4,225**	25,259
Shandong Wanhe	(3)	**1,996**	3,455
Xinjiang Chuangjing	(3)	**–**	6,891
Shandong Lvxin Wanhe	(3)	**–**	3,594
Others		**2,638**	315
		293,243	143,359

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
Amounts due to related parties – continued			
Non-trade related			
Greentown Yangliujun	(1)	**31,344**	23,895
Zhejiang Shidai	(3)	**26,558**	17,760
Greentown Jiayuan	(3)	**14,555**	13,050
Shandong Lvxin Wanhe	(3)	**6,182**	4,586
Greentown Real Estate Group	(1)	**5,000**	–
Greentown Jingfeng	(3)	**4,724**	5,000
Greentown Public City Garden	(3)	**2,970**	2,970
Xinjiang Chuangjing	(3)	**2,452**	2,452
Greentown China	(4)	**2,427**	2,423
成都綠晟置業有限公司 Chengdu Lvsheng Real Estate Co., Ltd.	(1)	**2,063**	2,063
Greentown Northern	(3)	**1,447**	1,447
Zhejiang Greentown Shangdi	(3)	**354**	280
杭州尊藍酒店管理有限公司 Hangzhou Zunlan Hotel Management Co., Ltd.	(1)	**–**	716
Wuxi Lvju	(3)	**–**	384
Zhejiang Xinglian	(3)	**–**	250
Others		**1,927**	731
		102,003	78,007
		395,246	221,366

As at 31 December 2023, except for the non-trade related amounts due to Greentown Jiayuan of RMB10,000,000 (2022: RMB10,000,000) (collectively with interest payable of RMB4,555,000 (2022: RMB3,050,000)), which carry interest at 15% per annum, the other advances are interest free. All the abovementioned non-trade related amounts due to related parties are unsecured and repayable on demand.

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

The following is an aged analysis of trade related amounts due to related parties presented based on the invoice dates.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**278,356**	139,290
1-2 years	**14,412**	3,594
More than 3 years	**475**	475
	293,243	143,359

		As at 31 December	
		2023	2022
	Notes	**RMB'000**	RMB'000
Contract liabilities			
Youth Travel	(2)	**17,425**	17,681
Nanjing Liuhe	(1)	**9,857**	–
Zhejiang Tuofeng	(1)	**642**	–
Greentown Real Estate Group	(1)	**–**	6,708
		27,924	24,389

Notes:

(1) Fellow subsidiaries of the Group

(2) Associates or joint ventures of the controlling shareholder of the Group

(3) Associates or joint ventures of the Group

(4) Parent company

39. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, directors' fees and other benefits	**14,086**	13,297
Performance-based bonus	**20,718**	17,047
Retirement benefits scheme contributions	**988**	923
Share-based payments	**13,586**	29,370
	49,378	60,637

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Non-Current Assets		
Investment in a subsidiary	**76,659**	48,808
Amount due from a subsidiary	**1,312,252**	1,965,777
	1,388,911	2,014,585
Current Assets		
Financial assets at FVTPL	**41,324**	75,430
Bank balances and cash	**38,120**	39,525
	79,444	114,955
Current Liabilities		
Trade and other payables	**1,045**	2,892
Amounts due to subsidiaries	**10,560**	10,716
	11,605	13,608
Net Current Assets	**67,839**	101,347
Total Assets Less Current Liabilities	**1,456,750**	2,115,932
Net Assets	**1,456,750**	2,115,932
Capital and Reserves		
Share capital (Note 32)	**16,769**	16,769
Reserves	**1,439,981**	2,099,163
Total Equity	**1,456,750**	2,115,932

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

The movement of the reserves of the Company is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Shares held for share award scheme RMB'000	Share-based payment reserves RMB'000	Total RMB'000
At 1 January 2022	2,933,656	(449,257)	(58,266)	9,542	2,435,675
Loss for the year	–	(14,450)	–	–	(14,450)
Issuance of ordinary shares	–	–	(445)	–	(445)
Recognition of equity-settled share-based payments	–	–	–	65,805	65,805
Dividends recognised as distribution	–	(387,422)	–	–	(387,422)
Vesting of share awards	(21,100)	–	34,869	(13,769)	–
At 31 December 2022	2,912,556	(851,129)	(23,842)	61,578	2,099,163
Profit for the year	–	49,777	–	–	49,777
Recognition of equity-settled share-based payments	–	–	–	39,068	39,068
Dividends recognised as distribution	–	(748,027)	–	–	(748,027)
Vesting of share awards	40,368	–	3,636	(44,004)	–
At 31 December 2023	**2,952,924**	**(1,549,379)**	**(20,206)**	**56,642**	**1,439,981**

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below.

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
Directly held:					
Greentown Management Group Limited (formerly named Mainwide (H.K.) Limited)	Hong Kong/ Hong Kong, 1 April 2016	HKD1	100%	100%	Investment holding
Greenrise (H.K.) Limited	Hong Kong/ Hong Kong, 24 March 2021	HKD1	100%	100%	Investment holding
Indirectly held:					
綠城建設管理集團有限公司 Greentown Construction Management Co., Ltd.	PRC/PRC, 8 September 2016	RMB300,000,000	100%	100%	Project management
淳安縣千島湖綠城房產建設管理有限公司 Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 13 January 2011	RMB1,000,000	100%	100%	Project management
義烏綠城房產建設管理有限公司 Yiwu Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 18 December 2012	RMB10,000,000	100%	100%	Project management
義烏綠城投資發展有限公司 Yiwu Greentown Investment Development Co., Ltd.	PRC/PRC, 11 September 2013	RMB10,000,000	100%	100%	Project management
金華綠城房產建設管理有限公司 Jinhua Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 4 November 2013	RMB1,000,000	100%	100%	Project management
綠城樂居建設管理集團有限公司 Greentown Leju Construction Management Group Co., Ltd.	PRC/PRC, 30 November 2011	RMB100,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
杭州大江東綠城建設管理有限公司 Hangzhou Dajiangdong Greentown Construction Management Co., Ltd.	PRC/PRC, 26 June 2015	RMB10,000,000	100%	100%	Project management
綠城房地產建設管理集團有限公司 Greentown Real Estate Construction Management Group Co., Ltd.	PRC/PRC, 21 March 2012	RMB200,000,000	100%	100%	Project management
杭州綠城九略投資管理有限公司 Hangzhou Greentown Jiulve Investment Management Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	100%	100%	Investment holding and consulting
浙江綠星教育科技有限公司 Zhejiang Lvxing Educational Technology Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	100%	100%	Investment holding and consulting
金華綠城信息經濟產業園建設管理有限公司 Jinhua Greentown Information Economic Industrial Park Construction Management Co., Ltd.	PRC/PRC, 10 November 2016	RMB1,000,000	100%	100%	Project management
杭州綠城坤一景觀設計諮詢有限公司 Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd. ("Greentown Kunyi")	PRC/PRC, 13 August 2014	RMB2,041,000	67.5%	67.5%	Construction design and consulting
台州綠城樂居建設管理有限公司 Taizhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 12 September 2017	RMB1,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
溫州綠城樂居建設管理有限公司 Wenzhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 13 December 2017	RMB1,000,000	100%	100%	Project management
杭州江南綠城樂居建設管理有限公司 Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 9 February 2018	RMB20,000,000	100%	100%	Project management
台州黃岩綠城樂居企業管理有限公司 Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd.	PRC/PRC, 14 June 2018	RMB1,000,000	100%	100%	Project management
麗水綠城樂居建設管理有限公司 Lishui Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 26 November 2018	RMB1,000,000	100%	100%	Project management
嘉興綠星樂居建設管理有限公司 Jiaxing Lvxing Leju Construction Management Co., Ltd.	PRC/PRC, 6 May 2019	RMB1,000,000	100%	100%	Project management
溫州綠欣企業管理有限公司 Wenzhou Lvxin Enterprise Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	100%	100%	Project management
溫州綠興工程項目管理有限公司 Wenzhou Lvxing Engineering Project Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
成都綠城致嘉建設管理有限公司 Chengdu Greentown Zhijia Construction Management Co.,Ltd.	PRC/PRC, 6 December 2019	RMB10,000,000	100%	100%	Project management
杭州綠欣海河工程項目管理有限公司 Hangzhou Lvxin Haihe Engineering Project Management Co., Ltd.	PRC/PRC, 12 December 2019	RMB1,000,000	100%	100%	Project management
遂昌縣綠興項目管理有限公司 Suichang Lvxing Project Management Co., Ltd.	PRC/PRC, 6 May 2020	RMB1,000,000	100%	100%	Project management
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd.	PRC/PRC, 29 April 2016	RMB20,000,000	100%	100%	Project management
上饒綠星建設管理有限公司 Shangrao Lvxing Construction Management Co., Ltd.	PRC/PRC, 10 June 2021	RMB1,000,000	100%	100%	Project management
綠城熵裡建設管理有限公司 (formerly named 浙江熵裡建設管理有限公司) Greentown Shangli Construction Management Co., Ltd.	PRC/PRC, 27 December 2021	RMB50,000,000	60%	60% (i)	Project management
浙江綠城空間運營管理有限公司 Zhejiang Greentown Space Operation Management Co., Ltd.	PRC/PRC, 10 January 2022	RMB10,000,000	100%	100%	Investment holding and consulting

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
河北綠城建設發展有限公司 Hebei Greentown Construction and Development Co., Ltd.	PRC/PRC, 15 March 2022	RMB30,000,000	100%	100%	Project management
濟南綠城房地產建設管理有限公司 Jinan Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 15 August 2022	RMB5,000,000	100%	100%	Project management
上海綠熙建設管理有限公司 Shanghai Lvxi Construction Management Co., Ltd.	PRC/PRC, 30 August 2022	RMB5,000,000	100%	100%	Project management
江門綠城濱江建設管理有限公司 Jiangmen Greentown Binjiang Construction Management Co., Ltd.	PRC/PRC, 22 August 2022	RMB10,000,000	80%	80%	Project management
海南綠城宇辰建設管理有限公司 Hainan Greentown Yuchen Construction Management Co., Ltd.	PRC/PRC, 18 October 2022	RMB5,000,000	100%	100%	Project management
寧波綠灣房產建設管理有限公司 Ningbo Lvwan Real Estate Construction Management Co., Ltd.	PRC/PRC, 3 November 2022	RMB5,000,000	100%	100%	Project management
仙居縣綠興工程管理有限公司 Xianju County Lvxing Engineering Management Co., Ltd.	PRC/PRC, 28 April 2022	RMB1,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiaries	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2023	2022	Principal activities
青田綠青樂居建設管理有限公司 Qingtian Lvqing Leju Construction Management Co., Ltd.	PRC/PRC, 10 May 2022	RMB1,000,000	**100%**	100%	Project management
湖州綠弘樂居建設管理有限公司 Huzhou Green Hong Leju Construction Management Co., Ltd.	PRC/PRC, 9 January 2023	RMB1,000,000	**100% (ii)**	N/A	Project management
慈溪綠瀾房產建設管理有限公司 Cixi Green Lan Real Estate Construction management Co., Ltd.	PRC/PRC, 1 September 2023	RMB5,000,000	**100% (ii)**	N/A	Project management
紹興上虞綠欣項目管理有限公司 Shaoxing Shangyu Lvxin Project Management Co., Ltd.	PRC/PRC, 8 September 2023	RMB1,000,000	**100% (ii)**	N/A	Project management
綠城(海南)建設管理有限公司 Greentown (Hainan) Construction Management Co., Ltd.	PRC/PRC, 17 November 2023	RMB10,000,000	**80% (ii)**	N/A	Project management

English translated names for the PRC subsidiaries are for identification only.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Notes:

(i) The company was acquired by the Group in 2022. The details of the acquisition are set out in Note 33.

(ii) These companies were incorporated in 2023.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests As at 31 December		Gain (loss) allocated to non-controlling interests As at 31 December		Accumulated non-controlling interests As at 31 December	
		2023	2022	**2023**	2022	**2023**	2022
				RMB'000	RMB'000	**RMB'000**	RMB'000
Greentown Shangli	PRC	**40%**	40%	**6,207**	(13,798)	**135,457**	129,250
Individually immaterial subsidiaries with non-controlling interests						**2,402**	4,575
						137,859	133,825

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Greentown Shangli

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**315,090**	213,149
Non-current assets	**355,014**	413,295
Current liabilities	**(45,915)**	(83,546)
Non-current liabilities	**(53,121)**	(103,088)
Net assets of Greentown Shangli	**571,068**	439,810
Equity attributable to owners of the Group	**435,611**	310,560
Non-controlling interests of Greentown Shangli	**135,457**	129,250

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**182,536**	181,308
Expense	**(51,278)**	(99,119)
Profit for the period	**131,258**	82,189
Profit attributable to owners of the Group (Note (i))	**125,051**	95,987
Profit (loss) attributable to the non-controlling interests of Greentown Shangli (Note (i))	**6,207**	(13,798)
Net cash inflow from operating activities	**95,160**	135,385
Net cash outflow from investing activities (Note (ii))	**–**	(120)
Net cash inflow	**95,160**	135,265

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Greentown Shangli (Continued)

Notes:

(i) According to the acquisition agreement of Greentown Shangli between Greentown Construction Management Group, Mr. Xu Xiongxiang and his spouse Ms. Jiang Yangjun, the non-controlling interests of Greentown Shangli and the guarantor of this acquistion, there is a profit guarantee term agreed by the non-controlling interests of Greentown Shangli and the guarantor of this acquisition. The after-tax profit of Greentown Shangli before the amortisation of intangible assets and relevant deferred taxation arising from the acquisition (the "Target Profit") distributed to Greentown Construction Management Group in the proportion of its ownership interests shall be no less than RMB120,000,000, RMB130,000,000 and RMB150,000,000 for the years of 2022, 2023 and 2024 respectively (the "Guaranteed Profit"). Furthermore, the counterparties to the acquisition agreement of Greentown Shangli agree that:

(a) if the Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests for respective year is no less than the Guaranteed Profit, the Target Profit shall be distributed among Greentown Construction Management Group and the non-controlling interests of Greentown Shangli in proportion to their respective shareholdings in Greentown Shangli;

(b) if the Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests for respective year is less than the Guaranteed Profit, and the Target Profit is no less than the Guaranteed Profit, the proportion of the Target Profit equals to the Guaranteed Profit shall be distributed to Construction Management Group first, the remaining profit shall be distributed to the non-controlling interests of Greentown Shangli;

(c) if the Target Profit is less than the Guaranteed Profit, all of the Target Profit shall be distributed to Greentown Construction Management Group. the non-controlling interests of Greentown Shangli is not entitled to profit distribution. Greentown Construction Management Group is entitled to require the non-controlling interests and the guarantor of this acquisition to pay for the difference between the Target Profit and the Guaranteed Profit on after tax basis; and

(d) if the Greentown Shangli makes a loss, Greentown Construction Management Group is entitled to require the non-controlling interests and the guarantor of this acquisition to pay for the differences between the loss and the Guaranteed Profit on after tax basis.

The Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests was RMB83,703,000 for the year ended 31 December 2023 (2022: RMB73,327,000), which is less than the Guaranteed Profit, and the Target Profit was RMB139,506,000 (2022: RMB122,211,000) for the year ended 31 December 2023, which is no less than the Guaranteed Profit. Therefore, according to the abovementioned (ii) of the acquisition agreement, the proportion of the Target Profit equals to the Guaranteed Profit (RMB130,000,000 for year 2023 (2022: RMB120,000,000)) is allocated to Greentown Construction Management Group first, the remaining profit of RMB9,506,000 (2022: RMB2,211,000) is allocated to the non-controlling interests of Greentown Shangli for the year ended 31 December 2023. The profit attributable to owners of the Group and the non-controlling interests of Greentown Shangli for the year ended 31 December 2023 was RMB125,051,000 and RMB6,207,000 (2022: RMB 95,987,000 and loss of RMB 13,798,000) respectively (after proportionally deducting the amortisation of intangible assets arising from the acquisition, net of tax amounted to RMB4,949,000 and RMB3,299,000 (2022: RMB24,013,000 and RMB16,009,000) respectively).

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Greentown Shangli (Continued)

Notes: (Continued)

(ii) Greentown Shangli provided funds to companies ultimately controlled by its non-controlling interest during the year, these amounts had been repaid by the counterparties within the year. Gross cash flows of the funds are included in the line item "advance of loans to third parties" and "repayment from loans to third parties" separately on the consolidated statement of cash flows.

43. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2023, the Group entered into agreements with certain project owners to settle trade receivables amounted to RMB135,833,000 in exchange for certain properties owned by the project owners. Since the transfers of these properties had not been completed as at the reporting date, the amounts are classified as "deposits for acquisition of properties" and are presented separately as non-current assets in the consolidated statement of financial position as at 31 December 2023.

According to the loan agreements with Greentown Innovation and Greentown Tainyuan, the Group is entitled to offset loan receivables due from Greentown Innovation and Greentown Tainyuan with the Group's outstanding amounts due to Greentown Innovation and Greentown Tainyuan respectively, when certain loan receivables are overdue. During current reporting period, overdue amounts of loan receivables due from Greentown Innovation and Greentown Tainyuan of RMB2,800,000 and RMB385,000 were set off against corresponding amounts of amounts due to these joint ventures respectively.

Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

"AGM"	annual general meeting of the Company to be held on 13 June 2024
"Articles" or "Articles of Association"	the amended and restated Articles of Association of the Company adopted on 25 May 2023, as amended or supplemented from time to time (as amended and restated)
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the independent auditor of the Company
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong and Macau Special Administrative Region and Taiwan
"Company" or "Greentown Management"	Greentown Management Holdings Company Limited (綠城管理控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock code: 09979)
"Companies Law"	the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as consolidated and revised), as amended or supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning prescribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning prescribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Greentown China"	Greentown China Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03900), our controlling shareholder
"Greentown Group"	Greentown China and its subsidiaries
"Group", "we", "us" or "our"	the Company and its subsidiaries

"HK$" or "Hong Kong Dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Latest Practicable Date"	18 April 2024, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
"Listing Date"	10 July 2020, being the date on which the Shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus of the Company dated 29 June 2020
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period" or "Period"	for the year ended 31 December 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"2020 Share Award Scheme"	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 28 October 2020, pursuant to the announcement made by the Company on 28 October 2020
"2022 Share Award Scheme"	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 24 April 2022, pursuant to the announcement made by the Company on 24 April 2022
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning prescribed to it under the Listing Rules

"substantial shareholder(s)"	has the meaning prescribed to it under the Listing Rules
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America