

美的置業控股有限公司

MIDEA REAL ESTATE HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3990

2023

ANNUAL REPORT

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COMPANY PROFILE

Midea Real Estate Holding Limited (the **"Company"** and together with its subsidiaries, the **"Group"** or **"Midea Real Estate"**) (Stock Code: 3990.HK) is a listed company of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) and one of the top 100 private enterprises in Guangdong Province, whose shares are included in the constituents of indexes such as Hang Seng Stock Connect Hong Kong Index. Founded in 2004, the Group, guided by the development positioning as a "Smart Healthy Life Service Provider", has built comprehensive development ecology of "development + operation + technology", and continued to move steadily towards high-quality development.

Leveraging the manufacturing foundation and good reputation of the brand, the Company has always regarded the nature of real estate industry as people's livelihood. Based on the residential development business, the Company strives to follow the policy of "intensive development in focused areas and strategy upgrade", focuses on the layout of first-and second-tier cities with high potential in the future, targets the middle-class and high-net-worth improved customers, adheres to the principle of "high quality, new technology and good service" for quality improvement, and focuses on our customers to create a wonderful living experience with technology intelligence, green and energy conservation, health and multi-function.

For the operation business of property management services and commercial management, the Company focused on strengthening its light-asset operation capabilities, developed third-party business through innovated operation, and maintained good relationship with customers to achieve quality growth. For the real estate technology industry in which the Company adopts its strategies for transformation and upgrade, we closely adhere to the needs of the whole life cycle for good houses, good communities and good services, promote the development of green prefabricated industries and smart space industries, and rely on the key driving force of technological innovation, so as to continuously promote the transformation and upgrading of the Company's industrial ecology to industrialisation, digitalisation and green.

In the future, Midea Real Estate will continue to adhere to long-term development, consolidate its industrial foundation, and create greater value for the society in a high-quality, achievable and sustainable way.

FINANCIAL OVERVIEW

Overview of Results

	2023	2022	Change
Revenue (RMB million)	73,564.5	73,630.8	-0.1%
Gross profit (RMB million)	8,483.6	11,306.4	-25.0%
Gross margin	11.5%	15.4%	-3.8%
Net profit (RMB million)	2,125.1	3,576.8	-40.6%
Net profit margin	2.9%	4.9%	-2.0%
Profit attributable to owners of the Company (RMB million)	913.6	1,726.4	-47.1%
Basic and diluted earnings per share (RMB)	0.66	1.34	-50.7%
Proposed final dividend per ordinary share to be distributed (HKD)	0.36	0.80	-55.0%

Overview of Balance Sheet

	2023	2022	Change
Total assets (RMB million)	201,579.2	251,938.8	-20.0%
Total cash and bank deposits (RMB million)	20,141.7	26,390.9	-23.7%
Short-term borrowings (RMB million)	12,234.1	13,681.2	-10.6%
Long-term borrowings (RMB million)	25,834.8	34,773.4	-25.7%
Total equity (RMB million)	50,118.7	50,313.8	-0.4%
Return on equity	3.6%	6.9%	-3.3%
Total liabilities/total assets	75.1%	80.0%	-4.9%
Net gearing ratio	35.8%	43.9%	-8.1%

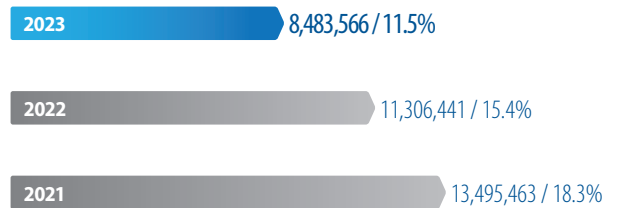
REVENUE

(RMB '000)



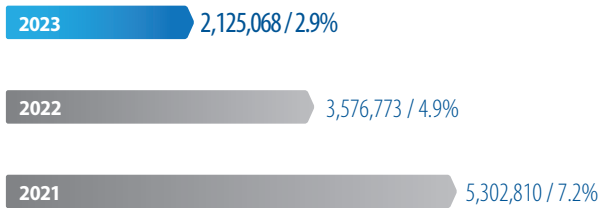
GROSS PROFIT AND GROSS MARGIN

(RMB '000)



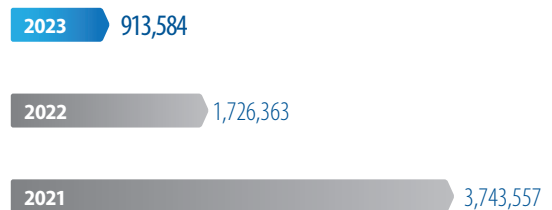
NET PROFIT AND NET MARGIN

(RMB '000)



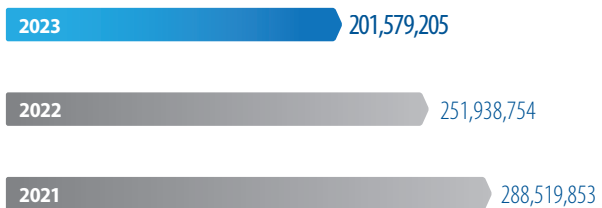
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB '000)



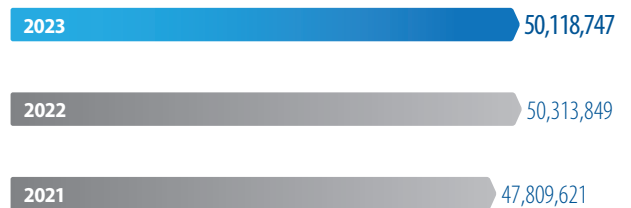
TOTAL ASSETS

(RMB '000)



TOTAL EQUITY

(RMB '000)



2023 MILESTONES

JAN

2023 Midea Real Estate Owners' Spring Festival Gala — Nationwide Participation of Over a Thousand Owners in a Grand Audiovisual Celebration

After nearly two months of meticulous preparation, the 2023 Midea Real Estate's 'Amazing Neighbors' Spring Festival Gala for the Year of the Rabbit has come to a heartwarming conclusion. With active participation from over a thousand owners across 39 cities and 56 communities, they came together on the same stage to create an extraordinary programme, embodying the unique spirit of Midea Real Estate's owners. During the gala performance, the live broadcast room was buzzing with unprecedented excitement, as families of the owners energetically showed their support online, adding a distinctive warmth to the Year of the Rabbit.



FEB

Recognition of Two Industrial Subsidiaries as “Specialised, Refined, Unique and Innovative Enterprise/SME in Guangdong Province”

After evaluation by the Department of Industry and Information Technology of Guangdong Province, Guangdong Remac Smart Technology Co., Ltd. has been recognised as the “2022 Specialised, Refined, Unique and Innovative Enterprise in Guangdong Province”, while Foshan Shunde District Tianyuan Architectural Design Co., Ltd. (“Remac TY”) has received dual honors as a “Specialised, Refined, Unique and Innovative SME in Guangdong Province” and an “Innovative SME in Guangdong Province”.

Remac Industrialisation’s Two Major Bases Obtain Hong Kong QSPSC Certification and Win First Livelihood Housing Construction Project in Hong Kong, Expanding into Hong Kong and Macau Markets Successfully”

Remac Industrialisation's production bases in Foshan and Huizhou have successfully undergone the Hong Kong Quality Assurance Agency's examination, achieving system certification in Hong Kong and securing the "Quality Scheme for the Production and Supply of Concrete (QSPSC)" certificate. This certification endorses Remac Industrialisation's prefabricated components and Modular Integrated Construction (MiC) products for official supply to the Hong Kong market. Leveraging their strong product quality, customer service and innovation, along with a solid corporate reputation, Remac Industrialisation has excelled among numerous competitors, winning the bid for the Tseung Kwan O Transitional Housing Project in Hong Kong. This successful bid marks Remac Industrialisation's first foray into the Hong Kong prefabricated housing sector for a livelihood housing project and demonstrates the company's capability to handle projects for the Hong Kong Special Administrative Region government. This achievement is a pivotal step in Remac Industrialisation's strategy to expand its business in the Hong Kong, Macau and international markets.



(Hong Kong QSPSC Certification Awarded to Foshan Production Base)



(Hong Kong QSPSC Certification Awarded to Huizhou Production Base)

APR

Issuance of RMB1.2 Billion Medium-Term Notes — 23 Midea Real Estate MTN001A+B

Midea Real Estate has successfully issued RMB1.2 billion medium-term notes, becoming the first private real estate enterprise to be granted a Credit Risk Mitigation Warrant (CRMW) collaboratively developed by three authoritative institutions: China Bond Insurance Corporation, the Bank of Communications and CITIC Securities during the year.

AUG

“Trustworthy Midea Real Estate” Brand Campaign Launched Nationwide

Adversity reveals true strength. To reinforce the brand image of Midea Real Estate, a nationwide integrated marketing promotion for brand was launched under the proposition “Trustworthy Midea Real Estate”. This comprehensive campaign spans various dimensions, including brand power, product strength and service quality, aiming to strengthen communication with end-users. It solidifies the bonds of mutual trust with customers.



Participation in Conferences on Financial Support for the Development of Private Enterprises

In August, Midea Real Estate, representing private real estate enterprises, attended a series of events including a symposium on financial support for the development of private enterprises and a working conference on the financial support for the development of private enterprises hosted by the People's Bank of China.

SEP

Midea Real Estate Services Unveils Industrial Park Service Model for Urban-Industrial Symbiosis and Mutual Prosperity

On 1 September, the "2023 China Top 100 Property Service Enterprises Summit and Brand Value Summit", hosted by CRIC and the China Property Management Research Institution, commenced in Shanghai. Representatives from property management enterprises, industry institutions and renowned universities across the country converged to discuss the core issues currently facing the property management sector. At the summit, Midea Real Estate Services launched a new industrial park service model—S-TECH Midea Remac Services (S-TECH美置睿服). This model leverages the deep integration of Midea Real Estate Services' numerous years of experience in industrial park services, support from the Midea Group's industrial chain and a strategic alliance of all-star capabilities, empowering a high-quality transformation and upgrade of urban-industrial service products.



OCT

Midea Beijing Road No. 9 Wins BREEAM China's Most Popular Project Award

On 30 October, the 2023 BREEAM China award ceremony, part of the BREEAM Awards — known as the "Oscars of Green Construction" — was held in Shanghai. The event highlighted the Midea Beijing Road No. 9 project, which stood out among many excellent submissions. Distinguished by its "scarce location, luxury apartments, high-end quality and smart technology", the Midea Beijing Road No. 9 project won the BREEAM China's Most Popular Project Award, earning international recognition for its exceptional "green quality".



NOV

Remac Building Technology— Strategic Collaboration with Ausland Sydney and Renewed Overseas Distributorship Agreement

On 15 November, Australia's Ausland Sydney and Zhuhai Ruizhu Construction Technology Co., Ltd. held a distributorship agreement signing ceremony in Shunde, Foshan. Both parties will engage in in-depth collaboration based on product research and development, manufacturing and sales within the field of new construction industrialisation.

DEC

Remac Smart — Launch of the First “Remac Smart Selection (睿住智選)” National Flagship Store with a 1,500m² Ultra-Futuristic Smart Home Space

On 30 December, the first “Remac Smart Selection” national flagship store was launched, making a significant entrance with an upgraded concept. The new smart home space by “Remac Smart Selection” has distilled the lifestyle inspirations of over 200,000 users. Centered on home space needs, it offers an “intelligent plus whole-home” design, bringing consumers an entirely new shopping experience. The expansive 1500m² space showcases a multi-dimensional “home”, integrating numerous smart scenarios with 12 distinct lifestyle themes, creating a comprehensive and fully-realised vision of the future smart home.



MAJOR HONOURS AND AWARDS

BUSINESS ACHIEVEMENTS

Ranked 133th among Top 500 Chinese Private Enterprises of 2023, and 38th among Top 100 Chinese Private Enterprises in Service Industry of 2023 (All-China Federation of Industry and Commerce)

Ranked 15th among Top 100 Chinese Real Estate Enterprises of 2023 by Brand Value (EH Consulting)

Ranked 20th among Top 500 Real Estate Developers of 2023 by Comprehensive Strength, and Top 10 Real Estate Developers of 2023 by Business Performance (China Real Estate Association, Shanghai E-House Real Estate Research Institute)

Ranked 16th among Top 50 Listed Real Estate Companies of 2023 by Comprehensive Strength and ranked 8th among Top 10 Real Estate Listed Companies (H Shares) of 2023 (China Real Estate Association, Shanghai E-House Real Estate Research Institute)

Chinese Real Estate Famous Enterprise Award of 2023 (China Real Estate News & China International Real Estate & Architectural Technology Fair Organizing Committee)

2023 Smart Home Enterprise (Huaxia Times & China Federation of Urban Commercial Outlets Construction Administration)



PRODUCT STRENGTH

Midea·Beijing Road No. 9 Project won BREEAM Award

“Kunming Midea Shuncheng Mansion” was awarded “Jintang Prize — Top Ten of the City”

“Midea-Yunyue Landscape” won the Excellent Award for Building Planning and Design of “Elite Science and Technology Award”

Remac TY won the “DNA Paris Design Award of 2023”

Remac TY won the “9th CREDAWARD Home Design Award — China”

Remac TY won the first and second prize of “Golden Standard Cup” for BIM/CIM Design

Remac Smart’s Smart Screen X-BRAIN 13 won the “Red Dot Design Award of 2023”

Remac Smart won the Brand of Chinese Home Consumer Reputation of 2023



SERVICE STRENGTH

Midea Real Estate Services: awarded Top 22 Property Management Service Companies of 2023 by Comprehensive Strength

Midea Real Estate Services: Awarded Top 5 for Industrial Park Property in the Guangdong-Hong Kong-Macao Greater Bay Area by Service Strength of 2023

Ranked 19 among Top 100 Chinese Property Management Service Companies of 2023

Top 20 Chinese Property Management Service Companies for Industrial Parks of 2023

Top 10 Chinese Property Management Service Companies for Public Construction Properties

Ranked China Top 100 Property Management Services Enterprises by Brand Value in 2023

Top 30 Chinese Property Management Services Enterprises with Brands in South China of 2023

Chinese Leading Property Management Service Companies in Industrial Park of 2023



CHAIRMAN'S STATEMENT

Dear shareholders:

I am pleased to present to you the annual report of the Group for the year ended 31 December 2023.

Annual Results

I. Industry Overview

2023 was a year for real estate enterprises to mitigate risks and explore new business models. This year, the real estate market reached a critical “crossroad” — the “light” of optimism flashed sporadically, “recovery” still needed time, and “confidence” had yet to be restored.

After the worse came to the worst, things reversed and turned for the better. Looking forward, the demand for housing is gradually shifting to housing upgrade. In an ever-changing and competitive market, the developmental trajectory of the industry is returning to the fundamentals. There is no miracle in the market economy. No industry operates in isolation. Similarly, one cannot successfully run an enterprise without accounting for emerging industry trends and making adjustments to corporate strategies accordingly. Only by remaining alert to market developments, staying agile and making timely adjustments can we march through the challenging path of this generation in a steady manner.

II. Business Review

The Group always respects the market, self-monitor at all times and continuously seeks to find its niche in this era of revolution. Steady and long-term development was the main keynote of the Group's operation in 2023.

(I) Stabilise the fundamentals and consolidate internal strength

Continuous and smooth financing: Creditworthiness is the backbone of our corporate development. The Group believes that corporate credit is crucial for survival of an enterprise. In holding such belief, it adheres to the idea of long-termism, promotes a trustworthy brand, and maintains high credibility as a private real estate enterprise. In 2023, the Group became the first private real estate enterprise to obtain Credit Risk Mitigation Warrant (CRMW), a certificate jointly acknowledged by three renowned institutions, namely, China Bond Insurance, Bank of Communications and CITIC Securities, which issued five tranches of medium-term notes with an aggregate sum of RMB4.62 billion for the year.

Orderly deleveraging: Triggers for market volatility are impossible to predict with precision. Despite this, the Group is equipped with the simplest mechanisms against market volatility: adding buffer, safeguarding our bottom line, and strengthening our resilience against risks. As at the end of the reporting period, the total amount of interest-bearing liabilities of the Group was RMB38.07 billion, representing a decrease of RMB10.39 billion as compared with that of the same period last year. The Group's net gearing ratio was 35.8%, cash to short-term debt ratio was 1.44, and asset-liability ratio after deducting advances was 67.3%. The “Three Red Lines” remained green. The Group's financing costs remained low and the weighted average financing cost was 4.80%, which was outstanding among the private peers.

Steady optimisation of land reserves: Guided by the policy of “intensive development in focused areas and strategy upgrade”, the Group maintained its investment focus on the first- and second-tier cities with high potential, and optimised its investment portfolio in an orderly manner to facilitate the evolutionary process in urban areas. During the reporting period, the Group acquired five land parcels including Guangzhou, Changsha, Foshan with an investment cost of RMB2.24 billion and an additional inventory value of approximately RMB7.00 billion by virtue of its sensitivity to the market as well as its prudent and pragmatic investment strategy.

The Group has substantially stopped acquiring new land in lower-tier cities for five year since 2019. It has also continued to optimise the structure of land reserves for three years since 2021. The Group has completed a total of 45 equity projects, including the acquisition of 21 project with an additional attributable inventory value of RMB9.84 billion; exiting from 24 projects with a decreasing attributable inventory value of RMB3.27 billion. As at the end of the reporting period, the Group had in essence exited from the cities such as Dali, Liuzhou, Zhongshan, Zhoushan, Taizhou, Shijiazhuang and Taizhou.

Stable and high-quality delivery: We understand that the most anticipated thing for a homeowner is returning home. Delivery reflects the capabilities of premium real estate enterprises in property transactions. In assessing their capabilities, customer satisfaction is the ultimate criterion for this assessment. As a model private enterprise in real estate, the Group always follows the national policy guidelines, striving not only to deliver on time, but also to improve delivery standards and reshape delivery capabilities so as to maintain the brand and build confidence within the industry. In 2023, a total of 140 projects or more than 90,000 units were delivered in a stable and high-quality manner.

(II) Accumulation of strength and seeking progress while maintaining stability

Concentrating on developing excellent products: Product competitiveness is a key indicator of capabilities of an enterprise, and it is also the life of an enterprise. Creating value for better life of customers is the mission of product research and development of real estate enterprises. In terms of customer positioning, the Group will focus on providing improved products for families with medium and high payment ability in first-and second-tier cities with high potential. In terms of core product strategy, our products are technology-driven, health and green-oriented to provide customers with a positive, convenient and highly stable living experience. In terms of the construction system, relying on its strong foundation in manufacturing, the Group shows the ingenious quality it has seen and gained through placard acceptance, key point control and sophisticated detail-oriented craftsmanship, so as to provide customers with a sense of security in a down-to-earth manner.

Standing at the new development stage, the Group considers “high quality, new technology and good service” as the three major standards of a “good house”, strives to meet the demand for improvement, strengthens the core technical capabilities of products and pays attention to the application of new techniques, new materials and new technologies in a bid to form a highly recognisable product symbol.

Devoted service to improve quality: Professional service is also the core product competitiveness. With the strategy of “service+” and the focus on residential business, Midea Real Estate Services, one of the business lines of the Group, has jointly developed a beautiful living community with the property owners, established a good reputation for quality and provided heartfelt services. As at the end of the reporting period, Midea Real Estate Services had a contracted area of 90.32 million sq.m. and an area under management of 65.35 million sq.m., continuously achieving a score of over 89 in terms of property owners' perceived satisfaction. It has been investing in community renewal for a long time, and has implemented more than 400 community renovations and upgraded the software and hardware of developed communities with a focus on the upgrade of community entrances, garden road greening, underground garages and activity venues, so as to upgrade the quality of the community and maintain the appearance of the community. The Group is committed to providing not only high-quality products and services, but also a good user experience in the neighborhood throughout the whole life cycle. Through continuous community activities such as “Orange Life Festival” (橙意生活節) and “Spring Festival Gala for Property Owners” (業主春晚), we built a close connection among property owners and echo their yearning for a better life with perfect sincerity.

Meanwhile, Midea Real Estate Services actively makes use of its abundant resources, expands into different value chains and diversified fields in an orderly manner, explores ways to enter into industries with business value such as industrial parks, hospitals and universities, and expands into diversified fields such as group meals, new energy and healthcare gradually establishing a multi-dimensional service ecosystem and consolidating the asset-light operation platform with stable cash flow.

Creating the future with technology: With the heart of people's livelihood in the industry, we will consolidate the value chain of new real estate. Remac Building Technology, one of the business lines of the Group, focuses on the industrialisation, digitalisation and green transformation for upgrade of the construction industry, adheres to technological innovation and research and development of new materials, cultivates and develops a green composite product matrix of “PC + MIC + industrialised components and materials”, builds prefabricated buildings with full value chain services, and promotes a better life of green residences. As at the end of the reporting period, the accumulated production capacity of the green prefabricated industry exceeded 130,000 cubic metres and external projects accounted for 98.2%. Based on the market strategy of “cultivating in the Greater Bay Area, focusing on Hong Kong and Macau and taking the opportunity to go overseas”, while maintaining the business of the Greater Bay Area, Remac Building Technology actively expanded its presence in Hong Kong, Macau and developed overseas markets. In January and May 2023, Remac Building Technology won the first order for the supply of prefabricated components and MiC modular products in Hong Kong respectively. In September of the same year, it established a joint venture with Marbox, a well-established prefabricated construction channel provider in Hong Kong, to actively cooperate with real estate construction enterprises in Hong Kong and deploy government-led livelihood programmes.

Meanwhile, Remac Smart Technology is committed to becoming a smart space solution provider. It has initially completed the whole-house intelligent digital intelligence platform and the hardware layout of seven categories of whole-house intelligence system, and further improved its ecological capabilities. As at the end of the reporting period, we had delivered to approximately 51,000 households, ranking the top in the industry in terms of market share.

III. Future Prospects

The development of a corporation is inextricably linked to the environment of a particular time. What kind of enterprise will Media Real Estate become in the future? This is what we have been thinking about. The Group is well aware that the nature of the real estate industry is people's livelihood, focusing on good products, improving operation services, solidly deploying in the field of construction industrialisation and spatial intelligence industry and consolidating the industrial foundation, so as to build the endogenous momentum of the real estate industry chain with the "development + operation + technology" model in a high-quality, achievable and sustainable way.

In 2024, it may be the bottom of economic growth, and it may also be a year of opportunity to lay the foundation for future industrial transformation. Beryl Markham (柏瑞爾·馬卡姆) once said in *West With The Night* (《夜航西飛》), "While the future lives in a cloud, formidable from a distance. The cloud clears as you enter it!" An enterprise inevitably has to actively participate and compete in the market economy. The Group has always maintained its entrepreneurial mentality, paid attention to the long-term perspective and strategic planning. It spent utmost efforts in executing every matter pragmatically. We shall have a strong determination and work steadfastly towards achieving our goals. We will harvest success. We will have infinite possibilities!

Appreciation

On behalf of the board of directors (the "Board" or "Directors") of the Company, I would like to take this opportunity to express sincere gratitude to all sectors of society for your trust and support. The Group will continue to improve in the future to create more value for shareholders, investors, partners, customers and society.

Hao Hengle

Chairman, Executive Director and President

27 March 2024

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the year, the Group recorded revenue of RMB73,564.50 million (2022: RMB73,630.85 million), representing a year-on-year decrease of 0.1%. Operating profit amounted to RMB4,306.61 million (2022: RMB6,831.10 million), representing a year-on-year decrease of 37.0%. Profit for the year amounted to RMB2,125.07 million (2022: RMB3,576.77 million), representing a year-on-year decrease of 40.6%. Core net profit for the year decreased by 41.7% to RMB2,256.45 million (2022: RMB3,870.19 million). Core net profit attributable to owners of the Company decreased by 47.7% to RMB1,029.72 million (2022: RMB1,968.99 million). Profit attributable to owners of the Company amounted to RMB913.58 million (2022: RMB1726.36 million), representing a decrease of 47.1% from last year. Basic and diluted earnings per share reached RMB0.66 (2022: RMB1.34).

Land Reserves

As at 31 December 2023, the total GFA of the Group's land reserves reached 28.16 million sq.m., comprising 327 property development projects. These land reserves are located in five major regions namely the Greater Bay Area, the Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region.

Financial Review

Revenue

Property Development and Sales

During the year, the Group's recognised revenue from property development and sales of RMB71,679.14 million, which remained flat as compared with that of RMB72,192.12 million in 2022.

Property Management Services

During the year, the Group's revenue derived from property management services increased by 33.3% to RMB1,521.96 million from RMB1,142.11 million in 2022, mainly due to an increase in the GFA under management.

Investment and Operation of Commercial Properties

During the year, the Group's revenue from investment and operation of commercial properties increased by 22.5% to RMB363.40 million from RMB296.62 million in 2022, mainly due to the gradual and steady recovery and further development of property rental business and cultural-tourism project with the end of the pandemic in China.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from the property development activities, the provision of property management services and other business activities. During the year, the Group's cost of sales increased by 4.4% to RMB65,080.93 million from RMB62,324.41 million in 2022, mainly due to the increase in unit costs of certain projects, and increase in provision for impairment of property development projects with indicators of impairment due to downturn in sales in real estate industry.

Gross Profit

During the year, the Group's gross profit decreased by 25.0% to RMB8,483.57 million from RMB11,306.44 million in 2022, mainly due to the higher unit costs of projects recognised and increase in provision for impairment of property development projects with indicators of impairment during the year.

Other Income and Other Losses — Net

During the year, the Group's other income and other losses — net remained flat at RMB351.24 million as compared with that of RMB351.08 million in 2022, mainly due to the combined effect of the increase in losses on disposal of subsidiaries and the decrease in losses arising from changes in fair value of investment properties during the year. The above other income and other losses primarily consist of management and consultancy service income, government subsidy income, losses on disposal of subsidiaries, (losses)/gains from disposal of joint ventures and associates, realised and unrealised gains on financial assets at fair value through profit or loss and losses arising from changes in fair value of investment properties, etc.

Selling and Marketing Expenses

During the year, the Group's selling and marketing expenses increased by 5.8% to RMB2,505.65 million from RMB2,367.28 million in 2022, mainly due to the increase in amortisation of contract acquisition costs.

Administrative Expenses

During the year, the Group's administrative expenses decreased by 26.9% to RMB1,572.57 million from RMB2,150.28 million in 2022. During the year, the Group implemented stringent cost control measures and boosted per capita efficiency, resulting in a decrease in administrative expenses.

Finance Income/(Cost) — Net

The Group's finance income/(cost) — net primarily consists of interest expenses for bank loans, other borrowings, domestic corporate bonds and lease liabilities net of capitalised interest relating to properties under development, interest income from bank deposits, as well as foreign exchange gains and losses arising from financing activities. The general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised into the costs of those assets, until such assets are substantially ready for their intended use or sale.

During the year, the Group's finance income — net amounted to RMB250.23 million, while the Group recorded a net finance cost of RMB43.75 million in 2022, mainly due to the decrease in exchange loss on financing activities arising from the foreign currency borrowings of overseas wholly-owned subsidiaries of the Group as compared with that of last year.

Profit Attributable to Owners of the Company

During the year, profit attributable to owners of the Company amounted to RMB913.58 million, representing a decrease of 47.1% from RMB1,726.36 million in 2022.

Liquidity and Capital Resources

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB20,141.70 million as at 31 December 2023 (31 December 2022: RMB26,390.87 million), including RMB17,553.07 million in cash and cash equivalents (31 December 2022: RMB21,810.60 million), RMB50.00 million in term deposits with initial terms of over three months (31 December 2022: RMB50.00 million) and RMB2,538.63 million in restricted cash (31 December 2022: RMB4,530.27 million). Several property development companies of the Group are required to deposit certain amounts of pre-sale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 31 December 2023, the Group's pre-sale proceeds under supervision amounted to RMB1,769.71 million. As at 31 December 2023, the Group's unused credit facilities from banks were approximately RMB19,772.01 million.

Borrowings and Net Gearing Ratio

As at 31 December 2023, the Group's total borrowings amounted to RMB38,068.96 million. Bank and other borrowings, and corporate bonds were RMB25,190.27 million and RMB12,878.69 million, respectively. As at 31 December 2023, the net gearing ratio was 35.8% (31 December 2022: 43.9%). The net gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings were calculated as total amount of borrowings less cash and cash equivalents, term deposits with initial terms of over three months and restricted cash.

Management Discussion and Analysis (Continued)

Borrowing Costs

During the year, the total borrowing costs of the Group amounted to RMB2,131.59 million, representing a decrease of RMB450.88 million from RMB2,582.47 million in 2022, mainly due to the lower level of total borrowings and the lower borrowing cost resulting from the increase in the proportion of low-cost financing during the year.

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 31 December 2023, the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB61,869.80 million (31 December 2022: RMB84,719.42 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 31 December 2023, the Group's guarantee for the loans of joint ventures and associates amounted to RMB6,575.98 million (31 December 2022: RMB10,104.99 million).

Commitments

As at 31 December 2023, the Group's capital expenditure commitments amounted to RMB8.97 million (31 December 2022: RMB10.77 million).

Interest Rate Risk

The Group's interest rate risk arises from interest-bearing bank deposits, corporate bonds, bank and other borrowings. Bank deposits, bank and other borrowings at variable rates expose the Group to cash flow interest rate risk. Corporate bonds, bank and other borrowings at fixed rates expose the Group to fair value interest rate risk.

Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets and cash deposits with banks.

The carrying amounts of trade and other receivables, contract assets, restricted cash, term deposits with initial terms over three months and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Liquidity risk

Management of the Group aims at maintaining sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from a controlled corporation indirectly wholly-owned by the controlling shareholders of the Company and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

Currency Risk

The Group's businesses are mainly conducted in RMB and most of its assets are denominated in RMB. Non-RMB assets and liabilities are mainly bank deposits and borrowings denominated in Hong Kong dollars and US dollars. The Group is subject to certain foreign exchange risks arising from future commercial transactions and recognised assets and liabilities which are denominated in Hong Kong dollars and US dollars.

Legal Contingencies

The Group may be involved in litigations and other legal proceedings in its ordinary course of business from time to time. The Group believes that the liabilities arising from these legal proceedings will not have a material adverse effect on our business, financial condition or results of operations.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Save as disclosed below, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the year.

On 29 March 2023, Nanjing Midea Property Development Company Limited (南京美的房地產發展有限公司) (as the **"Purchaser"**), Zhenjiang Midea Property Development Company Limited (鎮江美的房地產發展有限公司) (as the existing shareholder) and Midea Real Estate Group Limited (美的置業集團有限公司) (as the guarantor), all of which are indirectly wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Pingan Real Estate Capital Limited (平安不動產資本有限公司) (as the **"Vendor"**), Shenzhen Chuanglang Enterprise Management Company Limited (深圳市創朗企業管理有限公司) (as the **"Vendor Related Entity"**) and Wuxi Meiting Property Development Company Limited (無錫美亭房地產發展有限公司) (as the **"Target Company"**), pursuant to which: (i) the Vendor agreed to sell, and the Purchaser agreed to acquire 38% of the equity interests in the Target Company (the **"Target Equity Interests"**); and (ii) the Vendor Related Entity agreed to novate, and the Purchaser agreed to accept the novation of, the liability in the principal amount of RMB204,766,210. The consideration was the sum of (i) RMB632,126,717; (ii) the adjustment amount of internal rate of return of the Vendor's relevant investments in the Target Equity Interests; and (iii) the adjustment amount of foreign exchange gains or losses. The Target Company is engaged in the property development business in Wuxi City, Jiangsu Province of the PRC. Upon completion of the acquisition, the Target Company became a wholly-owned subsidiary of the Purchaser. For details, please refer to the Company's announcement dated 29 March 2023.

Subsequent Events

Acquisition of 50% Equity Interests in the Project Company

On 9 January 2024, Ningbo Meishan Bonded Port Area Yongfeng Real Estate Development Limited (寧波梅山保稅港區甬豐房地產開發有限公司) (as the **"Purchaser"**) and Ningbo Meishan Midea Real Estate Development Limited (寧波市梅山美的房地產發展有限公司) (as an existing shareholder holding 50% equity interests in the Project Company), all of which are indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with Hangzhou Lixuan Commerce Services Limited (杭州利烜商務服務有限公司) (as the **"Vendor"**) and Ningbo Meirui Real Estate Development Limited (寧波市美睿房地產發展有限公司) (as the **"Project Company"**), pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 50% equity interests in the Project Company at a consideration of RMB400.0 million. The consideration has been settled by the Purchaser by assuming a debt of RMB400.0 million owed by the Vendor to the Project Company. The Project Company is engaged in property development business in Ningbo City, Zhejiang Province, the PRC. Upon completion of the acquisition, the Company indirectly holds 100% equity interests in the Project Company. For details, please refer to the Company's announcement dated 9 January 2024.

Management Discussion and Analysis (Continued)

Issuance of Medium-Term Notes

On 30 January 2024, Midea Real Estate Group Limited, an indirect wholly-owned subsidiary of the Company, publicly issued two-year medium-term notes in the PRC with an aggregate principal amount of RMB1.44 billion at a coupon rate of 4.96%.

Human Resources

As at 31 December 2023, the Group had employed 10,152 full time employees, most of whom were based in the PRC. Employee's remuneration includes salaries, bonuses and other cash subsidies. The remuneration and bonuses of the employees are determined based on the Group's remuneration and welfare policies, the performance of the employees, the profitability of the Group and market level. The Group will also provide employees with comprehensive welfare plans and career development opportunities, including social insurances, housing provident funds, commercial insurance as well as internal and external training opportunities.

In addition, the Group had granted certain share options and award shares for the purpose of providing incentives to eligible participants of the Group. For details, please refer to the sections headed "Share Option Scheme" and "Restricted Share Award Scheme" below.

Principal Risks and Uncertainties

Principal risks and uncertainties of the Group include:

Uncertainty about China's economic condition and the performance of China's real estate market

The development of the real estate industry is closely linked to the cycle and operating conditions of the macro economy. Under the pressure of economic downturn, the wait-and-see sentiments of property buyers may strengthen, resulting in moderating real estate sales and lower investment expectation. Our business and prospects depend on the economic condition of China and the performance of the Chinese real estate market. Should the macro economy continue to fluctuate in the future and adversely affect the real estate market, our business, financial condition and operating results may be adversely affected.

Risks related to project development and operation

The real estate projects have long development cycles and large investment amounts, involve a wide range of related industries and cooperating companies, and are subject to the approval and supervision of a number of government departments such as planning, land resources, construction, housing management, fire and environmental protection departments. This imposes high demands on the Group's ability to control the pace of land acquisition and development progress. Despite our strong project operation capabilities and rich project operation experience, should there be any defaults from buyers or strategic business partners, insufficient construction risk management, or other peripheral factors, our operations may be adversely affected to varying degrees.

PROPERTY DEVELOPMENT

Breakdown of property development projects (As at 31 December 2023)

Property development projects of our subsidiaries

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Foshan Midea Xinduhui Mall	Foshan	22,467	22,467			September 2016	100.0%
Foshan Shunde Beijiao Midea Real Estate Square	Foshan	254,732	254,732			December 2019	100.0%
Foshan Midea Lakeside Court	Foshan	17,699	17,699			March 2021	100.0%
Foshan Midea Peninsula Garden	Foshan	36,044	36,044			November 2023	75.8%
Foshan Midea West River Mansion	Foshan	126,470	126,470			December 2022	100.0%
Foshan Nanhai Midea Square	Foshan	136,139	29,954	106,185		April 2028	100.0%
Foshan Midea Jiufeng Square	Foshan	36,722	36,722			March 2022	90.0%
Foshan Shunde Midea Real Estate Wanda Plaza	Foshan	295,072	200,952	94,120		June 2024	56.0%
Foshan Shunde Midea Yunjing	Foshan	52,114	52,114			August 2023	100.0%
Foshan Midea Egret Lake Forest Resort	Foshan	1,020,433	216,239	84,915	719,278	December 2029	90.0%
Foshan Midea City	Foshan	15,131	15,131			October 2020	100.0%
Foshan Gaoming Midea Egret Park	Foshan	110,866		110,866		June 2026	60.0%
Foshan Shunde Midea-Shimao Riverside No. One	Foshan	268,923	17,460	80,072	171,391	November 2027	75.0%
Foshan Chancheng Fengxiang Bay No. One	Foshan	246,642	3,483	181,214	61,945	May 2026	46.0%
Foshan Midea Yunyue Landscape	Foshan	289,815	100,286		189,529	January 2027	42.0%
Foshan Nanhai Midea Lakeside Mansion	Foshan	100,470		100,470		December 2025	100.0%
Yangjiang Midea Future Centre	Yangjiang	765,786	40,459	118,195	607,132	July 2029	60.0%
Yangjiang Midea Grand View Garden	Yangjiang	56,889	56,889			August 2023	80.0%
Maoming Midea Real Estate Square	Maoming	555,145	89,370	1,626	464,149	July 2029	100.0%
Heyuan Midea City	Heyuan	199,460	150,117	49,343		January 2024	60.0%
Heyuan Midea Cloud Villas	Heyuan	28,256	28,256			August 2023	80.0%
Zhaoqing Country Garden-KWG-Midea Riverside Mansion	Zhaoqing	21,374	21,374			January 2023	34.0%
Zhaoqing Midea Yueshan	Zhaoqing	23,859	23,859			March 2022	100.0%
Guangzhou Midea Jiangshang Yunqi	Guangzhou	116,873		116,873		March 2024	67.0%
Guangzhou Midea-Greentown Xiaofeng Yinyue	Guangzhou	42,422	19,283	23,138		September 2024	50.5%
Guangzhou Midea-Huafa Tianbo	Guangzhou	39,661	39,661			July 2023	50.0%
Huizhou Midea-CIFI Landscape Residence	Huizhou	23,260	23,260			September 2021	50.0%
Huizhou Midea-Redco-Kaisa Cloud Villa Garden	Huizhou	122,884	122,884			October 2022	34.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Jiangmen Midea Yueshan Mansion	Jiangmen	64,993	62,796	2,197		May 2024	100.0%
Dongguan Midea-China Merchants Dongyue Garden	Dongguan	33,687	33,687			October 2022	50.0%
Xuzhou Eastern Midea City	Xuzhou	80,769	1,720	79,048		May 2024	100.0%
Xuzhou Midea Guantang	Xuzhou	16,555	16,555			December 2020	100.0%
Xuzhou CIFI-Midea Tianque	Xuzhou	60,881	12,614	48,267		November 2024	51.0%
Xuzhou Midea Skyfame	Xuzhou	582,216	260,532	235,528	86,156	March 2026	100.0%
Xuzhou Midea Royal Orchid Lake	Xuzhou	17,669	17,669			December 2023	100.0%
Xuzhou Midea Yunyuhu	Xuzhou	535,190		139,914	395,276	December 2027	100.0%
Yangzhou Midea-Vanke Jade Cloud Deck	Yangzhou	219,373	11,275	171,048	37,050	February 2027	50.0%
Yangzhou Midea-Yuzhou Great River	Yangzhou	321,379	50,848	138,319	132,212	February 2028	70.0%
Zhenjiang Midea City	Zhenjiang	45,993	45,993			June 2021	100.0%
Zhenjiang Jinshan Masterpiece	Zhenjiang	19,761	19,761			July 2023	32.8%
Zhenjiang Midea Royal Orchid Joy	Zhenjiang	179,971	34,342	145,630		December 2026	100.0%
Shanghai Ten Miles Riverside Phase I	Shanghai	25,846	25,846			June 2021	34.0%
Shanghai Ten Miles Riverside Phase II	Shanghai	27,661	27,661			November 2022	34.0%
Changzhou Midea-Shimao Cloud Villas	Changzhou	52,303	51,352	951		July 2024	51.0%
Nanjing Shanhe Chenyuan	Nanjing	20,835	20,835			November 2023	100.0%
Quanzhou Julong Midea Junyue Mansion	Quanzhou	103,458	11,719	91,739		March 2025	65.0%
Nan'an Midea Smart City	Quanzhou	375,569	34,835	114,010	226,723	October 2031	86.0%
Quanzhou Dehua Midea Yunxi Community	Quanzhou	23,401	21,885	1,516		July 2024	70.0%
Quanzhou Taishang Midea Yunxi Community	Quanzhou	273,385		273,385		January 2024	97.0%
Quanzhou Dehua Midea Yunxi Community Phase II	Quanzhou	130,517		130,517		January 2024	100.0%
Quanzhou Taishang Midea Yunxi Community Phase II	Quanzhou	260,845		260,845		April 2024	100.0%
Ningbo Midea Butterfly Sea	Ningbo	30,189	30,189			January 2021	100.0%
Ningbo Midea Yinghaichao	Ningbo	19,454	19,454			June 2022	100.0%
Ningbo Midea Seaside Cloud City	Ningbo	272,867		272,867		March 2024	100.0%
Ningbo Cixi Midea Junyao Mansion	Ningbo	154,578		154,578		March 2024	100.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Jinhua Midea Yunchao Mansion	Jinhua	47,162	47,162			November 2023	100.0%
Jinhua Midea Royal Orchid Fairview	Jinhua	161,412	48,511	112,901		May 2024	100.0%
Wenzhou Midea Royal Orchid Fairview	Wenzhou	444,882		444,882		November 2024	100.0%
Zhuzhou Midea Times Square	Zhuzhou	29,185	29,185			January 2017	100.0%
Zhuzhou Midea Tan Mansion	Zhuzhou	16,295	15,503	792		June 2025	80.0%
Zhuzhou Midea Parasol Garden	Zhuzhou	36,676	15,098		21,578	July 2027	80.0%
Zhuzhou Midea Purple Cloud Community	Zhuzhou	95,387	18,843	3,882	72,662	August 2028	100.0%
Zhuzhou Midea Bay	Zhuzhou	228,357	25,116	80,047	123,194	August 2027	100.0%
Zhuzhou Midea Platinum Joy Mansion	Zhuzhou	73,773	9,973	63,800		May 2024	100.0%
Zhuzhou Eastern Midea City • Gongyuanli Project	Zhuzhou	171,963	72,800	58,228	40,936	August 2026	100.0%
Xiangtan Midea VIP Mansion	Xiangtan	203,292	19,871	56,234	127,188	May 2027	68.5%
Xiangtan Midea Lotus Front Mansion	Xiangtan	546,256	48,311	70,706	427,239	January 2029	100.0%
Xiangtan Midea Lotus Front Mansion East Group	Xiangtan	194,404	18,707	71,384	104,313	November 2028	100.0%
Changsha Midea Parasol Garden	Changsha	23,746	23,746			May 2023	100.0%
Changsha Midea Lu Mansion	Changsha	19,118	19,118			May 2023	100.0%
Changsha Midea Real Estate Square	Changsha	106,557	34,132	48,916	23,509	November 2024	70.0%
Changsha Midea Yunyue	Changsha	125,164	143	125,020		July 2025	100.0%
Ningxiang Midea City	Changsha	16,838	16,838			June 2023	100.0%
Ningxiang Midea VIP Mansion	Changsha	341,583	88,736	1,246	251,601	November 2027	88.2%
Wuhan Midea Royal Orchid Byland	Wuhan	294,164	147,687	2,014	144,463	June 2027	100.0%
Wuhan Midea Cloud Villas	Wuhan	213,631	80,552	133,079		December 2025	100.0%
Ganzhou Midea Royal Orchid Byland	Ganzhou	74,129	74,129			December 2023	60.0%
Ganzhou Midea Aikang Grand Garden	Ganzhou	162,159	59,530	102,629		August 2024	51.0%
Hengyang Midea Yunxi Mansion	Hengyang	16,768	15,261	1,506		October 2024	100.0%
Hengyang Midea Egret Bay	Hengyang	204,831	34,754	39,602	130,476	October 2028	70.0%
Yueyang Midea Parasol Garden	Yueyang	66,953	66,953			August 2023	80.0%
Yueyang Midea Platinum Joy Mansion	Yueyang	71,707	29,376	42,331		July 2024	100.0%
Chenzhou Midea Yunxi Mansion	Chenzhou	91,005	91,005			December 2023	60.0%
Chenzhou Midea-Renda Platinum Joy Mansion	Chenzhou	82,379	82,379			November 2023	51.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Nanchang Southern Midea City	Nanchang	26,454	26,454			November 2020	65.0%
Nanchang Midea Riverside Mansion	Nanchang	75,065	75,065			December 2022	65.0%
Nanchang Jiaotou Properties Sunac Midea Qingshanyin	Nanchang	114,243	23,445	90,798		October 2025	34.0%
Shangrao Midea-Yango Millan Mansion	Shangrao	18,335	18,335			November 2020	50.0%
Shangrao Midea-Newpower Emperor Bay	Shangrao	29,487	29,487			September 2021	34.0%
Shangrao Midea-Country Garden Tianyue	Shangrao	25,302	25,302			October 2022	33.0%
Jiujiang Midea VIP Mansion	Jiujiang	45,427	45,427			December 2021	65.0%
Jiujiang Midea Platinum Joy Mansion	Jiujiang	15,915	15,915			January 2021	100.0%
Handan Midea City	Handan	65,457	65,457			June 2020	100.0%
Handan Midea Times City	Handan	56,017	56,017			December 2019	100.0%
Handan Midea Parasol Whisper	Handan	111,056	49,792		61,264	April 2029	55.0%
Handan Western Midea City	Handan	30,082	22,309	7,772		March 2024	100.0%
Handan Midea Real Estate Square	Handan	76,472	76,472			April 2022	100.0%
Handan Midea Cambridge Commandery	Handan	265,732	37,235	228,497		September 2025	49.0%
Handan Country Garden-Midea Donglin Mansion	Handan	105,150	89,903	15,246		February 2024	45.0%
Handan Midea Jinguan City	Handan	190,561	18,905	171,656		November 2024	75.0%
Handan Millennium Western City	Handan	71,000	14,116	56,884		March 2024	60.0%
Handan Midea-Bringspring Roland Pinnacle View	Handan	31,901	31,901			November 2023	51.0%
Handan Midea-Tien Zon Smart City	Handan	246,639	75,918	170,720		September 2024	51.0%
Handan Midea Grand Garden	Handan	177,292		177,292		July 2024	100.0%
Shenyang Midea City	Shenyang	36,293	25,087	11,206		May 2024	100.0%
Shenyang Midea Han Court	Shenyang	40,157	37,709	2,449		September 2024	100.0%
Shenyang Midea East Court	Shenyang	15,243	15,243			June 2023	100.0%
Shenyang Midea Rundong Mansion	Shenyang	41,805	41,805			July 2023	100.0%
Shenyang Meiyue Mansion	Shenyang	166,545	111,727	54,818		September 2026	51.0%
Shenyang Xuefu Midea City	Shenyang	250,258	28,833	65,209	156,216	May 2028	85.0%
Shenyang Midea Grand Court	Shenyang	12,252	10,076	2,176		December 2024	100.0%
Xingtai Midea VIP Mansion South Court	Xingtai	68,730	23,321	45,409		October 2028	60.0%
Xingtai Midea Grand Garden	Xingtai	145,231	64,064	81,167		April 2025	100.0%
Xingtai Midea-Country Garden Guanlan No. One	Xingtai	121,599	22,707	98,891		November 2025	45.0%
Zhengzhou Midea Grand Joy Mansion	Zhengzhou	39,474	38,283	1,191		March 2024	100.0%
Zhengzhou Midea-Sundrun Smart City	Zhengzhou	294,838	35,178	90,364	169,295	October 2027	100.0%
Luoyang Midea-Haode Yunxi Mansion	Luoyang	210,618		210,618		January 2024	40.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Luoyang Midea Royal Orchid Landscape	Luoyang	151,779		132,960	18,818	December 2025	100.0%
Kaifeng Midea VIP Mansion	Kaifeng	25,552	25,552			June 2023	100.0%
Tianjin Midea Cloud Villas	Tianjin	150,252		150,252		April 2025	100.0%
Guiyang Midea Lincheng Times	Guiyang	78,858	78,858			December 2018	100.0%
Guiyang Wonderful Street	Guiyang	58,987	58,987			May 2023	100.0%
Guiyang Midea Yunxi Mansion	Guiyang	16,768	16,768			August 2019	100.0%
Guiyang Midea VIP Mansion	Guiyang	487,034	237,481	152,346	97,207	June 2027	100.0%
Guiyang Midea VIP Mansion Phase II and Phase III	Guiyang	295,351	6,184		289,167	March 2027	100.0%
Guiyang Midea Square	Guiyang	225,940	185,346	40,594		July 2027	90.0%
Guiyang Midea Huaxi Yard	Guiyang	48,068	48,068			June 2021	100.0%
Guiyang Midea Elegance of Jingyue	Guiyang	737,939	10,611	451,077	276,251	September 2027	100.0%
Zunyi Midea City	Zunyi	66,993	66,993			November 2019	100.0%
Zunyi Midea Grand Garden	Zunyi	42,236	42,236			November 2020	100.0%
Zunyi Midea Yunxi Mansion	Zunyi	66,595	66,595			June 2021	100.0%
Zunyi Midea Wanlu Mansion	Zunyi	231,924	86,948	144,976		November 2029	51.0%
Zunyi Yunxi Mansion Phase II — Midea Jiangshanyue	Zunyi	64,254	64,254			December 2023	70.0%
Zunyi Midea Riverside Mansion	Zunyi	262,875	66,760	1,548	194,567	May 2028	90.0%
Zunyi Jinke Guantianxia	Zunyi	111,323	53,547		57,776	September 2025	100.0%
Kunming Midea Shuncheng Mansion	Kunming	59,162	59,162			August 2022	100.0%
Kunming Midea Yunjing	Kunming	238,420	238,420			November 2023	100.0%
Kunming Midea Beijing Road No. 9	Kunming	548,414	147,023	290,859	110,531	April 2030	100.0%
Wuzhou Midea Central Square	Wuzhou	762,240	16,094	118,908	627,238	October 2026	55.9%
Nanning Midea Wisdom City	Nanning	26,771	26,771			March 2021	100.0%
Nanning Midea Riverside Mansion	Nanning	15,207	15,207			December 2023	100.0%
Nanning Midea Tianyue	Nanning	254,343		176,617	77,726	May 2026	100.0%
Chongqing Midea-Rongan Grand Garden	Chongqing	23,900	23,900			December 2020	50.0%
Chongqing Jinke-Seazen-Midea Daishan Road No. 8	Chongqing	138,232	54,458	83,774		December 2024	35.0%
Chongqing Midea Yunxi Commandery	Chongqing	87,875	87,875			August 2022	100.0%
Leshan Midea Junyu Mansion	Leshan	38,825	38,825			May 2023	100.0%
Chengdu Midea-Seazen Grand Garden	Chengdu	39,326	39,326			April 2022	70.0%
Chengdu Pengzhou Midea-Country Garden Guanlan Mansion	Chengdu	26,571	26,571			November 2023	78.0%
Chengdu Midea Dongyue Jiuyuan	Chengdu	253,648		253,648		November 2024	100.0%
Wuxi Yunkai Dongfang Project	Wuxi	167,775		112,997	54,778	August 2025	100.0%
Chongqing Midea Wanlu Mansion	Chongqing	27,638	27,638			July 2023	100.0%
Jiangmen Midea-Agile Tianjing Garden	Jiangmen	18,168	18,168			January 2021	100.0%
Handan Eastern Midea City — Tianjing	Handan	123,737		92,603	31,134	November 2026	90.0%
Changsha Midea Yunjing	Changsha	90,449		41,986	48,462	February 2026	100.0%
Foshan Midea Ruichuang Centre Project	Foshan	256,555		68,330	188,225	April 2027	100.0%
Lecong Plastic New Materials Industrial Park Project	Foshan	117,918			117,918	September 2026	51.0%
Other 74 projects	—	397,182	397,182		397,182	—	—

Property Development (Continued)

Properties held by joint ventures/associates*

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Foshan Country Garden-Midea Future City	Foshan	129,386	14,987	243,785		May 2028	50.0%
Foshan Sanshui Midea-CIFI-Agile Changle Mansion	Foshan	19,206	56,488			May 2023	34.0%
Foshan Gaoming Midea-Helenbergh Cloud Bay	Foshan	25,723	3,134	49,362		May 2024	49.0%
Foshan Shunde Greentown-Midea Willow Commandery	Foshan	110,846	133,565	89,369	61,285	January 2027	39.0%
Foshan Gaoming Helenbergh-Midea Jiuyue Mansion	Foshan	85,826	65,732	75,427	33,996	March 2027	49.0%
Foshan Nanhai Dongyue Bay	Foshan	81,440	43,278	119,602		September 2024	50.0%
Foshan Midea-Excellence-Good Time	Foshan	161,208		136,276	104,333	February 2027	67.0%
Jiangmen Agile-Midea Royal Palace	Jiangmen	45,615	91,533	1,559		April 2024	49.0%
Jiangmen Midea-K.Wah Crape Myrtle Residence	Jiangmen	38,985	55,693			December 2022	70.0%
Jiangmen Midea-Sino-Ocean Yunzhu	Jiangmen	43,513	37,628	51,174		April 2025	49.0%
Maoming Jinke-Midea Jimei Mix	Maoming	88,787	52,993	19,966	104,615	March 2027	50.0%
Zhuhai North Station Powerlong City	Zhuhai	39,434		78,868		March 2024	50.0%
Zhuhai Midea Powerlong City	Zhuhai	58,636	22,813	88,757	5,702	November 2026	50.0%
Guangzhou Boyue Mingzhu ONE	Guangzhou	45,485		115,044	67,811	January 2028	24.9%
Dongguan Yuexiu-Midea Joy Bay Garden	Dongguan	96,671		197,288		July 2025	49.0%
Huizhou Midea-Logan Acescene Park	Huizhou	56,013		87,453	26,859	July 2027	49.0%
Xuzhou Midea-Poly-Country Garden-Zhenro Parasol Residence	Xuzhou	16,779		51,527	15,589	October 2024	25.0%
Xuzhou Midea-Gongrun Yunlan Paradise	Xuzhou	92,017	16,874	132,361	34,799	September 2026	50.0%
Xuzhou Hezhu Hushan	Xuzhou	65,170		197,486		April 2025	33.0%
Xuzhou Cuiiping Fenghua	Xuzhou	35,851		108,639		August 2024	33.0%
Xuzhou Kunlun Yipin	Xuzhou	61,913		187,614		May 2024	33.0%
Wuxi Uptown No. One	Wuxi	71,545	25,965	117,124		February 2024	50.0%
Wuxi River West Cloud Realm	Wuxi	46,966	120,425			October 2022	39.0%
Wuxi Midea Yunjing	Wuxi	102,803		115,607	85,968	April 2027	51.0%
Wuxi Yunshang Siji	Wuxi	80,369		86,359	77,660	November 2027	49.0%
Wuxi Guiyu Yunjian Project	Wuxi	16,863	41,125			November 2023	41.0%
Wuxi Shanshui Shijian	Wuxi	21,643	33,027	39,115		March 2024	30.0%
Changzhou Roadking-Midea Forest No. One	Changzhou	70,911	135,735	8,981		May 2024	49.0%
Fuyang Midea Grand Garden	Fuyang	70,800	110,580	18,146		May 2025	55.0%
Fuyang Ganglong-Midea Cloud Villas	Fuyang	169,507	225,580	144,533	143,543	December 2026	33.0%
Hefei C&D-Midea Junhe Mansion	Hefei	92,236		230,589		March 2025	40.0%
Hefei Emerald Cloud Villas	Hefei	51,185		155,107		April 2024	33.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Nanjing Shanyu Jingfu	Nanjing	16,423	54,743			December 2021	30.0%
Nanjing Midea-Jinmao Greenfields	Nanjing	21,557	35,898	7,215		November 2024	50.0%
Nanjing Huafa-Midea Cloud Villas	Nanjing	48,946		99,889		July 2024	49.0%
Suzhou Yuehu Mountain Harmony Villa	Suzhou	32,207	97,598			December 2022	33.0%
Suzhou Uptown Times	Suzhou	41,390	26,836	55,945		March 2024	50.0%
Shanghai Garden City	Shanghai	57,738	209,956			November 2023	27.5%
Nantong Chongzhou Yunxi	Nantong	32,785	26,624	55,339		November 2024	40.0%
Yangzhou Cloud Villas	Yangzhou	39,366	110,784	8,507		May 2025	33.0%
Wenzhou Midea-CIFI City	Wenzhou	27,407	54,815			December 2023	50.0%
Wenzhou C&D-Midea-Redsun Royal Orchid Hezhu	Wenzhou	36,586	110,868			October 2023	33.0%
Shaoxing Shimao-Midea Cloud Villas	Shaoxing	149,584	210,254	95,018		March 2024	49.0%
Shaoxing Midea-Vanke Royal Orchid Fairview	Shaoxing	97,691		191,551		June 2025	51.0%
Fuzhou Greentown Midea Guiyu Yingyue	Fuzhou	34,521	69,042			June 2023	50.0%
Fuzhou Midea-Lanyuan Yunxi Community	Fuzhou	38,786		76,051		December 2024	51.0%
Fuzhou Midea-C&D Royal Orchid Heming	Fuzhou	50,794	99,597			September 2023	51.0%
Jinhua Midea-Longfor Royal Orchid Tianxi	Jinhua	177,843		189,370	64,692	January 2025	70.0%
Hangzhou New Hope-Midea Changlin Mansion	Hangzhou	16,882	33,765			November 2022	50.0%
Quanzhou Zhongnan-Midea Heyue	Quanzhou	81,080	202,701			November 2022	40.0%
Nanchang Midea-Newpower Grand Garden	Nanchang	78,206	48,519	81,825		September 2025	60.0%
Nanchang Midea Flowerbay City	Nanchang	23,470	41,942	40,236		October 2028	28.6%
Nanchang Poly-Midea Cloud Villas	Nanchang	39,272	80,147			June 2023	49.0%
Nanchang Zhenro-Jinmao-Midea Cloud Realm	Nanchang	57,825	144,627	30,601		November 2024	33.0%
Nanchang Lianfa-Midea Yunxi Community	Nanchang	74,724	152,499			May 2023	49.0%
Nanchang Lianfa-Midea Yuexi Mansion	Nanchang	72,271			144,542	November 2028	50.0%
Nanchang Lianfa-Midea Yuexi Community	Nanchang	76,251		119,792	35,823	October 2026	49.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Ningxiang Country Garden-Midea Yard	Changsha	101,894	191,183	12,606		August 2024	50.0%
Changsha Greentown Midea Mingyue Jiangnan	Changsha	45,632	39,101	52,162		May 2024	50.0%
Changde Midea-Zhongliang Yuhu Byland	Changde	145,965	21,507	60,541	209,881	November 2027	50.0%
Ganzhou Midea High-way Royal Orchid Mansion	Ganzhou	133,930		213,385	49,224	November 2026	51.0%
Zhuzhou Midea Paramount Mansion	Zhuzhou	25,281	22,097	23,867		April 2024	55.0%
Handan Midea-Poly Millennium City	Handan	37,773	64,022			December 2023	59.0%
Handan Midea Roland Jade	Handan	56,292	72,778	13,825		January 2024	65.0%
Tianjin Midea-CIFI Grand Joy Mansion	Tianjin	83,083	61,602	107,956		December 2024	49.0%
Shenyang Midea Royal Orchid Landscape	Shenyang	93,963	99,172	2,674	68,996	June 2028	55.0%
Chongqing Jinke-Midea Yuanshang	Chongqing	23,549	47,097			December 2023	50.0%
Chongqing Midea-China SCE Yunjing	Chongqing	150,864	49,040	52,934	199,754	May 2027	50.0%
Chengdu Vanke Gaoxian Park	Chengdu	152,545	123,138	215,659	132,895	April 2027	32.3%
Chengdu Ganglong-Midea Weilaiying Garden	Chengdu	19,247	42,771			May 2023	45.0%
Nanning Midea-New Hope Lakeside Cloud Villas	Nanning	98,105	83,008	62,840	50,362	August 2026	50.0%
Zhenjiang Elegance of Seasons Phase I	Zhenjiang	7,925	12,142	11,167		March 2024	34.0%
Zhenjiang Elegance of Seasons Phase II	Zhenjiang	7,121	6,116	14,827		May 2024	34.0%
Guangzhou Roadking-Midea Juanyue Mansion	Guangzhou	41,318		56,962	27,361	November 2025	49.0%
Other 23 projects	-	132,641	360,873			-	-

* The land reserves total GFA of the properties held by our joint ventures/associates has been discounted in proportion to ownership percentage.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Executive Directors

Mr. Hao Hengle (郝恒樂) (alias, He Hengle (赫恒樂)), aged 54, has been a Director since 29 November 2017. Mr. Hao was re-designated as the Chairman and an executive Director and appointed as president of the Company on 15 May 2018. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Hao presides over the Board and is primarily responsible for the overall business direction and day-to-day business and management of the Group. Mr. Hao has extensive experience in the PRC real estate industry. Since joining the Group in May 2004, Mr. Hao has served as a director and also the president of Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, since January 2006. Mr. Hao has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Guangdong Bomei Property Services Co., Ltd. (廣東鉅美物業服務股份有限公司), formerly known as Guangdong Midea Property Management Co., Ltd. (廣東美的物業管理股份有限公司), a company delisted from the National Equities Exchange and Quotations System since 11 January 2021, and Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Hao had also served various management positions from July 1998 to December 2005 in Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013, including the chief legal officer and the chief supervisor of the legal management and audit department where he was primarily responsible for the management of legal affairs. Mr. Hao graduated from Shanghai University of Finance and Economics (上海財經大學) in the PRC with a bachelor's degree of Law in Economic Legal Studies. He also graduated from China Europe International Business School (中歐國際工商學院) in the PRC with an executive master's degree in Business Administration. He has been admitted to practice law in the PRC since April 1995.

Mr. Wang Quanhui (王全輝), aged 50, has been appointed as an executive Director and vice president of the Company since 4 June 2021. Mr. Wang is primarily responsible for the property development and operation in the Yuegui region. Since joining the Group in June 2001, Mr. Wang has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) director; (ii) general manager of the city company; (iii) general manager of the North China regional company; (iv) vice president and general manager of the Central regional company; and (v) vice president and general manager of the Yuegui regional company.

Mr. Wang graduated from Shijiazhuang School of Economics (石家莊經濟學院) (currently known as Hebei GEO University (河北地質大學)) in the PRC in July 1997 in accounting and obtained a master's degree in Business Administration from Northwest University (西北大學) in the PRC in June 2014. Mr. Wang has been an intermediate accountant accredited by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) since September 2003.

Directors and Senior Management (Continued)

Mr. Lin Ge (林戈), aged 51, has been an executive Director and chief financial officer of the Company since 15 May 2018, and was a joint company secretary of the Company from 11 February 2022 to 23 May 2023. Mr. Lin is primarily responsible for the overall management of the financial and treasury affairs, securities business and investor relations of the Group. Since joining the Group in November 2014, Mr. Lin has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) deputy director in charge of finance matters; (ii) general manager of risk management centre; (iii) general manager of finance and capital centre; and (iv) since July 2018, chief financial officer. Mr. Lin has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Guangdong Bomei Property Services Co., Ltd. (廣東鉅美物業服務股份有限公司), formerly known as Guangdong Midea Property Management Co., Ltd. (廣東美的物業管理股份有限公司), a company delisted from the National Equities Exchange and Quotations System since 11 January 2021, and Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Lin had also served various positions from January 2001 to February 2014 in Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013, including as an accounting manager of the finance management centre, a senior manager of the tax affairs management centre, an assistant to the director of the tax affairs management centre, the deputy director of the finance management department and the director in charge of tax affairs of the finance management department. Mr. Lin graduated from Jinan University (暨南大學) in the PRC with a professional certificate in Accounting.

Mr. Zhang Ziliang (張子良), aged 42, has been appointed as an executive Director since 25 March 2022. Mr. Zhang is currently the general manager of the Zhejiang-Fujian regional company of the Group and is primarily responsible for the property development and operation in the Zhejiang-Fujian region. Since joining the Group in September 2009, Mr. Zhang has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) general manager of human resources centre; (ii) general manager of audit and supervision centre; (iii) general manager of the Fujian regional company; and (iv) general manager of the Jiangxi and Fujian regional company. Mr. Zhang has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Ningbo Meishan Midea Real Estate Development Co., Ltd. (寧波市梅山美的房地產發展有限公司), Hangzhou Midea Real Estate Development Co., Ltd. (杭州美的房地產發展有限公司) and Quanzhou Midea Real Estate Development Co., Ltd. (泉州市美的房地產開發有限公司).

From March 2006 to August 2009, Mr. Zhang worked at the human resources centre of a subsidiary of Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013. Mr. Zhang graduated from South China Agricultural University (華南農業大學) in the PRC in 2004 with a bachelor's degree of Management. Mr. Zhang was a deputy to the Foshan Municipal People's Congress and a member of Jiusan Society for the Grassroots Committee of Shunde District, Foshan City (九三學社佛山市順德區基層委員會).

Non-executive Directors

Mr. He Jianfeng (何劍鋒), aged 56, has been appointed as a non-executive Director since 15 May 2018. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Mr. He Jianfeng is the chairman and president of Infore Group Co., Ltd. (盈峰集團有限公司), formerly known as Infore Holding Group Co., Ltd. (盈峰控股集團有限公司), and has held multiple directorships and/or senior management position(s) in other companies which are connected persons of the Company, including Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333) and Midea Holding Co., Ltd. (美的控股有限公司). Mr. He Jianfeng graduated from South China University of Technology (華南理工大學) in the PRC with a degree in Industrial Management Engineering. He completed the president programme and the CEO business study programme at Tsinghua University (清華大學) in the PRC, and the CEO programme at Cheung Kong Graduate School of Business (長江商學院) in the PRC. He has also served as the chairman of He Foundation (廣東省的慈善基金會) and the curator of the He Art Museum (和美術館). Mr. He Jianfeng is the spouse of Ms. Lu Deyan and the son of Mr. He Xiangjian, the controlling shareholders of the Company.

Mr. Zhao Jun (趙軍), aged 48, has been a Director since 29 November 2017 and was re-designated as a non-executive Director on 15 May 2018. He is also a member of each of the Audit Committee and Remuneration Committee. Mr. Zhao is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group. Since joining the Group in November 2012, Mr. Zhao has been the vice chairman of Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, and also assumed multiple directorships in other subsidiaries of the Company, including Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Zhao is the executive president of Midea Holding Co., Ltd. (美的控股有限公司), a connected person of the Company. He has also served as the supervisor of Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, and a director of Guangzhou SiE Consulting Co., Ltd. (廣州賽意信息科技股份有限公司) (Shenzhen Stock Exchange: 300687). Mr. Zhao graduated from Northeastern University at Qinhuangdao (東北大學秦皇島分校) in the PRC with a bachelor's degree of Economics in Accounting Studies. He graduated from The Chinese University of Hong Kong with a master's degree in Accounting, and from China Europe International Business School (中歐國際工商學院) in the PRC with a master's degree in Business Administration. Mr. Zhao is a certified public accountant conferred by the Treasury Certified Public Accountants Examination Committee (財政部註冊會計師考試委員會).

Directors and Senior Management (Continued)

Independent Non-executive Directors

Mr. Tan Jinsong (譚勁松), aged 59, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee. He is primarily responsible for providing independent advice on the operations and management of the Group.

Mr. Tan has served as a professor of the School of Management of Sun Yat-sen University (中山大學) in the PRC, and has extensive experience serving in a number of listed companies, including an independent director of COSCO Shipping Specialised Carriers Co., Ltd. (中遠海運特種運輸股份有限公司) (Shanghai Stock Exchange: 600428) since December 2018 and an independent non-executive director of Guangzhou Rural Commercial Bank Co., Ltd. (廣州農村商業銀行股份有限公司) (Stock Exchange: 1551) since March 2021. Mr. Tan was an independent director of Guangzhou Hengyun Enterprises Holding Ltd. (廣州恆運企業集團股份有限公司) (Shenzhen Stock Exchange: 000531) from May 2014 to January 2021, an independent non-executive director of China Southern Airlines Company Limited (中國南方航空股份有限公司) (Stock Exchange: 1055) from December 2013 to April 2021, an independent director of Zhuhai Huafa Properties Co., Ltd. (珠海華發實業股份有限公司) (Shanghai Stock Exchange: 600325) from September 2015 to May 2021 and an independent director of Shanghai RAAS Blood Products Co., Ltd. (上海萊士血液製品股份有限公司) (Shenzhen Stock Exchange: 002252) from April 2016 to June 2022. Mr. Tan graduated from Hunan University of Finance and Economics (湖南財經學院) in the PRC with a bachelor's degree of Economics in Accounting Studies. He further obtained a master's degree of Economics and a doctoral degree of Management in Accounting Studies from Renmin University of China (中國人民大學) in the PRC. He is a non-practising senior member of the Chinese Institute of Certified Public Accountants.

Mr. O'Yang Wiley (歐陽偉立), aged 61, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. He is primarily responsible for providing independent advice on the operation and management of the Group. He has extensive experience in the accounting, finance and legal fields.

Mr. O'Yang is a managing director of Shanggu Securities Limited, a licenced corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities. Prior to joining Shanggu Securities Limited, Mr. O'Yang worked for various investment banks, including CMBC International Holdings Limited, a wholly-owned subsidiary of China Minsheng Banking Corporation Limited, Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malayan Banking Berhad, UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited and BNP Paribas Capital (Asia Pacific) Limited and held the positions of managing director and executive director. Prior to those, he was a partner of Richards Butler (currently known as Reed Smith Richards Butler), an international law firm. Mr. O'Yang also served as independent non-executive directors of Hong Kong Economic Times Holdings Limited (Stock Exchange: 423), D&G Technology Holding Company Limited (Stock Exchange: 1301), AB Builders Group Limited (Stock Exchange: 1615) and Edvantage Group Holdings Limited (Stock Exchange: 382), all companies are listed on The Stock Exchange of Hong Kong Limited, since October 2012, May 2019, June 2019 and February 2022 respectively. In addition, Mr. O'Yang was an independent non-executive director of Tianyun International Holdings Limited (Stock Exchange: 6836) from November 2019 to May 2022. Mr. O'Yang graduated from The Chinese University of Hong Kong with a bachelor's degree in Social Science and a master's degree in Business Administration. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Law Society of Hong Kong.

Mr. Lu Qi (陸琦), aged 67, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also a member of each of the Remuneration Committee and Nomination Committee. He is primarily responsible for providing independent advice on the operations and management of the Group.

Mr. Lu has served as a professor and dean at the School of Architecture of Guangzhou City University of Technology (廣州城市理工學院) (formerly known as Guangzhou College of South China University of Technology (華南理工大學廣州學院)) in the PRC. Prior to that, he was a professor at the School of Architecture of South China University of Technology (華南理工大學) and worked at the Architectural Design and Research Institute of Guangdong Province (廣東省建築設計研究院) and served as the deputy chief architect. From April 2015 to January 2019, Mr. Lu served as an independent director in Huayuan Landscape Architecture Co., Ltd. (廣州華苑園林股份有限公司), a company that focuses on providing engineering and construction services, where he was primarily responsible for providing independent landscape advice on the operations and management of the company. Mr. Lu graduated from the School of Architectural and Engineering of Chongqing Jianzhu University (重慶建築工程學院) (currently known as the Faculty of Architecture and Urban Planning of Chongqing University (重慶大學建築城規學院)) in the PRC with a bachelor's degree of Engineering in Architectural Studies. He further obtained a doctoral degree of Engineering in Architectural History and Theories from South China University of Technology (華南理工大學) in the PRC. Mr. Lu is a Guangdong provincial senior architect (professor grade) conferred by Guangdong Province Personnel Department (廣東省人事廳). He has also served as a principal member of the Residential Architecture Academic Committee of the Architectural Society of China (中國建築學會民居建築學術委員會) and a president of the Ancient and Traditional Architecture Branch (古建與傳統建築分會) of the Guangdong Engineering Investigation and Design Industry Association (廣東省工程勘察設計行業協會).

Please refer to pages 57 to 59 of the Directors' Report for details of Directors' interest in the shares of the Company as disclosed under the section headed "Disclosure of Interests".

Senior Management

Ms. Liu Min (劉敏), aged 50, is currently the financial controller of the Group's financial management center and is mainly responsible for the financial management affairs of the Group. Since joining the Group in July 2010, Ms. Liu has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) the regional deputy general manager and director of financial and treasury department of Shanghai, Jiangsu and Anhui; (ii) the director of the finance department of Zhuzhou Company; and (iii) the director of the finance department of Shunde Company. Ms. Liu holds various supervisory positions in other subsidiaries of the Company, including, among others, Foshan Midea Real Estate Development Co., Ltd. (佛山市美的房地產發展有限公司) and Midea Southwest Real Estate Development Co., Ltd. (美的西南房地產發展有限公司), etc.

Ms. Liu also held various positions from September 1992 to June 2010 in Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013, including as a financial controller of Annto Logistics Co., Ltd. (currently known as Annto Logistics Supply Chain Technology Co., Ltd.).

CORPORATE GOVERNANCE REPORT

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time (the “**Listing Rules**”) as its corporate governance policies and practices.

The Company is committed to achieving a high standard of corporate governance so as to enhance the transparency and accountability to the shareholders of the Company. The Board believes that good corporate governance will contribute to maximising the corporate value of the Company to its shareholders. The Board will continue to review and monitor the procedures in place with reference to Appendix C1 to the Listing Rules so as to maintain a high standard of corporate governance of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the Model Code during the year ended 31 December 2023.

The Board

The Board is responsible for laying down the Group’s future development direction, overall strategies and policies, evaluation of the Group’s performance and approval of matters that are of material and substantial in nature. The day-to-day management, administration and operations of the Group are delegated by the Board to the senior management of the Company, who is responsible for implementing the strategies and policies as determined by the Board, and overseeing different businesses and functions of the Group in accordance with their particular areas of expertise. The Board has also delegated various responsibilities to the Board committees. Details of these Board committees are set out below in this report.

Board Composition

The Directors who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Hao Hengle (Chairman)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang

Non-executive Directors

Mr. He Jianfeng
Mr. Zhao Jun

Independent non-executive Directors

Mr. Tan Jinsong
Mr. O’Yang Wiley
Mr. Lu Qi

During the year ended 31 December 2023, the Company had complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the board) including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

The biographies of each of the Directors are set out on pages 27 to 31 in this annual report. The Directors have no financial, business, family or other material or relevant relationships with each other.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties of the Company including:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2023, the Board held regular meetings to review and assess the Company's compliance with the CG Code and the applicable statutory and regulatory requirements. For effective oversight and leadership, the Board also regularly reviews reports from the president and senior management on the progress of the approved strategies and plans, and receives advice from the Board committees. During the year ended 31 December 2023, the Company had complied with the provisions of the CG Code, except for a deviation as specified under the paragraph headed "Chairman and President" below.

Chairman and President

Our Chairman is responsible for formulating the overall strategies and policies of the Company and providing leadership for the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. Our Chairman, as chief executive of the Company, is also delegated the authority by the Board to lead the day-to-day operation and business management of the Group in accordance with the corporate objectives, directions and policies laid down by the Board.

According to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2023, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision C.2.1 of the CG Code. Given Mr. Hao has considerable experience in the PRC real estate industry and the business operations of the Group, the Board believes that vesting both roles of chairman and president in Mr. Hao facilitates the execution of the Group's long-term strategic aims and achieving its operations and business objectives, thereby maximising the effectiveness of the Group's operations.

Corporate Governance Report (Continued)

The Board believes that this structure is in the best interest of the Company, and that this situation will not impair the balance of power and authority between the Board and the management of the Company because the Board comprises nine experienced and high-calibre individuals with demonstrated integrity, of which three are independent non-executive Directors, and they will take the lead where potential conflicts of interests of other Directors arise.

Further, major decisions of the Board are collectively made by way of majority voting. Therefore, major decisions must be made in consultation with members of the Board and appropriate committees. The Group had engaged an external internal control consultant to perform evaluation on top ten risks annually so as to identify, review and mitigate potential risks that may affect the Group's operation management. Senior management and/or external professional consultants are also invited to attend Board and committee meetings from time to time to provide adequate, accurate, clear, complete and reliable information to members of the Board for consideration in a timely manner.

The Board will nevertheless review the effectiveness of this structure and the Board composition from time to time.

Board Diversity Policy

The Board has adopted a board diversity policy with effect from 12 September 2018 which sets out the approach to achieve diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. For further details, please refer to the board diversity policy published on the Company's website.

As at 31 December 2023, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

No. of Directors	Gender	Designation	Age Group	Years of Service	Skills and Knowledge	
1.	Male	Executive Director	≥ 60	≥ 13	General Management and Strategy Development	
2.			50-59			7-12
3.						
4.		Non-executive Director	Independent non-executive Director	40-49	0-6	Accounting and Financial
5.						
6.						
7.		Architecture and Design	Legal			
8.						
9.						

The Company recognises the benefits of having a diverse Board, and views diversity at Board level would assist the Company in sustaining a competitive advantage. To achieve gender diversity in the boardroom, the Company plans to appoint at least one female Director on or before 31 December 2024. The Nomination Committee will select suitable candidates through multiple channels and make recommendation to the Board based on the Company's board diversity policy and nomination policy. The Company is committed to providing career development opportunities for female staff and ensuring that there is gender diversity when recruiting staff at mid to senior levels so that the Company will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board. We emphasise on training senior female staff who have extensive and relevant experience in the Group's business. The Directors believe that this policy will provide the required manpower resources to better achieve gender diversity in our Board. As at 31 December 2023, the Group had employed 10,152 full time employees. Out of 10,152 employees, 4,007 were female representing approximately 39% of the Group; while the female in senior management held approximately 11%. For details of gender diversity at the workforce level, please refer to the paragraph headed "Protection of Employees' Rights and Interests" of the Company's Environmental, Social and Governance Report.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board at least annually, and confirmed that the Company has maintained a balanced composition with a strong independent element on the Board. In future, the Nomination Committee will continue to monitor the implementation of the board diversity policy with reference to the measurable objectives and ensure that the Board has the appropriate balance of skills, experience and diversity perspectives that are required to support the business strategy and maintain the effectiveness of the Board.

Independent Non-executive Directors

The independent non-executive Directors actively participate in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They will take the lead where potential conflicts of interests of other Directors arise. They serve as members of various Board committees and will scrutinise the performance of the Group in achieving agreed corporate goals and objectives and monitor performance reporting.

To ensure independent views and input are available to the Board, the following mechanisms are in place and the Board will also review them on an annual basis to ensure they remain effective:

1. All independent non-executive Directors share their views and opinions through regular quarterly meetings and all of them devote adequate time contribution to the Company;
2. Annual meeting between the Chairman and all independent non-executive Directors is held without presence of other Directors, providing an effective platform for the Chairman to listen to independent views on various issues concerning the Group; and
3. Independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

Each of the independent non-executive Directors has submitted to the Company the annual confirmation of independence for the year ended 31 December 2023. The Nomination Committee has reviewed such annual confirmation of independence and assessed the independence of each of the independent non-executive Directors based on the guidelines set out in Rule 3.13 of the Listing Rules and considered that all the independent non-executive Directors are independent. The Board adopted the view of the Nomination Committee and confirmed that all the independent non-executive Directors are independent.

None of the independent non-executive Directors holds seven or more listed company directorships.

Appointments, Re-election and Removal of Directors

The appointment of a new Director is made on the recommendation by the Nomination Committee or by shareholders in a general meeting. Shareholders may propose a person for election as Director in accordance with the articles of association of the Company (the “**Articles of Association**”). For details, please refer to the section headed “Shareholders’ Rights” below.

All Directors (including our non-executive Directors and independent non-executive Directors) are appointed for a specific term of three years under their service contracts or letters of appointment (as the case may be). Such term is subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that any Director who is appointed by the Board to fill a casual vacancy or as an additional member of the Board shall hold office only until the next following annual general meeting and shall be eligible for re-election.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least every three years and one-third (or if their number is not a multiple of three, the number nearest to but not less than one-third) of Directors shall retire from office every year at the Company’s annual general meeting.

Pursuant to the CG Code, any further re-appointment of an independent non-executive Director, who has served the Board for more than nine years, will be subject to a separate resolution to be approved by shareholders.

Directors Continuous Training and Development Programme

To ensure that every newly appointed Director has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities as a Director under all applicable laws and regulations, each Director will receive on appointment a comprehensive, formal and tailored induction and an orientation package containing the information with regard to the duties and responsibilities of Directors under the Listing Rules, relevant laws, regulatory requirements and policies of the Company.

Subsequently, continuous professional development training with relevant updated materials will be provided by the Company to all the Directors when necessary to keep them abreast of the latest changes and development in the legal, regulatory and commercial environment in which the Group operates to develop and refresh their knowledge and skills to facilitate the discharge of their responsibilities as a director of a listed company.

Pursuant to the requirements of the code provision set out in the CG Code, all Directors are required to provide to the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

The training record of each Director during the year is as follows:

Name of Directors	Types of training (Note 1)	Nature of training (Note 2)
Executive Directors		
Mr. Hao Hengle (Chairman)	1, 2	A, B, C
Mr. Wang Quanhui	1, 2	A, B, C
Mr. Lin Ge	1, 2	A, B, C
Mr. Zhang Ziliang	1, 2	A, B, C
Non-executive Directors		
Mr. He Jianfeng	1, 2	A, B, C
Mr. Zhao Jun	1, 2	A, B, C
Independent non-executive Directors		
Mr. Tan Jinsong	1, 2	A, B, C
Mr. O'Yang Wiley	1, 2	A, B, C
Mr. Lu Qi	1, 2	A, B, C

Note 1:

1. Attending briefings, seminars, training courses and/or e-trainings organised by the professional bodies
2. Reading journals and other updates relating to the latest development of applicable rules and regulations, or businesses of the Company

Note 2:

- A. Businesses of the Company
- B. Applicable laws, rules and regulations, and accounting standards
- C. Market update on the Environmental, Social and Governance Reporting Guide as specified in Appendix C2 of the Listing Rules provided by the external consultant

Supply of and Access to Information

During the year ended 31 December 2023, all Directors had been provided, on a monthly basis, with the updated management and financial information of the Group, giving them an opportunity to have a balanced and understandable assessment of the Group's latest performance, position and recent developments and facilitating them to discharge their duties under the relevant requirements of the Listing Rules.

Board Committees

The Board has established three Board committees with defined scope of duties in written form. These Board committees are the Audit Committee, the Remuneration Committee, and the Nomination Committee.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to obtain independent professional advice in appropriate circumstances at the expense of the Company if they consider necessary.

Audit Committee

The Audit Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 1 January 2019 in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at 31 December 2023, the Audit Committee comprised three members including two independent non-executive Directors, Mr. Tan Jinsong (chairman of the Audit Committee) and Mr. O'Yang Wiley, and one non-executive Director, Mr. Zhao Jun. Mr. Tan Jinsong is the independent non-executive Director who possesses the appropriate professional qualifications and accounting and financial management expertise. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The Audit Committee is responsible for, among other things, reviewing and monitoring the integrity of the consolidated financial statements of the Group, reviewing the effectiveness of the risk management and internal control systems of the Group, reviewing the findings from the works carried out by the internal audit department and monitoring the effectiveness of the Group's internal audit function. The Audit Committee is also responsible for making recommendation to the Board on the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor. Before commencement of annual audit, the Audit Committee will discuss with the external auditor the nature and scope of audit, the significant risk analysis and the impact of the change in accounting policies on the financial statements of the Group. The Audit Committee is required to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

During the year ended 31 December 2023, the Audit Committee held four meetings with the Company's external auditor and, among others, reviewed the audited financial statements of the Company for the year ended 31 December 2022 and the unaudited interim financial statements of the Company for the six months ended 30 June 2023 with recommendations to the Board for approval, and discussed with the management and the Company's external auditor on the accounting policies and practices which may affect the Group and the financial reporting matters. Furthermore, the Audit Committee had also discussed with the Board, the management and the Company's external and internal auditors on the risk management and internal control systems and the effectiveness of the Company's internal audit function during the year ended 31 December 2023. For details, please refer to the paragraph headed "Review of the Risk Management and Internal Control Systems" below in this report. The attendance record of individual Directors at the Audit Committee meetings is set out on page 41 below in this report.

The Audit Committee has reviewed the Group's 2023 consolidated financial statements, including the accounting principles and policies adopted by the Group, in conjunction with the Company's external auditor and recommended to the Board for approval of the consolidated financial statements for the year ended 31 December 2023.

The Board agreed with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the year 2024. The recommendation will be put forward for shareholders' approval at the forthcoming annual general meeting of the Company.

Auditor's Remuneration

For the year ended 31 December 2023, the remuneration paid/payable to PricewaterhouseCoopers, the Company's auditor, is set out as follows:

Service rendered	Amount (RMB)
Audit services:	
• Annual audit services	7,000,000
Non-audit services:	
• Others	874,000
Total	7,874,000

Remuneration Committee

The Remuneration Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 15 December 2022 in compliance with Rule 3.25 of the Listing Rules and the CG Code. As at 31 December 2023, the Remuneration Committee comprised five members including three independent non-executive Directors, Mr. O'Yang Wiley (chairman of the Remuneration Committee), Mr. Tan Jinsong and Mr. Lu Qi, one executive Director, Mr. Hao Hengle, and one non-executive Director, Mr. Zhao Jun.

The Company has adopted the model set out in code provision E.1.2(c)(i) of the CG Code as its Remuneration Committee model under which the Remuneration Committee shall determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

The primary duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration (including the share schemes under Chapter 17 of the Listing Rules) of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. to review and determine, with delegated responsibilities and authorisation by the Board, the remuneration packages of individual executive Directors and senior management with reference to the Board's corporate goals and objectives;
3. to make recommendations to the Board on the remuneration of independent non-executive Directors;
4. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to any grants of share options or award shares to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the Corporate Governance Report in the annual report of the Company;
5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to executive Directors and senior management for any loss of termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensative arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
8. to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2023, the Remuneration Committee held one meeting to discharge the above duties and, among others, reviewed and approved the remuneration packages, including that for the Directors and senior management of the Company. It had performed a holistic review of the share scheme rules and its relevant documents to ensure that they reflect market best practices and support the compensation and incentive framework of the Group. Based on the review, it made recommendations to the Board for the grant of award shares on 12 May 2023 in order to provide additional incentives to the grantees to continue to contribute to the growth and development of the Group and align the interests of the grantees with that of the Company's shareholders. Mr. Hao Hengle had abstained from voting in respect of the relevant resolutions of the Remuneration Committee and the Board. For details, please refer to the paragraphs headed "Restricted Share Award Scheme" in the "Directors' Report" section of this annual report. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 41 below in this report.

Corporate Governance Report (Continued)

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2023 is as follows:

Remuneration band	Number of individuals
RMB1,500,000 to RMB2,000,000	1

Details of the Directors' emoluments for the year ended 31 December 2023 are set out in note 41 to the consolidated financial statements.

Nomination Committee

The Nomination Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 1 January 2019 in compliance with the CG Code. As at 31 December 2023, the Nomination Committee comprised three members including one executive Director, Mr. Hao Hengle (chairman of the Nomination Committee) and two independent non-executive Directors, Mr. Tan Jinsong and Mr. Lu Qi.

The Nomination Committee is mainly responsible for reviewing the structure, size, composition of the Board at least annually, making recommendations to the Board on the appointment or re-appointment of Directors and assessing the independence of independent non-executive Directors.

The factors considered in assessing the suitability of a proposed candidate for appointment as Director or re-appointment of existing Director are as follows:

1. Contribution to the Board with due regard to the board diversity policy;
2. Accomplishment, experience and reputation in the real estate industry and other relevant sectors;
3. Commitment to devote sufficient time to discharge duties as a Board member;
4. Potential conflicts of interest with the Company; and
5. Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director.

The Nomination Committee held one meeting during the year ended 31 December 2023 and duly discharged the above duties and, among others, reviewed the board diversity and the implementation and effectiveness of the board diversity policy, and assessed the independence of the independent non-executive Directors. It also made recommendations to the Board for the re-election of the retiring Directors at the annual general meeting of the Company held on 22 May 2023. For details, please refer to the paragraph headed "Board Diversity Policy" above in this report. The attendance of individual Directors at the Nomination Committee meetings is set out on page 41 below in this report.

A single gender board is not considered to have achieved diversity. In the first half of 2024, the Nomination Committee will continuously review the structure and composition of the Board, commence the recruitment process to identify suitable candidates and make recommendations to the Board on the appointment of a Director of a different gender on or before the fourth quarter of 2024.

Directors' Attendance Record at Meetings

The number of Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meeting and annual general meeting of the Company held for the year ended 31 December 2023 and the attendance record and tenure of office of each individual Director are set out in the following table:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Number of Meeting(s) held	4	4	1	1	1
Executive Directors					
Mr. Hao Hengle (Chairman)	4/4	–	1/1	1/1	1/1
Mr. Wang Quanhui	4/4	–	–	–	1/1
Mr. Lin Ge	4/4	–	–	–	1/1
Mr. Zhang Ziliang	4/4	–	–	–	1/1
Non-executive Directors					
Mr. He Jianfeng	4/4	–	–	–	1/1
Mr. Zhao Jun	4/4	4/4	1/1	–	1/1
Independent non-executive Directors					
Mr. Tan Jinsong	4/4	4/4	1/1	1/1	1/1
Mr. O'Yang Wiley	4/4	4/4	1/1	–	1/1
Mr. Lu Qi	4/4	–	1/1	1/1	1/1

During the year ended 31 December 2023, the Chairman held one meeting with the independent non-executive Directors without other Directors present.

Company Secretary

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are duly followed. The Company Secretary reports to the Board through the Chairman on corporate governance matters while all Directors have access to the advice and services of the Company Secretary.

Mr. Lin Ge ("**Mr. Lin**"), an executive director and chief financial officer of the Company, resigned as a joint company secretary of the Company on 23 May 2023. Following the resignation of Mr. Lin, Ms. Wan Jingli ("**Ms. Wan**") has been appointed as a joint company secretary of the Company with effect from 23 May 2023. Ms. Chan Bo Shan ("**Ms. Chan**") continues to act as a joint company secretary of the Company and provide assistance to Ms. Wan in discharging her duties and responsibilities as a joint company secretary of the Company. Given Ms. Wan currently does not necessarily possess the qualifications required under Rule 3.28 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements as set out in Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the date of appointment of Ms. Wan as a joint company secretary of the Company. For details, please refer to the Company's announcement dated 23 May 2023.

Both Ms. Wan and Ms. Chan are full time employees of the Company and have day-to-day knowledge of the Company's affairs. They had also completed no less than 15 hours of relevant professional training covering regulatory updates and knowledge about company secretarial duties.

Dividend Policy

The Company has adopted a revised policy on the payment of dividends (the "**Dividend Policy**") on 24 March 2021.

According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the following factors:

- (a) the Company's operating results, actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;
- (e) the Group's expected working capital requirements, capital expenditure requirements, future expansion plans and any statutory fund reserve requirements;
- (f) the Group's liquidity position;
- (g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) any other factor that the Board deems appropriate and relevant.

Taking the above factors into consideration, the Board may propose an ordinary dividend (including a final dividend and an interim dividend) and/or a special dividend from time to time. Any declaration and payment of dividends under the Dividend Policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the Articles of Association of the Company.

For the Board's proposed payment of a final dividend for the year ended 31 December 2023, please refer to the paragraph headed "Final Dividend" in the "Directors' Report" section of this annual report.

Shareholders' Rights

The Company has only one class of shares, all holders of the ordinary shares in the issued share capital of the Company shall have the same rights.

1. Procedures for shareholders to send enquiries to the Company

Shareholders and other stakeholders may, at any time, send their enquiries or concerns to the Company in writing through the following contact details:

The Company's registered office in Hong Kong: Suites 3906–3910, 39/F, Tower 6
The Gateway, Harbour City
No. 9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Email of Investor Relations: investor@mideazy.com

2. Rights and procedures for shareholders to convene an extraordinary general meeting

Shareholder(s) holding at the date of deposit of the requisition, in aggregation, at least one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board, in accordance with the requirements and procedures set out in Article 64 of the Articles of Association. The written requisition must state the general nature of the business to be dealt with at the meeting and must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Hong Kong.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the shareholder(s) concerned may do so in the same manner, and all reasonable expenses incurred by the shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the shareholder(s) concerned by the Company.

3. Procedures for shareholders to propose a person for election as a Director

Pursuant to Article 113 of the Articles of Association, if a shareholder wishes to propose a person other than a person recommended by the Board for election as a director at the general meeting, such shareholder, who must be entitled to attend and vote at such general meeting, should lodge a notice in writing of his or her intention to propose such person for election together with the notice signed by the proposed person of his or her willingness to be elected to the Company's registered office in Hong Kong for the attention of the Company Secretary. The nominating shareholder should also provide to the Company biographical details of the person he or she proposes to be elected as a director required under Rule 13.51(2) of the Listing Rules.

The notices should be given within the period commencing on the day after the despatch of the notice of the general meeting appointed for such election of directors and ending no later than 15 business days prior to the date of such general meeting.

Upon receipt of the above notices after the despatch of the notice of the general meeting, the Company shall publish an announcement or issue a supplementary circular disclosing the particulars of the proposed director pursuant to Rule 13.51(2) of the Listing Rules prior to the general meeting in accordance with Rule 13.70 of the Listing Rules.

Communication with Shareholders

A shareholders communication policy has been adopted by the Company to ensure balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile) are readily available to the shareholders. The shareholders communication policy sets out the framework the Company has put in place for ongoing open dialogue with Shareholders and investment community. Details of the policy is available on the Company's website.

The Board believes that general meeting is an open forum for communication between the Board and the shareholders. Shareholders are encouraged to attend general meetings of the Company and give valuable advice to the Company through this direct communication platform. The Company will convene an annual general meeting every year and convene any other general meetings as required. Sufficient notice for annual general meeting and other general meetings will be given to shareholders in compliance with the requirements of the Articles of Association, the Listing Rules and applicable laws and regulations. The Chairman of the Board will attend annual general meeting and invite the chairman of Audit Committee, Remuneration Committee, Nomination Committee and other Board Committees, in their absence, other members of these Board Committees, to attend annual general meeting. They will be available to answer questions raised by shareholders at annual general meeting. The chairman or other members of the independent board committee (if any) will be available to answer questions at any general meetings for the approval of connected transaction(s) or any other transaction(s) by independent shareholders. External auditor will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

To facilitate enforcement of shareholders' rights, substantially different issues are dealt with under separate resolutions at general meetings of the Company.

Annual and interim reports and any significant events of the Company fall to be disclosed in accordance with the disclosure requirements under the Listing Rules and other applicable regulatory requirements will be published in a timely manner through the Company's website so as to safeguard the shareholders' rights of information.

The Company's website provides timely and updated information on investor relations, corporate governance and other latest news of the Company to enable shareholders and investors to have timely access to information about the Group.

The designated investor relations staff are responsible for handling the communications with our investors. They organise road shows and one-on-one meetings on a regular basis to promote better understanding of the Company and keep continuous dialogues with investors. Results analyst briefings are conducted at least twice a year following the release of interim and annual results announcements at which the executive Directors and management of the Company are available to answer questions and listen to feedbacks regarding the performance of the Group, and to ensure investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications.

During the year ended 31 December 2023, the Company has reviewed its prevailing shareholders communication policy, and believes it is appropriate and effective.

Constitutional Documents

The Company has adopted the Amended and Restated Memorandum and Articles of Association at the annual general meeting of the Company held on 22 May 2023. An up-to-date consolidated version of the Company's Memorandum and Articles of Association has been posted on the websites of the Company and the Stock Exchange.

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Company which give a true and fair view of the state of affairs of the Group on a going concern basis in accordance with Hong Kong Financial Reporting Standards and the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The statements of the Directors and the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 67 to 73 of this annual report.

Risk Management and Internal Control

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly. The Board acknowledges its responsibility for maintaining effective risk management and internal control systems of the Group and reviewing the effectiveness of these systems. The Company adopts risk management and internal control systems to enhance the accountability and communication of identified risks with management, measure the impact of the identified risks and facilitate implementation of mitigation measures proactively. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage, but not eliminate, risks of failure in achieving the Group's objective.

Risk Management and Internal Control Systems

The Group's risk management and internal control systems include a defined structure with specified limits of authority and responsibility. Each of the business departments acts as the primary unit of risk prevention and control, responsible for the implementation of daily risk management and internal controls, identification and collection of internal and external risk information and assisting the internal audit in performing regular risk assessments. The senior management is responsible for setting appropriate principles and values, performing risk assessments, owning the design, implementation and maintenance of internal controls, as well as giving confirmation to the Board on the effectiveness of the risk management and internal controls. The Board and the Audit Committee oversee the actions of the management and monitor the overall effectiveness of the control systems.

Particular features of our risk management system include the following:

- Our risk management process begins with identifying the major risks associated with our corporate strategies, goals and objectives. We have established a three-level matrix-structured risk management system. The operational department at each level of the Group, the regional level companies and the city-level companies are required to report the identified potential risks both to the higher levels and to responsible persons at the same level. Under the guidance and instruction from the higher levels, each operational department makes and executes the mitigation plan paired with each risk identified. For example, with respect to the risk of changes in macro policies and economic environment, the Group forms a combination of competitive strengths, and carries out policy and market research in investments, products, sales and capital to enhance its risk resilience. In addition, the Group continues to lower the leverage level, optimise the financing structure, formulate a debt reduction plan and establish a cash flow control mechanism, to maintain sufficient cash on hand and credit line, and safeguard the bottom line of capital safety and the fundamentals of the Company.
- For particular operational and market risks, control measures are adopted at an operational level. For example, for investment risks, we adopt a deep penetration strategy in cities with our investment structure optimised during the year, focus on high-value areas, and improve the pre-investment review and decision-making mechanism. For sales-related risks, we strategically formulate construction plans and supply timing based on market dynamics, and develop digital marketing and operation system to further bolster sales. For risks relating to operation, management and control of projects, we establish a stringent control mechanism for delivery schedule and enhance quality of construction so as to ensure that delivery progress and quality meet relevant requirements.

Corporate Governance Report (Continued)

- We will enforce strict control and accountability policies and manuals at an individual employee level as well. Our policies and manuals will be updated consistently based on our operational needs. We will seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.
- We will also carry out regular (at least once a year) internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines.

Internal control is one of the key components of risk management. Our internal control system is based on the risks faced by the Group. The management of the Group's headquarters, the subsidiaries and each of the departments have implemented a range of policies and procedures in respect of financial, operational, compliance and ESG-related processes, and they should monitor the implementation and effectiveness of such policies and procedures.

During the year ended 31 December 2023, based on the changes of the Group's strategies, external market environment and internal business environment as well as the above risk management and internal control system, the Group had engaged an external internal control consultant to assist the management of the Company in risk management and internal control, including an annual review of the Group's risk management and internal control systems to identify and resolve potential internal control defects. The Group performed evaluation on top ten risks, updated the risk evaluation standards and risk databases, prioritised and ranked the identified risks in accordance with the risk occurrence and significance, and determined the significant risks which need to be addressed in top priority by integrating the risk tolerance with response measures and improvement plans developed, as well as reported to the Audit Committee the evaluation results and the implementation of control measures considering, among others, the changes in external market environment and internal operating environment and the business development progress. The Group had considered and adopted or will adopt recommended measures by the external consultant to ensure ongoing compliance and enhance its internal control measures where appropriate. The Group's internal audit had also conducted regular follow-up review to ensure that improvement plans were implemented in a timely manner and had reported the results of the follow-up review to the Audit Committee.

Internal Audit

The Company maintains its own internal audit function which is responsible for:

- providing the Board with an independent and objective review of the effectiveness of the Group's risk management and internal control systems;
- conducting audit processes and supporting the Board in improving the Group's risk management and internal control systems; and
- conducting independent investigations in respect of certain allegations of fraud and violations of the Group's code of conduct and other company policies.

The internal auditor has unrestricted access to all corporate operations, records, data files, computer programmes, property, personnel and is authorised to communicate directly with the Chairmen of the Board and the Audit Committee and other Board members as necessary.

During the year ended 31 December 2023, the internal auditor developed an audit plan that prioritises areas with significant risks or deemed to be strategic to the business of the Company. The audit plan was reviewed by the Audit Committee and may be modified to reflect changes to business plans if necessary. The internal auditor has also issued reports to cover significant control issues, monitored the status of implementation plans resulting from audit findings and reported progress to the Audit Committee.

Anti-corruption System

The Group has a corruption monitoring system in place to monitor the risk of corruption in its business through the implementation of a series of policies and procedures, and has established an anti-corruption system from five aspects: anti-corruption policies, supervision and management, whistle-blowing channels, an atmosphere of incorruption and assessment mechanism. For example, the Group has established anti-corruption regulations, such as the Measures for Accountability Management and the Anti-Corruption Practices, which define the “ten major red lines” relating to ethical business practices and anti-fraud of our employees. All employees are required to strictly comply with the relevant rules and regulations in respect of business dealings, financial misappropriation, transfer of benefits, equity participation and use of funding for personal purpose. In the meanwhile, the Group also sets up and releases channels such as a whistleblowing hotline, email and WeChat Official Account to raise concerns, in confidence and anonymity, with the Audit Committee and welcomes internal and external monitoring on such matters.

Risk Management Approach

Our approach to risk management is to identify current risk exposures and manage them so that they can be understood, controlled or mitigated. All business functions are required to identify material risks that may impact their strategy and business objectives. They also aim to identify, assess, evaluate and mitigate operational risks. Many aspects of risks are considered, including but not limited to business continuity, financial impact, reputational risk, safety and health, external regulations (including the Listing Rules) and ESG-related risks.

Senior management is responsible for coordinating the risks identified and ensuring that the key risks, as well as strengths and weaknesses of the overall risk management and internal control systems are reported to the Board and the Audit Committee, along with action plans to manage these risks and weaknesses.



During the year ended 31 December 2023, the Group was committed to continually improving the risk management framework and capabilities and shall continue on this path, with enhanced integration of risk management and internal control into our business processes. Details of some of the key risks can be found under “Principal Risks and Uncertainties” on page 18 of this annual report.

Inside Information

The Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules. During the year ended 31 December 2023, the Company has implemented procedures and internal controls for the handling and dissemination of inside information, including:

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;
- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and
- conducting its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission in June 2012.

Review of the Risk Management and Internal Control Systems

The risk management and internal control systems of the Group are reviewed by the Board annually. During the year ended 31 December 2023, the Board has reviewed the effectiveness of the risk management and internal control systems of the Group. The review covers material control, including operational risk management and the adequacy of resources, qualification and experience of staff of the Group’s accounting, internal audit and financial reporting functions and their training and budget. The review was made by discussions with the management, the Audit Committee, and the Company’s external auditor, external internal control consultant and the Group’s internal audit team. The Board has also received a letter from the management confirming the effectiveness and adequacy of the Group’s risk management and internal control systems. Accordingly, the Board is satisfied that the Company has fully complied with the code provisions on risk management and internal control as set forth in the CG Code and considers that the risk management and internal control systems effective and adequate for the year ended 31 December 2023.

DIRECTORS' REPORT

The Directors have the pleasure in presenting their annual report together with the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2023.

Principal Activities, Performance and Business Review

The Company is an investment holding company. The Group is a large national property developer based in the PRC and operates the following major businesses: (i) property development and sales; (ii) property management services; and (iii) investment and operation of commercial properties.

An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Further discussion and analysis of the activities, the key performance indicators of the Group, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the "Financial Overview", "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 2 to 3 and pages 10 to 18 of this annual report.

Corporate culture, and environmental, social and governance matters that have a significant impact on the Group are separately disclosed in the Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 of the Listing Rules.

Results

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 74.

Final Dividend

The Board has recommended the payment of a final dividend of HK\$0.36 per share for the year ended 31 December 2023 (the "**Final Dividend**") (2022: HK\$0.80 per share with an option for scrip dividend). Subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on 24 May 2024 (the "**AGM**") and the compliance with the Companies Act of the Cayman Islands, the Final Dividend will be payable in cash on or about 15 July 2024 to the shareholders whose names appear on the register of members of the Company on 5 June 2024.

Closure of Register of Members

For the purpose of ascertaining the shareholders' rights of attending and voting at the AGM, the register of members of the Company will be closed from 20 May 2024 to 24 May 2024, both days inclusive, during which period no transfer of shares shall be effected. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 17 May 2024.

Directors' Report (Continued)

For the purpose of determining the identity of shareholders who are entitled to the Final Dividend, the register of members of the Company will be closed from 3 June 2024 to 5 June 2024, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 31 May 2024.

Directors

The Directors who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Hao Hengle (Chairman)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang

Non-executive Directors

Mr. He Jianfeng
Mr. Zhao Jun

Independent non-executive Directors

Mr. Tan Jinsong
Mr. O'Yang Wiley
Mr. Lu Qi

According to Article 108(a) of the 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 one-third, 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.

At the AGM, Mr. Wang Quanhui, Mr. Zhao Jun and Mr. Lu Qi will retire and be eligible for re-election in accordance with Article 108(a) of the Articles of Association.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

Directors' Service Contracts

None of the Directors proposed for re-election at the AGM has a service contract or letter of appointment (as the case may be) with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Nomination Policy

The nomination policy of the Company sets out the key selection criteria and principles of the Nomination Committee in making recommendations to the Board on the appointment of Directors, and succession planning for Directors, to ensure the Board has a balance of skills, experience and diversity of perspectives (including without limitation, gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service) appropriate to the requirements of the Company's business.

Remuneration Policy

The remuneration policy of the Company is set on the principles that the remuneration packages of employees should be determined based on the job duties, responsibilities, work performance, qualifications and competence of each individual employee, performance of the Group and the prevailing market and economic conditions in order to attract and retain high-calibre employees needed to run the Group successfully.

The remuneration packages of executive Directors and senior management of the Company are reviewed annually and determined by the Remuneration Committee based on the duties, responsibilities of each individual executive Director and senior management staff, performance of the Group and the remuneration packages paid by comparable companies in the same industry based on the prevailing market conditions. No Director or any of his/her associates will be involved in deciding his/her own remuneration. Remuneration of independent non-executive Directors will be reviewed annually and recommended by the Remuneration Committee to the Board for final approval.

Pension Schemes

Details of the pension schemes operated by the Group are set out in note 8 to the consolidated financial statements.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as otherwise disclosed under the section "Continuing Connected Transactions" of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year.

Indemnity of Directors and Officers

Pursuant to the Company's Articles of Association, every Director and officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto. Such provisions were in force during the course of the financial year ended 31 December 2023 and remained in force as at the date of this annual report.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

Directors' Rights to Acquire Shares

Save for the Share Option Scheme (as defined below) and the Restricted Share Award Scheme (as defined below), and save as disclosed in the "Directors' Interests" as set out on pages 57 to 59 of this report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Equity-Linked Agreements

Save as disclosed below and under "Share-Based Payment" in note 28 to the consolidated financial statements in this report, during the year ended 31 December 2023, the Company had not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2023.

Share Option Scheme

A share option scheme was approved and adopted by the shareholders of the Company at the Company's annual general meeting held on 29 May 2020 (the "**2020 AGM**"), which is valid and effective for a period of 10 years commencing on the date of the 2020 AGM and ending 28 May 2030 (the "**2020 Share Option Scheme**"). The following is a summary of the principal terms of the 2020 Share Option Scheme:

The purposes of the 2020 Share Option Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the "**Eligible Participant(s)**") have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Eligible Participants, and attract, retain and motivate the Eligible Participants to continue to contribute to the growth and development of the Group; and provide Eligible Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Eligible Participants.

The maximum number of shares in respect of which options may be granted under the 2020 Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 10% of the total number of shares in issue as at the date of the 2020 AGM (being 123,056,700 shares, representing approximately 8.57% of the total number of shares in issue as at the date of this annual report), unless the Company seeks approval by its shareholders in a general meeting for refreshing the 10% limit under the 2020 Share Option Scheme. The limit on the total number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted if such a grant would result in such 30% limit or maximum permissible limit being exceeded.

The maximum entitlement of each Eligible Participant under the 2020 Share Option Scheme and any other share option schemes of the Company shall not, in any 12-month period up to and including the date of such grant, exceed 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of such limit must be separately approved by its shareholders in a general meeting.

Share options granted under the 2020 Share Option Scheme to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the proposed grantee of such share options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, in aggregate more than 0.1% of the total number of shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HKD5 million, within any 12-month period up to and including the date of such grant, must be subject to approval by its shareholders in a general meeting.

The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share prevailing on the date of grant. Consideration for each grant of share options is HKD1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) and is required to be paid within 28 days from the date of grant of share options, with full payment for the exercise price to be made on exercise of the relevant options.

Subject to the Listing Rules and the terms and conditions of the 2020 Share Option Scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when making such an offer to an Eligible Participant (including, without limitation, as to any performance targets which must be satisfied by the Eligible Participant and/or the Company, and any minimum period for which an option must be held, before an option may be exercised, if any). The exercise period shall not be more than 10 years from the date upon which any particular share options are granted in any event.

As the 2020 Share Option Scheme was approved and adopted by the shareholders of the Company at the 2020 AGM which is before the effective date of the new Chapter 17 of the Listing Rules, any share options to be granted under the 2020 Share Option Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

The Board had granted 66,660,000 share options to 193 Eligible Participants on 22 April 2021 (the **"2021 Share Options Grant Date"**) under the 2020 Share Option Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board. The fair value of such share options was approximately RMB170.47 million on the 2021 Share Options Grant Date, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs.

Directors' Report (Continued)

Movements of the share options granted under the 2020 Share Option Scheme during the year ended 31 December 2023 were as follows:

Category and name of grantees	Date of grant (Note 1)	Exercisable period (Note 2)	Exercise price per share HKD	Number of share options					Outstanding as at 31 December 2023
				Outstanding as at 1 January 2023	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	
Directors									
Mr. Hao Hengle	22/04/2021	22/04/2023– 21/04/2027	18.376	3,850,000	-	-	-	-	3,850,000
Mr. Wang Quanhui	22/04/2021	22/04/2023– 21/04/2027	18.376	770,000	-	-	-	-	770,000
Mr. Lin Ge	22/04/2021	22/04/2023– 21/04/2027	18.376	616,000	-	-	-	-	616,000
Mr. Zhang Ziliang	22/04/2021	22/04/2023– 21/04/2027	18.376	616,000	-	-	-	-	616,000
Mr. Zhao Jun	22/04/2021	22/04/2023– 21/04/2027	18.376	770,000	-	-	-	-	770,000
Sub-total				6,622,000	-	-	-	-	6,622,000
Employees of the Group in aggregate	22/04/2021	22/04/2023– 21/04/2027	18.376	21,098,000	-	-	-	(1,771,000) (Note 3)	19,327,000
Sub-total				21,098,000	-	-	-	(1,771,000)	19,327,000
Total				27,720,000	-	-	-	(1,771,000)	25,949,000

Notes:

- The closing price immediately before the 2021 Share Options Grant Date (i.e. 21 April 2021) was HKD17.96 per share.
- Subject to satisfaction of the vesting conditions, the first tranche of 40% share options granted on the 2021 Share Options Grant Date shall be exercisable from 22 April 2023 to 21 April 2027, the second tranche of 40% share options shall be exercisable from 22 April 2024 to 21 April 2027 and the third tranche of 20% share options shall be exercisable from 22 April 2025 to 21 April 2027. Such vesting conditions include: (i) achievement of certain financial performance targets with reference to the audited consolidated financial statements of the Company for the year ended 31 December 2021; (ii) the performance assessment results of the respective employing companies of which the grantees relate; (iii) the personal appraisal results of the grantees; and (iv) the minimum period for which an option must be held before an option may be exercised.
- Certain share options shall lapse by reason of cessation of employment during the year ended 31 December 2023.

During the year ended 31 December 2023, the Company had not granted any share options and 1,771,000 share options lapsed due to cessation of employment. The number of share options available for grant under the 2020 Share Option Scheme as at 1 January 2023 and 31 December 2023 was 95,336,700 share options and 97,107,700 share options, respectively, and upon its full exercise, representing approximately 6.64% and 6.77% of the total number of shares in issue as at the date of this annual report.

For details, please refer to note 28 to the consolidated financial statements in this report.

Restricted Share Award Scheme

A restricted share award scheme managed by the independent trustee(s) was approved and adopted by the Board on 22 April 2021 (the "**Adoption Date**"), which is valid and effective for a period of 10 years commencing on the Adoption Date and ending 21 April 2031 (the "**2021 Share Award Scheme**"). The following is a summary of the principal terms of the 2021 Share Award Scheme:

The purposes of the 2021 Share Award Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the "**Selected Participant(s)**") have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Selected Participants, and attract, retain and motivate the Selected Participants to continue to contribute to the growth and development of the Group; and provide Selected Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Selected Participants.

The maximum number of shares which may be awarded under the 2021 Share Award Scheme shall not, in aggregate, exceed 10% of the total number of shares in issue as at the Adoption Date (being 123,056,700 shares, representing approximately 8.57% of the total number of shares in issue as at the date of this annual report). And the maximum number of unvested shares which may be awarded to any one Selected Participant at any time shall not exceed 1% of the total number of shares in issue from time to time.

Subject to the Listing Rules and the terms and conditions of the 2021 Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any Selected Participants to participate in the 2021 Share Award Scheme and set a minimum vesting period for the award shares granted. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

Subject to any additional consideration imposed from time to time by the Board, a nominal acceptance fee of HKD1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) is required to be paid within 28 days from the date of grant of the share award.

As the 2021 Share Award Scheme was approved and adopted by the Board on the Adoption Date which is before the effective date of the new Chapter 17 of the Listing Rules, any award shares to be granted under the 2021 Share Award Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

With a view to encouraging the Selected Participants to contribute to the long term growth and development of the Group, and subject to the nominal acceptance fee, the Board had granted 5,225,000 award shares at nil consideration to 31 Selected Participants on 22 April 2021, 8,932,500 award shares at nil consideration to 423 Selected Participants on 13 May 2022 (the "**2022 Award Shares Grant Date**") and 4,770,000 award shares at nil consideration to 25 Selected Participants on 12 May 2023 (the "**2023 Award Shares Grant Date**") under the 2021 Share Award Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board.

Directors' Report (Continued)

Movements of the award shares granted under the 2021 Share Award Scheme during the year ended 31 December 2023 were as follows:

Category and name of grantees	Date of grant (Note 1)	Date of vesting (Note 2)	Number of award shares					Unvested as at 31 December 2023
			Unvested as at 1 January 2023	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	
Directors								
Mr. Hao Hengle	13/05/2022	19/04/2023	625,000	-	(500,000)	-	(125,000)	-
	12/05/2023	(Note 3)	-	700,000	-	-	-	700,000
Mr. Wang Quanhui	13/05/2022	19/04/2023	250,000	-	(200,000)	-	(50,000)	-
	12/05/2023	(Note 3)	-	280,000	-	-	-	280,000
Mr. Lin Ge	13/05/2022	19/04/2023	250,000	-	(200,000)	-	(50,000)	-
	12/05/2023	(Note 3)	-	280,000	-	-	-	280,000
Mr. Zhang Ziliang	13/05/2022	19/04/2023	250,000	-	(200,000)	-	(50,000)	-
	12/05/2023	(Note 3)	-	280,000	-	-	-	280,000
Sub-total			1,375,000	1,540,000	(1,100,000)	-	(275,000)	1,540,000
Five highest paid individuals (excluding Mr. Hao Hengle and Mr. Zhang Ziliang) during 2023								
	13/05/2022	19/04/2023	625,000	-	(500,000)	-	(125,000)	-
	12/05/2023	(Note 3)	-	670,000	-	-	-	670,000
Sub-total			625,000	670,000	(500,000)	-	(125,000)	670,000
Other employees of the Group in aggregate								
	13/05/2022	19/04/2023	6,932,500	-	(4,041,000)	-	(2,891,500)	-
	12/05/2023	(Note 3)	-	2,560,000	-	-	-	2,560,000
Sub-total			6,932,500	2,560,000	(4,041,000)	-	(2,891,500)	2,560,000
Total			8,932,500	4,770,000	(5,641,000)	-	(3,291,500)	4,770,000

Notes:

- Except for the nominal acceptance fee, the award shares are granted at nil consideration. The closing price immediately before the 2022 Award Shares Grant Date (i.e. 12 May 2022) was HKD13.64 per share; and the closing price immediately before the 2023 Award Shares Grant Date (i.e. 11 May 2023) was HKD8.98 per share. The fair value of award shares as at the 2023 Award Shares Grant Date (i.e. 12 May 2023) was HKD8.59 per share, which was determined by taking the closing price of the Company's shares on that date, and the fair value of these award shares was charged to the consolidated financial statements for the year in accordance with HKFRS 2. No adjustment is required for the expected dividends since the grantees are entitled to receive dividends paid during the vesting period. For details, please refer to note 28 (Share-based payment) to the consolidated financial statements in this annual report.
- The vesting of the award shares is subject to the achievement of performance targets. This includes (i) achievement of certain financial performance targets, such as the return on invested capital with reference to the audited consolidated financial statements of the Company of the relevant financial year; (ii) the performance assessment results of the respective employing companies of which the grantees relate; and (iii) the personal appraisal results of the grantees taking into account indicators including but not limited to contributions and length of service to the Group. As finally determined by the Board, the award shares granted on the 2022 Award Shares Grant Date had been vested on 19 April 2023. The closing price of the Company's shares immediately before the vesting date (i.e. 18 April 2023) was HKD10.02 per share.
- Subject to satisfaction of the vesting conditions including the achievement of performance targets as mentioned in Note 2 above, the award shares granted on the 2023 Award Shares Grant Date shall be vested on the business day not less than 12 months from the 2023 Award Shares Grant Date (or such other date as determined by the Board).
- Mr. Hao Hengle and Mr. Zhang Ziliang, the Directors, were two of the five highest paid individuals during 2023, whose interests in the awarded shares had been disclosed separately under "Directors" in the table above and not aggregated to the "Five highest paid individuals during 2023".

The number of award shares available for grant under the 2021 Share Award Scheme as at 1 January 2023 and 31 December 2023 was 111,236,700 award shares and 109,758,200 award shares, respectively, representing approximately 7.75% and 7.65% of the total number of shares in issue as at the date of this annual report.

During the year ended 31 December 2023, the Company had granted a total of 4,770,000 award shares to be vested subject to the achievement of performance targets determined by the Board, among which, MRE D Limited, the trustee purchased 940,000 existing shares on the market out of cash contributed by the Group to be held on trust for the Directors until such award shares are vested with such Directors; in relation to the award shares granted to the employees of the Group, a total of 538,500 new shares were allotted and issued by the Board on 16 May 2023 to MRE T Limited, another trustee (which holds the same on behalf of the employees of the Group in anticipation of their vesting in the future) pursuant to the general mandate granted by the shareholders of the Company at the Company's annual general meeting held on 26 May 2022. While the remaining award shares shall be satisfied by the award shares which are not vested and/or are forfeited in accordance with the terms of the 2021 Share Award Scheme. MRE D Limited and MRE T Limited shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction.

For details, please refer to the Company's announcements dated 12 May 2023 and 15 May 2023 and note 28 to the consolidated financial statements in this report.

The number of award shares granted under the 2021 Share Award Scheme during the year ended 31 December 2023 divided by the weighted average number of ordinary shares of the Company in issue during 2023 is 0.35%.

Disclosure of Interests

Directors' Interests

Save as disclosed below, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company:

Long Positions in the Shares and Underlying Shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of shareholding (Note 4)
Mr. Hao Hengle	Beneficial owner	5,885,000 (Note 1)	4,550,000 (Note 2)	10,435,000	0.73%
Mr. Wang Quanhui	Beneficial owner	1,354,000 (Note 1)	1,050,000 (Note 2)	2,404,000	0.17%
Mr. Lin Ge	Beneficial owner	1,154,000 (Note 1)	896,000 (Note 2)	2,050,000	0.14%
Mr. Zhang Ziliang	Beneficial owner	1,154,000 (Note 1)	896,000 (Note 2)	2,050,000	0.14%
Mr. He Jianfeng	Interest of spouse	1,164,606,463 (Note 3)	–	1,164,606,463	81.13%
Mr. Zhao Jun	Beneficial owner	1,000,000 (Note 1)	770,000 (Note 2)	1,770,000	0.12%

Directors' Report (Continued)

Notes:

1. These shares comprised of: (i) shares which were transferred by Ms. Lu Deyan, the controlling shareholder of the Company, without additional conditions on 16 June 2021, against payment of a consideration of HKD14.354 per share through participation in a trust scheme managed by an independent trustee; and (ii) award shares which were granted by the Company and had been vested to the grantee(s) under the 2021 Share Award Scheme. For details, please refer to the paragraph headed "Restricted Share Award Scheme" above.
2. These underlying shares comprised of: (i) share options which were granted by the Company on the 2021 Share Options Grant Date under the 2020 Share Option Scheme, entitling the grantee(s) to subscribe for shares of the Company at an exercise price of HKD18.376 per share in three tranches within a period of six years from the 2021 Share Options Grant Date; and (ii) award shares which were granted by the Company on the 2023 Award Shares Grant Date under the 2021 Share Award Scheme, entitling the grantee(s) to receive shares of the Company at nil consideration on the business day not less than 12 months from the 2023 Award Shares Grant Date (or such other date as determined by the Board). For details, please refer to the paragraphs headed "Share Option Scheme" and "Restricted Share Award Scheme" above.
3. Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu Deyan, a controlling shareholder of the Company. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu Deyan's interest in the Company by virtue of the SFO.
4. The percentage has been compiled on the basis of 1,435,411,483 shares of the Company in issue as at 31 December 2023.

Apart from the 2020 Share Option Scheme, the 2021 Share Award Scheme and save as disclosed above, during the year ended 31 December 2023, neither the Company nor any of its subsidiaries entered into any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

Save as disclosed below, as at 31 December 2023, the Directors and chief executive of the Company were not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the Shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of shareholding (Note 4)
Midea Development Holding (BVI) Limited	Beneficial owner	1,097,029,727	76.43%
Ms. Lu Deyan (Note 1)	Interests of controlled corporations	1,164,606,463	81.13%
Mr. He Xiangjian (Note 2)	Interest held jointly with another person	1,164,606,463	81.13%
Mr. He Jianfeng (Note 3)	Interest of spouse	1,164,606,463	81.13%

Notes:

1. Ms. Lu Deyan ("**Ms. Lu**") holds the entire equity interest in each of Midea Development Holding (BVI) Limited ("**Midea Development (BVI)**"), Midea Ever Company Limited ("**Midea Ever**") and Midea Field Company Limited ("**Midea Field**"), and these companies in turn hold 1,097,029,727, 30,000,000 and 37,576,736 shares of the Company, respectively. Therefore, Ms. Lu is deemed to be interested in the shares of the Company held by Midea Development (BVI), Midea Ever and Midea Field by virtue of the SFO.

2. Mr. He Xiangjian ("**Mr. He**") and Ms. Lu are parties acting-in-concert. Therefore, Mr. He is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company. However, as confirmed by Mr. He and Ms. Lu in the deed of acting-in-concert dated 14 May 2018 entered into between Mr. He and Ms. Lu, Mr. He does not hold any economic interest (including the right to dividend) in the Group.
3. Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company.
4. The percentage has been compiled on the basis of 1,435,411,483 shares of the Company in issue as at 31 December 2023.

Non-Competition Deed

On 12 September 2018, our controlling shareholders, namely Midea Development (BVI), Ms. Lu and Mr. He, (collectively, the "**Controlling Shareholders**" and each, a "**Controlling Shareholder**") entered into a non-competition deed in favour of the Company (the "**Non-Competition Deed**"). Pursuant to the Non-Competition Deed, each of the Controlling Shareholders has, among other things, irrevocably and unconditionally undertaken not to compete with the business or investment activities of the Group in Mainland China and Hong Kong.

In compliance with the requirement of the Non-Competition Deed, each of the Controlling Shareholders has submitted to the Company an annual declaration confirming that the Controlling Shareholder and its/her/his close associates (other than members of the Group) (as defined in the Listing Rules) have complied with all the provisions of the Non-Competition Deed during the year (the "**Declaration**"). The independent non-executive Directors have reviewed the Declaration and are satisfied with the compliance by the Controlling Shareholders and its/her/his close associates with the provisions of the Non-Competition Deed and the enforcement of the Non-Competition Deed.

Specific Performance Obligations on the Controlling Shareholders

The following disclosure is made in compliance with the disclosure requirements under rule 13.21 of the Listing Rules.

On 3 August 2020, Midea Construction (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD1,050 million and USD60 million respectively (the "**2020 Loan**"). In addition to the said initial amount, the 2020 Loan was subsequently increased to HKD1,050 million and USD80 million respectively. The 2020 Loan had been repaid in full on 15 May 2023.

On 28 June 2021, Midea Construction (Hong Kong) Limited (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD3,300 million and USD35 million respectively (the "**2021 Loan**"). The 2021 Loan had been repaid in full on 16 October 2023.

Pursuant to the provisions of the 2021 Loan, if (i) Mr. He and/or Ms. Lu (taking into account their combined shareholdings) jointly do not or cease to, remain as the single largest shareholder of the Company or maintain (directly or indirectly) not less than 51% of all beneficial shareholding interests in the issued share capital and management control of the Company; and/or (ii) Mr. He, Ms. Lu and Midea Development (BVI) collectively cease to, maintain the power to the exercise of 30% or more of the voting rights at general meetings of the Company, or cease to be the controlling shareholders of the Company as such term is used under the Listing Rules, it will be a "Change of Control" upon which the financial institutions may, among other things, require repayment of all or part of the 2021 Loan, together with accrued interest, and all other amounts accrued or outstanding.

Directors' Interest in Competing Businesses

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("**Competing Business**") as required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

The Group consists of the following major businesses:

- (i) property development and sales;
- (ii) property management services; and
- (iii) investment and operation of commercial properties, including property leases, hotel operations and cultural-tourism project.

Name of Director	Name of Company	Nature of Interest	Competing Business
Mr. He Jianfeng	Midea Holding Co., Ltd.	President	Hotel
Mr. Zhao Jun	Midea Holding Co., Ltd. Foshan Shunde Junlan Holding Development Company Limited	Executive president Chairman and general manager	Hotel Hotel

Midea Holding Co., Ltd. ("**Midea Holding**") is directly wholly-owned by the controlling shareholders of the Company, Mr. He and Ms. Lu, which owns and operates high-end hotels through certain indirectly wholly-owned subsidiaries, of which one is Foshan Shunde Junlan Holding Development Company Limited.

Hotel investment and operations is not the main stream business of Midea Holding and the Group. Our focus is to develop high-quality residential properties with respect to property development and sales. In order to diversify our earnings, we also engage in the investment and operations of economy and cultural-tourism theme hotels. The target customers of these economy and theme hotels are designed for business travellers and tourists in the resort, respectively, which can be distinguished from that of the luxury hotels owned and operated by Midea Holding. Moreover, the Board is independent from the board of directors of Midea Holding, and Mr. He Jianfeng and Mr. Zhao Jun cannot personally control the Board. Further, they are fully aware of, and have been discharging, their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and its shareholders as a whole.

In light of the above, we are of the view that the hotel investment and operations business of Midea Holding has limited competition, either directly or indirectly, with the Group's business and is disclosed for information only.

Save as disclosed above, none of the Directors was interested in any business apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group for the year ended 31 December 2023.

Management Contracts

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

Controlling Shareholders' Interests in Contracts

Save as otherwise disclosed under the section "Continuing Connected Transactions" of this annual report, there was no other contract of significance entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year.

Major Customers and Suppliers

The main customers of our residential and commercial properties are individual buyers and corporate entities. For the year ended 31 December 2023, revenue generated from the Group's five largest customers accounted for approximately 0.83% of the Group's revenue for the year, among which revenue generated from the largest customer amounted to approximately 0.30% of the Group's revenue for the year.

For the year ended 31 December 2023, purchases from the Group's five largest suppliers accounted for approximately 6.25% of the Group's total purchases excluding land purchase for the year, among which purchases from the largest supplier amounted to approximately 1.96% of the Group's total purchases excluding land purchase for the year. All of our five largest suppliers were construction companies or equipment suppliers engaged by us.

None of the Directors or any of their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers and suppliers of the Group.

Corporate Culture, and Environmental, Social and Governance

The Group believes that the sustainable development of a corporation not only depends on the sound management on the environment and natural resources, but also relies on the construction of an openness corporate culture, a harmonious employment environment, the secured and healthy operation with its customers and suppliers and the active response to community needs.

To demonstrate its commitment to the environment and accountability to the interests of its stakeholders, which include employees, customers and suppliers, the Company shall issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 of the Listing Rules.

Continuing Connected Transactions

During the year, the Group had the following continuing connected transactions not exempted under Chapter 14A of the Listing Rules:

2021 Smart Home Technology Products Framework Purchase Agreement

On 28 December 2020, the Company entered into a framework purchase agreement (the **"2021 Smart Home Technology Products Framework Purchase Agreement"**) for a term of commencing from 1 January 2021 and ending on 31 December 2023 (both days inclusive) with Midea Group Co., Ltd. (**"Midea Group Company"**) to govern the terms and conditions of the transactions between the Group and Midea Group Company and its subsidiaries (**"Midea Group"**) in connection with the provision of the household appliances, including kitchen appliances, water heating machines, water purification equipment, washing machines and air conditioning machines, and smart home products, including smart household appliances (such as kitchen appliances and restroom appliances), security monitoring products and smart entertainment products, as well as other related ancillary products (collectively, the **"Smart Home Technology Products"**) to the Group.

Pursuant to the 2021 Smart Home Technology Products Framework Purchase Agreement, Midea Group Company agreed to provide the Smart Home Technology Products to the Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of Midea Group from time to time. For details, please refer to the Company's announcement dated 28 December 2020.

Given that the 2021 Smart Home Technology Products Framework Purchase Agreement had expired on 31 December 2023, the Company on 28 December 2023 entered into a new framework purchase agreement (the **"2024 Smart Home Technology Products Framework Purchase Agreement"**) with Midea Group Company for the setting of new annual caps and extension of the term of the 2021 Smart Home Technology Products Framework Purchase Agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive). Save for the annual caps, the other key terms of the 2024 Smart Home Technology Products Framework Purchase Agreement are substantially the same as those of the 2021 Smart Home Technology Products Framework Purchase Agreement. For details, please refer to the Company's announcement dated 28 December 2023.

2022 Construction Framework Agreement

On 21 January 2022, the Company entered into a construction framework agreement (the **"2022 Construction Framework Agreement"**) for a term of commencing from 1 January 2022 and ending on 31 December 2024 (both days inclusive) with Midea Holding to govern the terms and conditions of the transactions between the Group and Midea Holding, its subsidiaries and their respective associates (**"Midea Holding Group"**) in connection with the provision of design, planning and implementation of the construction management, the installation of smart home systems, as well as other related ancillary services to be provided to various properties or business premises related to recreation and sports, medical and office functions etc., which are owned or controlled by the Midea Holding Group (collectively, the **"Construction Services"**).

Pursuant to the 2022 Construction Framework Agreement, the Group agreed to provide the Construction Services to the Midea Holding Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of the Midea Holding Group from time to time. For details, please refer to the Company's announcement dated 21 January 2022.

2022 Revised Property Management Framework Agreement

On 21 January 2022, the Company entered into a property management framework agreement (the “**2022 Property Management Framework Agreement**”) for a term of commencing from 1 January 2022 and ending on 31 December 2024 (both days inclusive) with Midea Holding to govern the terms and conditions of the transactions between the Group and the Midea Holding Group in connection with the provision of services including property management, as well as other related ancillary services to be provided to various properties or business premises owned or controlled by the Midea Holding Group, including factories, industrial parks and staff dormitories etc. (collectively, the “**Property Management Services**”).

Given that the actual transaction amounts for the Property Management Services were expected to exceed the annual caps set out in the 2022 Property Management Framework Agreement, the Company on 21 October 2022 entered into a revised property management framework agreement (the “**2022 Revised Property Management Framework Agreement**”) with Midea Holding to revise and re-set the annual caps for the three years ending 31 December 2024 and to terminate and supersede the 2022 Property Management Framework Agreement.

Pursuant to the 2022 Revised Property Management Framework Agreement, the Group agreed to provide the Property Management Services to the Midea Holding Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of the Midea Holding Group from time to time. For details, please refer to the Company's announcements dated 21 January 2022 and 21 October 2022.

About Midea Group Company and Midea Holding

Midea Group Company is a company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange. It is held as to approximately 30.87% collectively by Midea Holding and Mr. He who is a party acting-in-concert. Midea Holding is a company incorporated in the PRC with limited liability and is directly wholly-owned by the controlling shareholders of the Company, Mr. He as to 94.55% and Ms. Lu as to 5.45%, respectively. Each of Midea Group Company and Midea Holding is an associate of Mr. He and therefore a connected person of the Company under the Listing Rules.

Annual Caps of the Continuing Connected Transactions

The following table sets out the transaction amount of each of the aforesaid continuing connected transactions of the Group during the year and the relevant approved annual caps for 2023:

Transactions	Annual caps	Transaction amount
	for 2023	for the year ended
	RMB'000	31 December 2023
		RMB'000
Purchase of the Smart Home Technology Products from Midea Group	720,530	255,099
Provision of the Construction Services to the Midea Holding Group	53,000	48,514
Provision of the Property Management Services to the Midea Holding Group	55,000	54,131

Directors' Report (Continued)

The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the year and confirmed that the continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or better; and
3. in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board engaged PricewaterhouseCoopers, the auditor of the Company, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 14A.56 of the Listing Rules. The auditor has confirmed to the Board that nothing has come to their attention that causes them to believe the continuing connected transactions of the Group for the year ended 31 December 2023 as disclosed above:

1. have not been approved by the Company's board of directors;
2. were not, in all material respects, in accordance with the pricing policy of the Group for transactions involving the provision of goods or services by the Group;
3. were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. have exceeded the annual cap as set by the Company.

The Company confirmed that it has complied with the disclosure requirements with respect to the above-mentioned continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules.

Disclosure under Rule 14A.72 of the Listing Rules

The continuing connected transactions contemplated under the 2021 Smart Home Technology Products Framework Purchase Agreement, the 2022 Construction Framework Agreement and the 2022 Revised Property Management Framework Agreement constitute related party transactions under the Hong Kong Financial Reporting Standards. The related party transactions entered into between the Group and entities controlled by the ultimate controlling parties and/or certain directors during the year as set out in notes 36(a)(i) and 36(a)(ii) to the consolidated financial statements also constitute connected transactions or continuing connected transactions but are exempt from the reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules due to the de minimis exemptions. The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid related party transactions and save for these transactions, there are no other related party transactions set out in note 36 to the consolidated financial statements which constitute connected transactions or continuing connected transactions.

Compliance with Laws and Regulations

The Group has complied with applicable laws, rules and regulations that have a significant impact on the Group. The Directors were not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the operation of the Group during the year.

Compliance with the Model Code and the Corporate Governance Code

Please refer to the Corporate Governance Report set out on pages 32 to 48 for the compliance with the Model Code and the Corporate Governance Code.

Public Float

As announced by the Company on 5 November 2018, the Stock Exchange had previously granted a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules and the Company's minimum public float was 16.01% of the total issued share capital of the Company following the completion of the issue and allotment by the Company of the over-allotment shares pursuant to the over-allotment option.

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

Pre-emptive Rights and Tax Relief

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

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

Reserves

Details of movements in reserves of the Company and the Group during the year are set out in notes 26 and 40 respectively to the consolidated financial statements. As at 31 December 2023, the Company had distributable reserves amounting to RMB4,057,357,000 (2022: RMB4,540,118,000).

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 18 to the consolidated financial statements.

Investment Properties

During the year, the fair value losses of the Group's investment properties amounted to RMB149,769,000 and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

Issuance of Bonds

Details of the outstanding bonds of the Group are set out in note 29 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 30 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 9 to the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 186. This summary does not form part of the audited consolidated financial statements.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming AGM.

Subsequent Events

Please refer to the "Management Discussion and Analysis" section set out on pages 17 to 18 for the details of the subsequent events after the reporting period.

By order of the Board

Midea Real Estate Holding Limited

Hao Hengle

Chairman, Executive Director and President

Hong Kong, 27 March 2024

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Midea Real Estate Holding Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Midea Real Estate Holding Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 74 to 185, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from sales of properties over time
- Assessment of net realisable value of properties under development and completed properties held for sale

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time	
Refer to notes 4(a) and 5 to the consolidated financial statements.	To address this key audit matter, we performed audit procedures as follows:
Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2023, revenue of the Group from sales of properties was RMB71,679,140,000, of which RMB1,986,717,000 was recognised over time.	In assessing the appropriateness of management's judgements as to whether the Group has the enforceable right to payment in those sales contracts where revenue is recognised over time, we have:
For all property sales, the Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contracts and the interpretation of the applicable laws governing the sales contracts.	(i) Understood and evaluated management's procedures in identifying sales contracts with or without right to payment. (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms. (iii) Assessed the competence, experience and objectivity of the legal counsel engaged by the Group. (iv) Obtained and reviewed the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment.

Key Audit Matters (Continued)

Key audit matter

How our audit addressed the key audit matter

Recognition of revenue from sales of properties over time (Continued)

The Group obtained legal counsel's opinion regarding the enforceability of the right to payment for its sales contracts. Management uses judgements, based on legal counsel's opinion, to identify sales contracts with right to payment and those without.

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred as a percentage of total estimated development costs for each property unit in the sales contract. Significant judgements and estimations are required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used.

Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.

In respect of the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have, on a sample basis:

- (i) Compared the actual costs of completed projects to management's prior estimations to assess, with hindsight, whether there was management bias in prior year's estimation.
- (ii) Understood, evaluated and validated the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- (iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units.
- (iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas.
- (v) Compared the estimated total development costs of the project and property unit under development to the budgets approved by management.
- (vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers, if any.
- (vii) Checked the mathematical accuracy of the cost allocation and the measurement of progress of the property unit.

We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, and the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation were supportable by available evidence.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of properties under development and completed properties held for sale	
Refer to notes 4(b), 19 and 20 to the consolidated financial statements.	We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows:
<p>The properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to approximately RMB75,921,015,000 and RMB22,359,352,000 respectively as at 31 December 2023, which in total accounted for approximately 49% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV"). Write-downs of approximately RMB6,495,694,000 was made against the carrying amounts of the PUD and PHS as at 31 December 2023.</p> <p>Determination of NRV of PUD and PHS involved critical accounting estimates on the selling prices, selling expenses necessary to make the sale and, for PUD, the estimated costs to completion as well, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of PUD and PHS is considered significant due to uncertainty of significant assumptions used. Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of PUD and PHS is considered a key audit matter.</p>	<ul style="list-style-type: none">(i) Understood, evaluated and validated the internal controls over the assessment of NRV of PUD and PHS and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.(ii) Compared the actual selling prices in current year of the relevant PUD and PHS, on a sample basis, against the estimated selling prices used in management's NRV assessment made in the prior year to reconsider, with hindsight, whether there was management bias in prior year's estimation.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of properties under development and completed properties held for sale (Continued)	
	<p>(iii) Challenged the reasonableness of the critical accounting estimates made by management, on a sample basis, as follows:</p> <ul style="list-style-type: none"> • Selling prices — we compared the estimated selling price to the recent market transactions by making reference to the Group's selling price of pre-sale units in the same project or the prevailing market price of comparable properties with similar type, size and location. • Selling expenses — we compared the estimated selling expenses to selling price percentage with the actual average selling expenses to revenue ratio of the Group in recent years. • Estimated costs to completion for PUD — we reconciled the estimated costs to completion to the budgets approved by management and examined the related construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group. <p>(iv) Checked the mathematical accuracy of the calculations of the NRV and write-downs of PUD and PHS as at 31 December 2023.</p>

We found the critical accounting estimates used in the assessment of NRV of PUD and PHS were supportable by available evidence.

Independent Auditor's Report (Continued)

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

The Audit Committee is 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	5	73,564,495	73,630,848
Cost of sales	6	(65,080,929)	(62,324,407)
Gross profit		8,483,566	11,306,441
Other income and other losses — net	7	351,243	351,084
Selling and marketing expenses	6	(2,505,649)	(2,367,284)
Administrative expenses	6	(1,572,573)	(2,150,283)
Net impairment losses on financial assets	3.1.3	(449,980)	(308,858)
Operating profit		4,306,607	6,831,100
Finance income	9	315,372	440,125
Finance costs	9	(65,140)	(483,871)
Finance income/(costs) — net	9	250,232	(43,746)
Share of results of joint ventures and associates	14	(69,861)	100,651
Profit before income tax		4,486,978	6,888,005
Income tax expenses	10	(2,361,910)	(3,311,232)
Profit for the year		2,125,068	3,576,773
Profit attributable to:			
Owners of the Company		913,584	1,726,363
Non-controlling interests		1,211,484	1,850,410
Total comprehensive income for the year		2,125,068	3,576,773
Total comprehensive income attributable to:			
Owners of the Company		913,584	1,726,363
Non-controlling interests		1,211,484	1,850,410
		2,125,068	3,576,773
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic	11	0.66	1.34
Diluted	11	0.66	1.34

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2023	2022
		RMB'000	RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,090,198	1,233,587
Investment properties	16	6,199,032	4,978,645
Right-of-use assets	17	273,854	335,009
Intangible assets	18	257,158	291,027
Properties under development	19	545,409	487,405
Investments in joint ventures	14(a)	12,221,842	13,285,687
Investments in associates	14(b)	11,525,105	11,576,554
Finance lease receivables		36,102	40,825
Deferred income tax assets	13	6,399,468	5,038,658
Financial assets at fair value through profit or loss	22	383,709	388,062
		38,931,877	37,655,459
Current assets			
Inventories		149,360	164,749
Contract assets and contract acquisition costs	5(a)	1,838,072	2,646,947
Properties under development	19	75,375,606	120,636,988
Completed properties held for sale	20	22,359,352	18,290,098
Trade and other receivables	21	34,180,070	36,653,229
Prepaid taxes		8,553,171	9,477,341
Financial assets at fair value through profit or loss	22	50,000	23,075
Restricted cash	23	2,538,626	4,530,269
Term deposits with initial terms over three months	24	50,000	50,000
Cash and cash equivalents	24	17,553,071	21,810,599
		162,647,328	214,283,295
Total assets		201,579,205	251,938,754
EQUITY			
Equity attributable to the owners of the Company			
Share capital and premium	25	5,150,983	5,627,767
Other reserves	26	4,126,269	3,360,760
Retained earnings	26	16,032,062	15,876,293
		25,309,314	24,864,820
Non-controlling interests		24,809,433	25,449,029
Total equity		50,118,747	50,313,849

Consolidated Balance Sheet (Continued)

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Corporate bonds	29	6,632,220	8,232,320
Bank and other borrowings	30	19,202,605	26,541,041
Lease liabilities	17	43,931	90,207
Deferred income tax liabilities	13	306,102	497,635
		26,184,858	35,361,203
Current liabilities			
Corporate bonds	29	6,246,470	5,142,229
Bank and other borrowings	30	5,987,669	8,538,962
Lease liabilities	17	54,197	64,932
Contract liabilities	5(b)	44,391,799	86,139,528
Trade and other payables	31	59,525,590	58,359,483
Current income tax liabilities		9,069,875	8,018,568
		125,275,600	166,263,702
Total liabilities		151,460,458	201,624,905
Total equity and liabilities		201,579,205	251,938,754

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 74 to 185 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Hao Hengle
Director

Lin Ge
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital and premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 25)	(note 26)	(note 26)			
Balance at 1 January 2022	6,026,594	2,867,664	14,617,462	23,511,720	24,297,901	47,809,621
Comprehensive income						
Profit for the year	–	–	1,726,363	1,726,363	1,850,410	3,576,773
Total comprehensive income for the year	–	–	1,726,363	1,726,363	1,850,410	3,576,773
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	–	490,459	(490,459)	–	–	–
Issue of new shares for the purpose of restricted share award scheme	4,227	(4,227)	–	–	–	–
Employee share scheme — Value of employee services received	–	82,107	–	82,107	–	82,107
Repurchase of shares for the purpose of restricted share award scheme	–	(21,043)	–	(21,043)	–	(21,043)
Acquisition of subsidiaries which do not contain a business	–	–	–	–	1,266,863	1,266,863
Disposal of subsidiaries	–	(22,927)	22,927	–	(1,631,898)	(1,631,898)
Dividends paid to shareholders	(403,054)	–	–	(403,054)	–	(403,054)
Dividends paid and payable to non-controlling interests	–	–	–	–	(285,450)	(285,450)
Capital injections from non-controlling interests	–	–	–	–	311,917	311,917
Acquisition of equity interests in subsidiaries from non-controlling interests	–	(31,273)	–	(31,273)	(211,714)	(242,987)
Redemption of perpetual capital securities	–	–	–	–	(149,000)	(149,000)
Total transactions with owners	(398,827)	493,096	(467,532)	(373,263)	(699,282)	(1,072,545)
Balance at 31 December 2022	5,627,767	3,360,760	15,876,293	24,864,820	25,449,029	50,313,849

Consolidated Statement of Changes in Equity (Continued)

	Note	Attributable to owners of the Company					Total equity RMB'000
		Share capital and premium RMB'000 (note 25)	Other reserves RMB'000 (note 26)	Retained earnings RMB'000 (note 26)	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2023		5,627,767	3,360,760	15,876,293	24,864,820	25,449,029	50,313,849
Comprehensive income							
Profit for the year		-	-	913,584	913,584	1,211,484	2,125,068
Total comprehensive income for the year		-	-	913,584	913,584	1,211,484	2,125,068
Transactions with owners in their capacity as owners:							
Transfer to statutory reserves		-	806,464	(806,464)	-	-	-
Issue of new shares for the purpose of restricted share award scheme	25(a)	478	(478)	-	-	-	-
Employee share scheme — Value of employee services received	28	-	19,050	-	19,050	-	19,050
Repurchase of shares for the purpose of restricted share award scheme	28	-	(7,220)	-	(7,220)	-	(7,220)
Disposal of subsidiaries	38	-	(48,649)	48,649	-	(510,734)	(510,734)
Dividends paid to shareholders	25(b)	(477,262)	-	-	(477,262)	-	(477,262)
Dividends paid and payable to non-controlling interests		-	-	-	-	(746,763)	(746,763)
Capital injections from non-controlling interests		-	-	-	-	49,614	49,614
Acquisition of equity interests in subsidiaries from non-controlling interests	35	-	(3,658)	-	(3,658)	(643,197)	(646,855)
Total transactions with owners		(476,784)	765,509	(757,815)	(469,090)	(1,851,080)	(2,320,170)
Balance at 31 December 2023		5,150,983	4,126,269	16,032,062	25,309,314	24,809,433	50,118,747

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	8,160,510	8,751,312
Income tax paid		(2,214,261)	(3,164,754)
Interest paid		(2,311,414)	(2,542,195)
Net cash generated from operating activities		3,634,835	3,044,363
Cash flows from investing activities			
Net cash (outflow)/inflow from acquisition of subsidiaries	39	(94,541)	388,542
Net cash outflow from disposal of subsidiaries	38	(107,871)	(319,384)
Purchases of property, plant and equipment		(162,818)	(69,024)
Purchases of intangible assets		(37,330)	(138,016)
Investments in associates		(211,888)	(511,200)
Proceeds from disposal of joint ventures and associates		–	380,685
Dividends received from joint ventures and associate		16,600	119,089
Funds provided to joint ventures and associates		(567,028)	(929,968)
Repayment of funds provided to joint ventures and associates		5,112,971	5,805,419
Proceeds from disposal of property, plant and equipment, investment properties, land use right for own-used properties and intangible assets	32(b)	292,192	66,975
Increase in term deposits with initial terms over three months	24	–	(50,000)
Payments for financial assets at fair value through profit or loss		(7,748,300)	(8,075,151)
Proceeds from disposal of financial assets at fair value through profit or loss		7,839,718	8,274,237
Interest received	9	315,372	440,125
Net cash generated from investing activities		4,647,077	5,382,329

Consolidated Statement of Cash Flows (Continued)

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Capital injections from non-controlling interests		49,614	311,917
Payment for redemption of perpetual capital securities	27	–	(149,000)
Payments for acquisition of additional interests in subsidiaries	35	(218,242)	(235,921)
Proceeds from bank and other borrowings	32(c)	16,399,590	14,469,949
Repayments of bank and other borrowings	32(c)	(27,671,769)	(29,486,594)
Proceeds from issue of corporate bonds	32(c)	4,605,140	7,731,392
Repayments of corporate bonds	32(c)	(5,114,000)	(4,876,000)
Purchase of shares for the purpose of restricted share award scheme	28(a)	(7,220)	(21,043)
Principal elements of lease payments	32(c)	(44,003)	(83,988)
Cash repayment/(advances) with related parties controlled by the Ultimate Controlling Parties, net		–	(6,479)
Dividends paid to shareholders	25(b)	(477,262)	(403,054)
Dividends paid to non-controlling interests		(100,632)	(198,724)
Net cash used in financing activities		(12,578,784)	(12,947,545)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		21,810,599	26,288,551
Exchange gains on cash and cash equivalents		39,344	42,901
Cash and cash equivalents at end of the year		17,553,071	21,810,599

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was incorporated in the Cayman Islands on 29 November 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in property development and sales, property management services and investment and operation of commercial properties in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 2018 (the "Listing").

The ultimate holding company of the Company is Midea Development Holding (BVI) Limited ("Midea Development (BVI)"), and the ultimate controlling parties of the Company are Mr. He Xiangjian (何享健, "Mr. He") and Ms. Lu Deyan (盧德燕, "Ms. Lu") (the "Ultimate Controlling Parties").

These consolidated financial statements for the year ended 31 December 2023 are presented in Renminbi ("RMB"), unless otherwise stated, and was approved by the board of directors of the Company (the "Board") for issue on 27 March 2024.

2. Basis of preparation

2.1 Compliance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with HKFRS as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of HKCO Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

2.2 Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (financial assets at "FVPL") and investment properties, which are carried at fair value.

2. Basis of preparation (Continued)

2.3 Going concern basis

Since 2021, the property market in the PRC has continued to decline and there has been no sign of recovery. As a result, the Group's pre-sale performance continued to decline during the year and subsequent to the year end, which had an adverse impact on the Group's cash flows and gave rise to certain pressure on the Group's liquidity. In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 31 December 2023, taking into consideration the following plans and measures:

- (i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds. These measures include but not limited to effective sales promotion activities and closely monitor the process of construction of its property development projects to ensure the construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and are delivered to the customers on schedule as planned, such that the monitored guarantee deposits for the construction of pre-sale properties can be released from the designated bank accounts and become available to the Group to meet its other financial obligations;
- (ii) The Group has available registered quotas of domestic corporate bonds and mid-term notes totaling approximately RMB16.6 billion, unutilised uncommitted credit facilities from banks totaling approximately RMB119.8 billion and RMB5 billion of unutilised loan facilities from its related parties as at 31 December 2023. The directors of the Company believe that the Group would be able to obtain fundings from the issuance of the above domestic corporate bonds, mid-term notes and the draw-down from the above credit facilities from banks and the loan facilities from its related parties as and when needed in the next twelve months from 31 December 2023 under the prevailing rules and regulations;
- (iii) The Group will continue to take active measures to control selling and marketing costs and administrative expenses; and
- (iv) The Group will not commit on significant land acquisitions before securing the necessary funding.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2023. The directors of the Company are of the opinion that, considering the anticipated cash flows generated from the Group's operations taking into account the possible changes in its operating performance, its cost control measures, the continued availability of the Group's above registered quotas of domestic corporate bonds, mid-term notes, unutilised credit facilities from banks and unutilised loan facilities from the Group's related parties, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2023. Accordingly, these consolidated financial statements has been prepared on a going concern basis.

2. Basis of preparation (Continued)

2.4 New and amended standards adopted by the Group

The group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

HKFRS 17	Insurance contract
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform — Pillar two model rules

The adoption of these amendments or annual improvements did not result in any significant impact on the results and financial position of the Group.

2.5 New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group, so summarised below.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
HK Interpretation 5 (2020)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 16	Lease liability in sales and lease back	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no material impact on the financial performance and position of the Group in the current or future reporting period and on foreseeable future transactions is expected when they become effective.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations.

3.1 Financial risk factors

3.1.1 Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are bank deposits and bank and other borrowings denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The majority of the subsidiaries of the Group operate in the PRC and most of their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

Assets	As at 31 December	
	2023 RMB'000	2022 RMB'000
HKD	2,328,035	184,343
USD	997	6,237
	2,329,032	190,580

Liabilities	As at 31 December	
	2023 RMB'000	2022 RMB'000
HKD	5,249,617	4,499,552
USD	–	689,495
	5,249,617	5,189,047

The aggregate net foreign exchange losses recognised in profit or loss were:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Net foreign exchange (losses)/gains included in other losses — net	(31,029)	20,880
Exchange losses on foreign currency borrowings included in finance income/(costs) — net	(65,140)	(483,871)
Total net foreign exchange losses recognised in profit before income tax for the year	(96,169)	(462,991)

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effect on post-tax profit for the year would be as follows:

	Change of post-tax profit increase/(decrease)	
	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
RMB against HKD:		
Strengthened by 5%	146,079	215,760
Weakened by 5%	(146,079)	(215,760)
RMB against USD:		
Strengthened by 5%	(50)	34,163
Weakened by 5%	50	(34,163)

3.1.2 Cash flow and fair value interest rate risks

The Group's interest rate risk arises from interest-bearing bank deposits, corporate bonds, bank and other borrowings. Bank and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. Corporate bonds, bank and other borrowing issued at fixed rates expose the Group to fair value interest rate risk.

Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements.

As at 31 December 2023, bank and other borrowings of the Group which were bearing at floating rates amounted to approximately RMB17,937,414,000 (2022: RMB23,947,799,000). As at 31 December 2023, if interest rates on borrowings at floating rates had been 50 basis points higher or lower with all other variables held constant and without taking into account interest capitalisation, interest charges for the year ended 31 December 2023 would increase/decrease by approximately RMB89,687,000 (2022: RMB119,739,000).

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk

The Group is exposed to credit risk mainly in relation to its trade and other receivables, contract assets and cash deposits with banks.

The carrying amounts of trade and other receivables, contract assets, restricted cash, term deposits with initial terms over three months and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, bank deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information.

The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group also provided guarantees in respect of mortgage facilities for certain purchasers, and to joint ventures and associates in respects of borrowings. Pursuant to the terms of the guarantees, upon default in repayments by the debtors, the Group will be responsible to repay the outstanding loan principals together with accrued interest and penalty owed by the debtors to the lenders. Financial guarantee contracts are measured subsequently at the higher of the amount of the loss allowance determined in accordance with the impairment requirements of HKFRS 9.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant deterioration in external credit rating of the financial assets
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group uses four categories for those financial assets which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage 1 — Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2 — Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 90 days past due	Lifetime expected losses
Stage 3 — Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and invoice dates. The contract assets relate to unbilled amount resulting from sales of properties and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The historical loss rates for each aging bucket are derived base on the probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to expected loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparty to settle the receivables.

Expected loss rate of current contract assets and trade receivables from related parties are assessed to be 0.80%. As at 31 December 2023, the loss allowance provision for these balances was not material.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The loss allowance provision as at 31 December 2023 and 2022 is determined as follows, the expected credit losses below also incorporate forward looking information.

	Within 90 days	Over 90 days and within 180 days	Over 180 days and within 365 days	Over 365 days	Total
Trade receivables (excluding receivables from related parties)					
At 31 December 2023					
Expected loss rate	0.80%	9.00%	13.00%	15%–100%	
Gross carrying amount (RMB'000)	701,593	199,576	484,588	386,876	1,772,633
Loss allowance provision (RMB'000)	5,612	17,962	62,996	143,260	229,830
	Within 90 days	Over 90 days and within 180 days	Over 180 days and within 365 days	Over 365 days	Total
Trade receivables (excluding receivables from related parties)					
At 31 December 2022					
Expected loss rate	0.70%	8.00%	12.00%	15%–100%	
Gross carrying amount (RMB'000)	414,590	148,135	189,082	408,066	1,159,873
Loss allowance provision (RMB'000)	2,902	11,851	22,690	109,821	147,264

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The loss allowance provision for trade receivables (excluding prepayments and deposits) as at 31 December 2023 and 2022 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding receivables from related parties) RMB'000
At 1 January 2022	113,129
Provision for loss allowance recognised in profit or loss	34,135
At 31 December 2022	147,264
At 1 January 2023	147,264
Provision for loss allowance recognised in profit or loss	82,566
At 31 December 2023	229,830

For the years ended 31 December 2023 and 2022, the provision for loss allowances were recognised in profit or loss in net impairment losses on financial assets in relation to the impaired trade receivables.

As at 31 December 2023, the gross carrying amount of trade receivables excluding receivables from related parties was RMB1,772,633,000 (2022: RMB1,159,873,000), and thus the maximum exposure to loss was RMB1,542,803,000 (2022: RMB1,012,609,000).

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties, related parties and non-controlling interests.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(ii) Other receivables (Continued)

The loss allowance provision for other receivables (excluding prepayments and deposits) reconciles to the opening loss allowance for that provision as follows:

	Gross carrying amount RMB'000	Loss allowance provision RMB'000	Expected loss rate
Other receivables excluding prepayments and deposits			
At 31 December 2023			
Stage 1 (12-month ECL)	29,335,570	288,106	1.0%
Stage 2 (Lifetime ECL (non-credit impaired))	1,238,656	107,094	8.6%
Stage 3 (Lifetime ECL (credit impaired))	2,161,181	593,202	27.4%
Total	32,735,407	988,402	

	Gross carrying amount RMB'000	Loss allowance provision RMB'000	Expected loss rate
Other receivables excluding prepayments and deposits			
At 31 December 2022			
Stage 1 (12-month ECL)	34,299,926	657,039	1.9%
Stage 2 (Lifetime ECL (non-credit impaired))	–	–	–
Stage 3 (Lifetime ECL (credit impaired))	–	–	–
Total	34,299,926	657,039	

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(ii) Other receivables (Continued)

	Other receivables excluding prepayments and deposits
	RMB'000
At 1 January 2022	382,316
Provision for loss allowance recognised in profit or loss	274,723
At 31 December 2022	657,039
At 1 January 2023	657,039
Provision for loss allowance recognised in profit or loss	331,363
At 31 December 2023	988,402

For the years ended 31 December 2023 and 2022, the provision for loss allowances were recognised in profit or loss in net impairment losses on financial assets in relation to the impaired other receivables.

The Group made no write-off of trade and other receivables during the year.

(iii) Financial guarantee

The Group made policy election for the first time on transition to HKFRS 17 on 1 January 2023 and chose to apply HKFRS 9 to account for financial guarantee contracts, but has not restated comparative figures as the impact is not material. The loss allowance on financial guarantee contracts thus resulted as at 1 January 2023 is therefore recognised in profit or loss in the current period.

The loss allowance on financial guarantee during the year ended 31 December 2023 amounted to RMB36,051,000, which were recognised in profit or loss.

3.1.4 Liquidity risk

Management of the Group aims at maintaining sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment, details of which are disclosed in note 2.3. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.4 Liquidity risk (Continued)

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Corporate bonds	6,657,766	5,369,530	1,505,128	–	13,532,424
Bank and other borrowings	7,208,290	6,048,850	10,788,467	5,880,388	29,925,995
Trade and other payables (excluding salaries payable and other taxes payable)	57,319,867	–	–	–	57,319,867
Lease liabilities	56,916	30,261	33,087	3,523	123,787
	71,242,839	11,448,641	12,326,682	5,883,911	100,902,073
Financial guarantee	63,662,624	2,690,333	2,092,824	–	68,445,781
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Corporate bonds	5,802,687	6,107,136	2,642,613	–	14,552,436
Bank and other borrowings	9,984,724	15,998,858	9,512,675	3,810,752	39,307,009
Trade and other payables (excluding salaries payable and other taxes payable)	55,327,015	–	–	–	55,327,015
Lease liabilities	66,969	50,218	47,638	11,141	175,966
	71,181,395	22,156,212	12,202,926	3,821,893	109,362,426
Financial guarantee	87,470,581	3,113,847	2,763,331	1,476,642	94,824,401

3. Financial risk management (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings (including corporate bonds and current and non-current bank and other borrowings as shown in the consolidated balance sheets) less total of cash and cash equivalents, restricted cash and term deposits with initial terms of over three months.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Total borrowings (notes 29 and 30)	38,068,964	48,454,552
Less: cash and cash equivalents (note 24)	(17,553,071)	(21,810,599)
term deposits with initial terms over three months (note 24)	(50,000)	(50,000)
restricted cash (note 24)	(2,538,626)	(4,530,269)
Net borrowings	17,927,267	22,063,684
Total equity	50,118,747	50,313,849
Gearing ratio	35.8%	43.9%

Decrease in gearing ratio as at 31 December 2023 was mainly due to the decrease in total borrowings in line with the Group's strategy.

3. Financial risk management (Continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 and 2022, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of each of the reporting periods. These instruments are included in level 1.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2023				
Financial assets at FVPL (note 22)	–	–	433,709	433,709
At 31 December 2022				
Financial assets at FVPL (note 22)	–	–	411,137	411,137

- (i) The Group's finance department performs the valuations of financial assets required for financial reporting purpose, including Level 3 fair values. The financial department reports directly to the executive directors. Discussions of valuation results are held between the executive directors and the financial department at least once every six months, in line with the Group's interim and annual reporting dates.

The following table presents the changes in level 3 instruments for the periods ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance as at 1 January	411,137	162,672
Additions	7,748,300	8,375,151
Disposal of subsidiaries (note 38)	(7,500)	(52,700)
Acquisition of subsidiaries (note 39)	66,000	191,567
Fair value changes (note 7)	55,490	8,684
Disposals	(7,839,718)	(8,274,237)
Closing balance as at 31 December	433,709	411,137

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(ii) Estimates for fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“Jones Lang LaSalle”). Significant judgment and assumptions are required in assessing the fair value of the investment properties. Details of the judgment and assumptions are disclosed in note 16.

3.4 Financial instruments by category

	As at 31 December 2023		
	Assets at FVPL RMB'000	Assets at amortised cost RMB'000	Total RMB'000
Assets as per consolidated balance sheet			
Trade and other receivables (excluding prepayments) (note 21)	–	33,437,718	33,437,718
Restricted cash (note 24)	–	2,538,626	2,538,626
Cash and cash equivalents (note 24)	–	17,553,071	17,553,071
Term deposits with initial terms over three months (note 24)	–	50,000	50,000
Financial assets at FVPL (note 22)	433,709	–	433,709
Finance lease receivables	–	36,102	36,102
Total	433,709	53,615,517	54,049,226

	As at 31 December 2022		
	Assets at FVPL RMB'000	Assets at amortised cost RMB'000	Total RMB'000
Assets as per consolidated balance sheet			
Trade and other receivables (excluding prepayments) (note 21)	–	34,906,200	34,906,200
Restricted cash (note 24)	–	4,530,269	4,530,269
Cash and cash equivalents (note 24)	–	21,810,599	21,810,599
Term deposits with initial terms over three months (note 24)	–	50,000	50,000
Financial assets at FVPL (note 22)	411,137	–	411,137
Finance lease receivables	–	40,825	40,825
Total	411,137	61,337,893	61,749,030

3. Financial risk management (Continued)

3.4 Financial instruments by category (Continued)

	As at 31 December 2023		
	Liabilities at amortised cost RMB'000	Liabilities at FVPL RMB'000	Total RMB'000
Liabilities as per consolidated balance sheet			
Corporate bonds (note 29)	12,878,690	–	12,878,690
Bank and other borrowings (note 30)	25,190,274	–	25,190,274
Trade and other payables (excluding other taxes payable and salaries payable) (note 31)	57,319,867	–	57,319,867
Lease liabilities (note 17)	98,128	–	98,128
Total	95,486,959	–	95,486,959

	As at 31 December 2022		
	Liabilities at amortised cost RMB'000	Liabilities at FVPL RMB'000	Total RMB'000
Liabilities as per consolidated balance sheet			
Corporate bonds (note 29)	13,374,549	–	13,374,549
Bank and other borrowings (note 30)	35,080,003	–	35,080,003
Trade and other payables (excluding other taxes payable and salaries payable) (note 31)	55,327,015	–	55,327,015
Lease liabilities (note 17)	155,139	–	155,139
Total	103,936,706	–	103,936,706

4. Critical accounting estimates and judgements

(a) Revenue recognition

Revenue from sales of properties in the PRC is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. For all properties sales, the Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contracts and the interpretation of the applicable laws governing the sales contracts. In assessing whether the Group has an enforceable right to payment for its sales contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgements, based on legal counsel's opinion, to identify sales contracts with right to payment and those without. Management will reassess their judgements on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred as a percentage of total estimated development costs for each property unit in the sales contract. The Group allocates common costs based on type of properties and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation. 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 contractors and, if appropriate, surveyors.

(b) Estimates for net realisable value of properties under development ("PUD") and completed properties held for sale ("PHS")

The Group assesses the carrying amounts of PUD and PHS according to their net realisable value based on the realisability of these properties. Net realisable value for PUD is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less the estimated selling expenses necessary to make the sale and the estimated costs to completion (including land costs). Net realisable value for PHS is determined by reference, to management's estimates of the selling prices based on prevailing market conditions, less the estimated selling expenses necessary to make the sale. Determination of net realisable value of PUD and PHS involved critical accounting estimates on the selling prices, selling expenses necessary to make the sale and, for PUD, the costs to completion as well, which are subject to high degree of estimation uncertainty. Based on management's assessment, write-downs of RMB6,495,694,000 was made against the carrying amounts of PUD and PHS as at 31 December 2023 (31 December 2022: RMB3,890,489,000).

4. Critical accounting estimates and judgements (Continued)

(c) Estimates for fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer Jones Lang LaSalle. Significant judgement and assumptions are required in assessing the fair value of the investment properties. Details of the judgements and assumptions are disclosed in note 16.

(d) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgements are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its properties projects. Accordingly, judgment is required in determining the amount of the land appreciation taxes. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(f) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 3.1.

5. Revenue and segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised into three business segments as follows:

- Property development and sales;
- Property management services; and
- Investment and operation of commercial properties

Notes to the Consolidated Financial Statements (Continued)

5. Revenue and segment information (Continued)

During the year, the aggregate revenues, profits or losses or total assets of the business segments other than property development and sales accounted for less than 5% of the total revenues, profits or assets of the Group, therefore, the directors of the Company consider these business segments not reportable and the executive directors assess the Group's performance as a whole. Thus operating segment information is not presented.

Revenue of the Group for each of the years ended 31 December 2023 and 2022 is analysed as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Property development and sales	71,679,140	72,192,121
Property management services	1,521,957	1,142,112
Investment and operation of commercial properties		
— Property lease income	250,204	195,407
— Hotel operation	8,451	8,254
— Cultural-tourism project	104,743	92,954
	73,564,495	73,630,848

Represented by:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue from property development and sales:		
— Recognised at a point in time	69,692,423	67,111,369
— Recognised over time	1,986,717	5,080,752
	71,679,140	72,192,121
Revenue from rendering of services:		
— Recognised over time	1,635,151	1,243,320
Revenue from other sources:		
— Property lease income	250,204	195,407
	73,564,495	73,630,848

Over 95% of the Group's revenue is attributable to the PRC market and over 95% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

5. Revenue and segment information (Continued)

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(a) Details of contract assets and contract acquisition costs:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Contract assets related to property development and sales (i)	533,746	1,148,069
Contract acquisition costs (ii)	1,304,326	1,498,878
Total contract assets and contract acquisition costs	1,838,072	2,646,947

- (i) Contract assets related to property development and sales consist of unbilled amount resulting from sales of properties when revenue recognised over time exceeds the amount billed to the property purchasers.
- (ii) Management expects the contract acquisition costs, primarily sales commissions and stamp duty paid/payable, as a result of obtaining the property sales contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amounts of amortisation were RMB1,592,805,000 for the year ended 31 December 2023 (2022: RMB1,019,803,000). There was no impairment loss in relation to the costs capitalised.

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Contract liabilities	44,391,799	86,139,528

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

As at 31 December 2023, RMB3,811,659,000 (2022: RMB7,706,783,000) of value-added-taxes on advances from property buyers relating to contracted sales were recognised in other taxes payable.

The following table shows the revenue recognised during the year related to carried-forward contract liabilities.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Property development and sales	58,087,021	57,411,558

5. Revenue and segment information (Continued)

(c) Unsatisfied contracts related to property development and sales

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Expected to be recognised within one year	44,335,405	69,894,983
Expected to be recognised after one year	3,396,674	21,653,403
	47,732,079	91,548,386

The unsatisfied contracts amounts of RMB44,335,405,000 as at 31 December 2023 expected to be recognised within one year was calculated based on the Group's pre-sales contracts signed up to 31 December 2023.

- (d) For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term.

(e) Accounting policies of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies.

(i) Sales of properties

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

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

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation:

5. Revenue and segment information (Continued)

(e) Accounting policies of revenue recognition (Continued)

(i) Sales of properties (Continued)

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the property is delivered to the customer according to the terms and conditions of the contract, and the Group has present right to payment and the collection of the consideration is probable.

(ii) Property management

The Group bills a fixed amount for property management services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(iii) Investment and operation of commercial properties

Revenues from investment and operation of commercial properties mainly include property lease income, revenues from hotel operations and cultural-tourism project.

Property lease income

Property lease income from properties letting under operating leases is recognised on a straight-line basis over the term of the lease.

Hotel operations

Revenues from hotel operations are recognised in the accounting period in which the related services are rendered.

Cultural-tourism project

Revenues from cultural-tourism project mainly represent revenues from rendering of tourism-related services, which are recognised in the accounting period in which the related services are rendered.

Notes to the Consolidated Financial Statements (Continued)

6. Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses were analysed as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	59,564,130	59,246,511
Write-downs of properties under development and completed properties held for sale	4,121,361	1,854,886
Employee benefit expenses (note 8)	1,839,348	2,261,821
Marketing and advertising expenses	429,334	684,240
Amortisation of contract acquisition costs (note 5(a))	1,592,805	1,019,803
Bank charges	158,896	266,630
Taxes and surcharges	354,122	481,173
Travelling and entertainment expenses	81,128	99,313
Office expenses	45,826	63,088
Professional service and consulting fees	67,978	104,976
Depreciation and amortisation	132,516	153,385
Auditor's remuneration	7,874	7,280
— Annual audit services	7,000	7,000
— Non-audit services	874	280
Others	763,833	598,868
Total	69,159,151	66,841,974

7. Other income and other losses — net

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Other income		
Management and consulting service income	381,317	371,780
Government subsidy income	70,064	77,987
Compensation income	42,959	48,282
	494,340	498,049
Other losses — net		
Realised and unrealised gains on financial assets at FVPL	55,490	8,684
Losses arising from changes in fair value of and transfer to investment properties (note 16)	(149,769)	(281,754)
Losses on disposal of subsidiaries (note 38)	(163,499)	(47,868)
(Losses)/gains on disposal of joint ventures and associates	(63,026)	35,105
Losses on disposal of property, plant and equipment, investment properties, land use right for own-used properties and intangible assets	(737)	(9,347)
Net foreign exchange (losses)/gains	(31,029)	20,880
Gain on acquisition of an asset at a discounted price	—	165,230
Others	209,473	(37,895)
	(143,097)	(146,965)
Other income and other losses — net	351,243	351,084

8. Employee benefit expenses

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses and other benefits	2,059,264	2,455,080
Pension costs — statutory pension	114,768	135,168
Share-based compensation (note 28)	19,050	82,107
	2,193,082	2,672,355
Less: amounts capitalised in properties under development	(353,734)	(410,534)
	1,839,348	2,261,821

8. Employee benefit expenses (Continued)

(a) Pensions scheme — defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

During the year ended 31 December 2023 and 2022, no forfeited contributions were utilised by the Group to reduce its contributions.

(b) Five highest paid individuals

For the year ended 31 December 2023, the five individuals whose emoluments were the highest in the Group included 2 directors (2022: 1), whose emoluments are reflected in the analysis in note 41 below. The emoluments payable to the remaining 3 individuals during the year (2022: 4) are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses and other benefits	9,467	19,158
Pension costs — statutory pension	128	167
Share-based compensation expenses	764	12,121
	10,359	31,446

The emoluments fell within the following bands:

Emolument bands	Number of Individuals Year ended 31 December	
	2023	2022
HKD3,000,001–3,500,000	1	–
HKD3,500,001–4,000,000	1	–
HKD4,000,001–4,500,000	1	–
HKD8,000,001–8,500,000	–	1
HKD9,000,001–9,500,000	–	1
HKD9,500,001–10,000,000	–	2
	3	4

During the years ended 31 December 2023 and 2022, no emolument was 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.

9. Finance income/(costs) — net

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Finance costs		
— Interest expenses		
— Bank and other borrowings	(1,608,852)	(2,103,053)
— Corporate bonds	(522,733)	(479,420)
— Lease liabilities (note 17)	(3,256)	(7,513)
	(2,134,841)	(2,589,986)
Less:		
— Capitalised interest	2,134,841	2,589,986
	—	—
— Net foreign exchange losses on financing activities	(65,140)	(483,871)
	(65,140)	(483,871)
Finance income		
— Interest income	315,372	440,125
Finance income/(costs) — net	250,232	(43,746)

10. Income tax expenses

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax:		
— Corporate income tax	2,743,923	2,721,597
— Withholding income tax on profits distributed	230,874	—
— LAT	965,238	1,876,873
	3,940,035	4,598,470
Deferred income tax (note 13)		
— Corporate income tax	(1,543,125)	(1,287,238)
— Withholding income tax on profits to be distributed in future	(35,000)	—
	(1,578,125)	(1,287,238)
	2,361,910	3,311,232

Notes to the Consolidated Financial Statements (Continued)

10. Income tax expenses (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the group entities as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit before income tax	4,486,978	6,888,005
Tax calculated at PRC corporate income tax rate of 25%	1,121,745	1,722,001
Effects of share of post-tax results of joint ventures and associates	17,465	(25,163)
Different tax rates applicable to certain subsidiaries of the Group	(39,333)	(9,556)
Income not subject to tax	(19,649)	(103,999)
Expenses not deductible for tax	38,313	306,557
LAT deductible for calculation of income tax purpose	(241,310)	(469,218)
Tax losses for which no deferred income tax assets were recognised	323,567	13,737
Withholding income tax	195,874	–
LAT	965,238	1,876,873
Income tax expenses	2,361,910	3,311,232

Note:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either supported by Western Development Strategy or qualified as "High and New Technology Enterprise" and thus subject to a preferential income tax rate of 15%.
- (c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales property development and sales less deductible expenditures including cost of land use rights and all property development expenditures.
- (d) Withholding income tax is provided on the dividends distributed and to be distributed by the PRC subsidiaries of the Group. The overseas holding company had successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax had been provided at 5% of the dividends distributed and to be distributed by the PRC subsidiaries of the Group.

11. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding those ordinary shares held for restricted share award scheme (note 28).

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB'000):	913,584	1,726,363
Weighted average number of ordinary shares in issue (thousands)	1,381,299	1,285,410
Earnings per share — Basic (RMB per share)	0.66	1.34

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The Group has two categories of potential ordinary shares in the year ended 31 December 2023 which were the restricted shares as mentioned in note 28(a) and the share options as mentioned in note 28(b).

The restricted shares granted are subject to certain performance conditions as disclosed in note 28. As such performance conditions above had not been satisfied as of 31 December 2023, no awarded shares arising from the restricted shares award scheme were included in the calculation of the diluted earnings per share for the year ended 31 December 2023.

A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The effect of share options was anti-dilutive because the exercise price of the share options was higher than the market price of the Company's shares as at 31 December 2023.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	913,584	1,726,363
Weighted average number of ordinary shares in issue (thousands)	1,381,299	1,285,410
Adjustments for restricted shares (thousands)	—	3,078
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,381,299	1,288,488
Earnings per share — Diluted (RMB per share)	0.66	1.34

12. Dividends

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Dividends	468,287	968,599

The Board has recommended the payment of a final dividend of HK\$0.36 per share (2022: HK\$0.80 per share) for the year ended 31 December 2023 out of the share premium account of the Company.

13. Deferred income tax

The analysis of deferred tax assets and liabilities is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Deferred tax assets		
— to be realised within 12 months	2,377,475	1,862,848
— to be realised after more than 12 months	4,199,523	3,454,283
	6,576,998	5,317,131
Deferred tax liabilities		
— to be realised within 12 months	135,417	217,311
— to be realised after more than 12 months	348,215	558,797
	483,632	776,108
	6,093,366	4,541,023

(i) Deferred income tax assets

The movement of deferred income tax assets is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Beginning of the year	5,317,131	4,411,501
Acquisition of subsidiaries (note 39)	28,094	155,662
Disposal of subsidiaries (note 38)	(53,876)	(108,026)
Recognised in profit or loss	1,285,649	857,994
End of the year	6,576,998	5,317,131
Offsetting with deferred tax liabilities	(177,530)	(278,473)
Net deferred tax assets	6,399,468	5,038,658

13. Deferred income tax (Continued)

(i) Deferred income tax assets (Continued)

Movement of deferred tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Tax losses RMB'000	Deductible temporary differences of expenses and cost of	Impairment of assets RMB'000	Elimination of unrealised profits RMB'000	Deferred income RMB'000	Accrued LAT RMB'000	Lease liabilities RMB'000	Total RMB'000
		sales RMB'000						
At 31 December 2021	2,301,225	16,667	788,334	165,753	7,376	1,121,448	10,698	4,411,501
Acquisition of subsidiaries	155,662	-	-	-	-	-	-	155,662
Disposal of subsidiaries	(108,026)	-	-	-	-	-	-	(108,026)
Recognised in profit or loss	498,519	(16,667)	375,688	(42,074)	(2,830)	50,080	(4,722)	857,994
At 31 December 2022	2,847,380	-	1,164,022	123,679	4,546	1,171,528	5,976	5,317,131
Acquisition of subsidiaries (note 39)	28,094	-	-	-	-	-	-	28,094
Disposal of subsidiaries (note 38)	(53,876)	-	-	-	-	-	-	(53,876)
Recognised in profit or loss	455,176	-	757,326	(16,288)	(4,546)	98,015	(4,034)	1,285,649
At 31 December 2023	3,276,774	-	1,921,348	107,391	-	1,269,543	1,942	6,576,998

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. At 31 December 2023, the Group did not recognise deferred income tax assets of RMB468,134,000 (2022: RMB144,567,000) in respect of losses amounting to RMB1,872,536,000 (2022: RMB578,268,000) that can be carried forward to offset against future taxable income. These tax losses will expire up to and including year 2028 (2022: 2027).

(ii) Deferred income tax liabilities

The movement of deferred income tax liabilities is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Beginning of the year	776,108	1,205,352
Recognised in profit or loss	(292,476)	(429,244)
End of the year	483,632	776,108
Offsetting with deferred tax assets	(177,530)	(278,473)
Net deferred tax liabilities	306,102	497,635

13. Deferred income tax (Continued)**(ii) Deferred income tax liabilities (Continued)**

Movement of deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Valuation surplus of properties under development RMB'000	Fair value gains/(losses) on investment properties RMB'000	Recognition of contract revenue and contract costs over time RMB'000	Withholding income tax on profits to be distributed in future RMB'000	Total RMB'000
At 31 December 2021	699,273	70,003	386,076	50,000	1,205,352
Recognised in profit or loss	(129,532)	(71,171)	(228,541)	–	(429,244)
At 31 December 2022	569,741	(1,168)	157,535	50,000	776,108
Recognised in profit or loss	(88,480)	(28,270)	(140,726)	(35,000)	(292,476)
At 31 December 2023	481,261	(29,438)	16,809	15,000	483,632

14(a). Investments in joint ventures

The movement of investments in joint ventures are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At 1 January	13,285,687	16,841,500
Transfer from investments in subsidiaries	–	614,178
Other additions	272,244	27,516
Transfer to investments in subsidiaries (note 39)	(1,147,746)	(1,635,222)
Transfer to investments in associates (note 14(b))	–	(1,170,387)
Disposals	(643,609)	(1,241,586)
Dividends receivable or received from joint ventures	(50,000)	(519,934)
Share of results	505,266	369,622
At 31 December	12,221,842	13,285,687

14(a). Investments in joint ventures (Continued)

Set out below is the particular of the joint venture which is material to the Group as at 31 December 2023:

	Place of incorporation and operation	Principle activities	As at 31 December 2023
Shaoxing Meiyue Real Estate Development Co., Ltd* 紹興市美越房地產發展有限公司 (“Shaoxing Meiyue”)	Shaoxing, PRC	Property Development	51.00%

* The English name of the above joint venture represent the best effort made by the management of the Group in translating its Chinese name as they do not have an official English name.

Set out below are the summarised financial information for Shaoxing Meiyue.

	As at/Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Assets		
Current assets		
Cash and cash equivalents	276,090	18,799
Trade and other receivables	311,849	359,317
Properties under development and completed properties held for sale	2,916,773	2,800,362
Prepaid taxes	270,040	297,418
	3,774,752	3,475,896
Non-current assets		
Others	8,432	3,651
Total assets	3,783,184	3,479,547
Liabilities		
Current liabilities		
Contract liabilities	234,087	15,570
Trade and other payables	153,904	128,118
Others	54,654	9,353
	442,645	153,041
Non-current liabilities		
Bank and other borrowings	833,860	810,000
Others	1,452	16
	835,312	810,016
Total liabilities	1,277,957	963,057
Net assets	2,505,227	2,516,490
Reconciliation to carrying amounts:		
Opening net assets	2,516,490	2,525,011
Loss for the year	(11,263)	(8,521)
Closing net assets	2,505,227	2,516,490
Group's share in %	51.00%	51.00%
Group's share of carrying amounts	1,277,666	1,283,410

Notes to the Consolidated Financial Statements (Continued)

14(a). Investments in joint ventures (Continued)

Set out below are the summarised comprehensive loss for Shaoxing Meiyue.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue	474	684
Cost of sales	(419)	(813)
Selling and marketing expenses	(15,940)	(11,171)
Administrative expenses	(497)	(467)
Other gains — net	1,698	487
Income tax expenses	3,421	2,759
Loss and total comprehensive loss for the year	(11,263)	(8,521)

The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Carrying amounts in the consolidated balance sheet	10,944,176	12,002,277
Share of profits for the year	511,010	373,968
Share of total comprehensive income for the year	511,010	373,968

As at 31 December 2023 and 2022, there were no significant commitments relating to the Group's interests in the joint ventures, while certain borrowings of the joint ventures were guaranteed by the Group (note 33).

14(b). Investments in associates

The movement of investments in associates is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At 1 January	11,576,554	11,442,700
Transfer from investment in subsidiaries (note 38)	400	90,965
Transfer from investments in joint ventures (note 14(a))	–	1,170,387
Other additions	603,308	1,320,863
Transfer to investment in subsidiaries (note 39)	–	(1,314,124)
Disposals	(63,430)	(795,904)
Dividends receivable or received from associates	(16,600)	(69,362)
Share of results	(575,127)	(268,971)
At 31 December	11,525,105	11,576,554

Set out below are the particular of the associates which are material to the Group as at 31 December 2023:

	Place of incorporation and operation	Principle activities	As at 31 December 2023
Wuxi Hejing Real Estate Development Co., Ltd. * 無錫和璟房地產開發有限公司 (“Wuxi Hejing”)	Wuxi, PRC	Property Development	45.56%
Shaoxing Zhixu Enterprise Management Co., Ltd. * 紹興智旭企業管理有限責任公司 (“Shaoxing Zhixu”)	Shaoxing, PRC	Property Development	49.00%

* The English names of the above associates represent the best effort made by the management of the Group in translating its Chinese name as they do not have an official English name.

Notes to the Consolidated Financial Statements (Continued)

14(b). Investments in associates (Continued)

Set out below are the summarised financial information for Wuxi Hejing.

	As at/Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Assets		
Current assets		
Cash and cash equivalents	141,390	162,019
Trade and other receivables	3,581,446	3,689,098
Properties under development and completed properties held for sale	818,411	1,313,041
Prepaid taxes	64,227	29,895
	4,605,474	5,194,053
Non-current assets		
Others	7,448	3,779
Total assets	4,612,922	5,197,832
Liabilities		
Current liabilities		
Contract liabilities	–	223,967
Trade and other payables	79,072	252,577
Others	315,522	151,707
	394,594	628,251
Non-current liabilities		
Bank and other borrowings	168,586	518,571
Others	3,452	967
	172,038	519,538
Total liabilities	566,632	1,147,789
Net assets	4,046,290	4,050,043
Reconciliation to carrying amounts:		
Opening net assets	4,050,043	4,055,189
Loss for the year	(3,753)	(5,146)
Closing net assets	4,046,290	4,050,043
Group's share in %	45.56%	45.56%
Group's share of carrying amounts	1,843,490	1,845,200

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue	689,349	–
Cost of sales	(689,709)	–
Selling and marketing expenses	(5,078)	(6,045)
Administrative expenses	(346)	(806)
Other gains/(losses) — net	780	(10)
Income tax expenses	1,251	1,715
Loss and total comprehensive loss for the year	(3,753)	(5,146)

14(b). Investments in associates (Continued)

Set out below are the summarised financial information for Shaoxing Zhixu.

	As at/Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Assets		
Current assets		
Cash and cash equivalents	426,554	526,497
Trade and other receivables	2,508,258	2,501,748
Properties under development and completed properties held for sale	3,688,727	3,339,342
Prepaid taxes	104,575	77,024
	6,728,114	6,444,611
Non-current assets		
Property, plant and equipment	16	53
Total assets	6,728,130	6,444,664
Liabilities		
Current liabilities		
Contract liabilities	3,303,716	2,327,986
Trade and other payables	62,655	143,889
	3,366,371	2,471,875
Non-current liabilities		
Bank and other borrowings	1,090,000	1,612,000
Total liabilities	4,456,371	4,083,875
Net assets	2,271,759	2,360,789
Reconciliation to carrying amounts:		
Opening net assets	2,360,789	2,416,296
Loss for the year	(89,030)	(55,507)
Closing net assets	2,271,759	2,360,789
Group's share in %	49.00%	49.00%
Group's share of carrying amounts	1,113,162	1,156,787

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Selling and marketing expenses	(88,532)	(36,565)
Administrative expenses	(2,056)	(23,868)
Other gains — net	1,558	4,926
Loss and total comprehensive loss for the year	(89,030)	(55,507)

Notes to the Consolidated Financial Statements (Continued)

14(b). Investments in associates (Continued)

The summarised financial information of the individually immaterial associates on an aggregate basis is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Carrying amounts in the consolidated balance sheet	8,568,453	8,574,567
Share of loss for the year	(529,792)	(239,428)
Share of total comprehensive loss for the year	(529,792)	(239,428)

As at 31 December 2023 and 2022, there were no significant commitments relating to the Group's interests in the associates, while certain borrowings of the associates were guaranteed by the Group (note 33).

15. Property, plant and equipment

	Buildings RMB'000	Furniture and equipment RMB'000	Vehicles and machinery RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022						
Cost	1,171,788	263,395	36,114	22,089	203,001	1,696,387
Accumulated depreciation	(200,271)	(138,495)	(34,853)	–	(86,342)	(459,961)
Net book amount	971,517	124,900	1,261	22,089	116,659	1,236,426
Year ended 31 December 2022						
Opening net book amount	971,517	124,900	1,261	22,089	116,659	1,236,426
Transfer from properties under development	65,894	–	–	–	–	65,894
Internal transfer	1,774	10,072	132	(19,337)	7,359	–
Other additions	561	23,446	2,975	21,559	20,483	69,024
Other disposals	(2,301)	(11,914)	(1,017)	(8,532)	(6,027)	(29,791)
Depreciation	(51,715)	(33,697)	(2,259)	–	(20,295)	(107,966)
Closing net book amount	985,730	112,807	1,092	15,779	118,179	1,233,587
At 31 December 2022						
Cost	1,232,724	262,600	31,095	15,779	221,532	1,763,730
Accumulated depreciation	(246,994)	(149,793)	(30,003)	–	(103,353)	(530,143)
Net book amount	985,730	112,807	1,092	15,779	118,179	1,233,587

15. Property, plant and equipment (Continued)

	Buildings RMB'000	Furniture and equipment RMB'000	Vehicles and machinery RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book amount	985,730	112,807	1,092	15,779	118,179	1,233,587
Internal transfer	5,118	3,585	–	(14,574)	5,871	–
Other additions	2,584	99,046	6,005	11,393	43,790	162,818
Transfer to investment properties (note 16)	(63,895)	–	–	–	–	(63,895)
Other disposals	(72,173)	(11,823)	(1,135)	(6,054)	(30,891)	(122,076)
Depreciation	(47,407)	(38,126)	(1,933)	–	(32,770)	(120,236)
Closing net book amount	809,957	165,489	4,029	6,544	104,179	1,090,198
At 31 December 2023						
Cost	1,010,556	342,160	29,541	6,544	240,302	1,629,103
Accumulated depreciation	(200,599)	(176,671)	(25,512)	–	(136,123)	(538,905)
Net book amount	809,957	165,489	4,029	6,544	104,179	1,090,198

Depreciation of property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Selling and marketing expenses	8,649	6,487
Administrative expenses	70,635	71,597
Cost of sales	18,151	13,520
Properties under development	22,801	16,362
	120,236	107,966

As at 31 December 2023, buildings with net book value of RMB541,173,000 (2022: RMB249,407,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

As at 31 December 2023, title certificates of certain buildings with net book value of RMB199,479,000 (2022: RMB297,673,000) were still in the process of being obtained.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20–35 years
Furniture and equipment	5 years
Vehicles, machinery and others	3–10 years

15. Property, plant and equipment (Continued)

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and ready for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

See note 43.6 for the other accounting policies relevant to property, plant and equipment.

16. Investment properties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening net book amount at 1 January	4,978,645	3,355,218
Transfer from properties under development and completed properties held for sale	352,270	1,941,558
Acquisition of a subsidiary which does not contain business (note 39)	982,874	–
Transfer from property, plant and equipment	63,895	–
Transfer from right-of-use assets	38,189	800
Revaluation gains/(losses) upon transfer to investment properties	9,926	(198,157)
Fair value changes	(159,695)	(83,597)
Disposals	(67,072)	(37,177)
Closing net book amount	6,199,032	4,978,645
(Losses)/gains arising from changes in fair value of and transfer to investment properties represent:		
— revaluation gains/(losses) upon transfer to investment properties	9,926	(198,157)
— fair value changes	(159,695)	(83,597)
	(149,769)	(281,754)

The Group's policy is to recognise transfers in and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that causes the transfer. At 31 December 2023 and 2022, the Group had only level 3 investment properties.

As at 31 December 2023, title certificates of buildings with net book value of RMB262,117,000 (2022: RMB519,200,000) were still to be obtained.

16. Investment properties (Continued)

Valuation processes of the Group

A valuation of the Group's investment properties as at 31 December 2023 and 2022 was carried out by an independent and professionally qualified valuer, Jones Lang LaSalle, who holds a recognised relevant professional qualification and has recent experience in the locations and nature of the investment properties being valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results were held between management and the valuer on a regular basis, in line with the Group's the interim and annual reporting dates.

At each financial year end, management:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Valuation techniques

Valuations are based on:

Income approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 31 December 2023 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	6,199,032	Income capitalisation	The rate of return/ capitalisation rate	2.5%–7%
			Monthly rental (RMB/square meter/month)	3.00–477.00
			Vacancy rate	3%–70%
	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	4,978,645	Income capitalisation	The rate of return/ capitalisation rate	2%–6%
			Monthly rental (RMB/square meter/month)	2.00–220.00
			Vacancy rate	3%–70%

16. Investment properties (Continued)

Valuation techniques (Continued)

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value.

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Rental income	186,717	81,668
Direct operating expenses	(82,664)	(38,015)
	104,053	43,653

As at 31 December 2023, investment properties with fair value of RMB3,356,309,000 (2022: RMB2,031,264,000) were pledged as collateral for the Group's bank and other borrowings (note 30).

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are included in note 34.

17. Leases**(i) Amounts recognised in the consolidated balance sheet**

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Right-of-use assets		
Right-of-use for land	238,822	264,016
Properties	32,499	53,774
Motor vehicles	2,301	3,381
Others	232	13,838
Total right-of-use assets	273,854	335,009
Lease liabilities		
Current	54,197	64,932
Non-current	43,931	90,207
Total lease liabilities	98,128	155,139

Additions to the right-of-use assets during the year ended 31 December 2023 were RMB66,121,000 (2022: RMB9,787,000). Disposal of the right-of-use for land during the year ended 31 December 2023 were RMB80,618,000 (2022: RMB9,354,000). Right-of-use for land were located in the PRC and were held on leases of between 40 to 70 years.

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use assets		
Right-of-use for land	2,964	4,640
Properties	18,553	36,515
Motor vehicles	1,682	2,365
Others	2,035	5,085
	25,234	48,605
Interest expense (included in finance costs) (note 9)	3,256	7,513

The total cash outflow for leases for the year ended 31 December 2023 was RMB47,259,000 (2022: RMB91,501,000).

18. Intangible assets

	Customer relationships	Computer software and others	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022				
Opening net book amount	8,732	114,107	61,962	184,801
Additions	–	138,016	–	138,016
Disposals	(8,732)	(2,787)	(7,095)	(18,614)
Amortisation	–	(13,176)	–	(13,176)
Closing net book amount	–	236,160	54,867	291,027
At 31 December 2022				
Cost	–	308,972	54,867	363,839
Accumulated amortisation	–	(72,812)	–	(72,812)
Net book amount	–	236,160	54,867	291,027
Year ended 31 December 2023				
Opening net book amount	–	236,160	54,867	291,027
Additions	–	37,330	–	37,330
Disposals	–	(61,352)	–	(61,352)
Amortisation	–	(9,847)	–	(9,847)
Closing net book amount	–	202,291	54,867	257,158
At 31 December 2023				
Cost	–	284,140	54,867	339,007
Accumulated amortisation	–	(81,849)	–	(81,849)
Net book amount	–	202,291	54,867	257,158

Amortisation of intangible assets has been mainly charged to administrative expenses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 1 to 10 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

See note 43.7 for the other accounting policies relevant to intangible assets.

19. Properties under development

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Properties under development expected to be completed:		
— Within normal operating cycle included under current assets	75,375,606	120,636,988
— Beyond normal operating cycle included under non-current assets	545,409	487,405
	75,921,015	121,124,393
Properties under development comprise:		
— Construction costs	22,240,335	32,953,975
— Land use rights	52,896,413	84,001,035
— Capitalised interest expenses	4,837,321	6,584,083
	79,974,069	123,539,093
Less: write-down	(4,053,054)	(2,414,700)
	75,921,015	121,124,393

Properties under development were all located in the PRC.

Cost of sales for the year included RMB352,448,000 (2022: RMB879,060,000) of costs brought forward from prior year to fulfil those contracts revenue of which was recognised over time.

The amounts of RMB44,691,164,000 as at 31 December 2023 (2022: RMB80,062,934,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

The capitalisation rates of general borrowings were 4.93% for the year ended 31 December 2023 (2022: 4.69%).

As at 31 December 2023, properties under development with net book value of RMB18,054,432,000 (2022: RMB20,761,269,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

Write-downs of properties under development to net realisable value during the year ended 31 December 2023 amounted to RMB2,630,886,000 (2022: RMB1,021,074,000), which were recognised in profit or loss.

19. Properties under development (Continued)

(a) Accounting policies of properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less the estimated selling expenses necessary to make the sale and the estimated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually between 2 and 3 years.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties under development or completed properties held for sale, while those out of the normal operating cycle are classified as non-current assets.

20. Completed properties held for sale

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Completed properties held for sale	24,801,992	19,765,887
Less: write-down	(2,442,640)	(1,475,789)
	22,359,352	18,290,098

The completed properties held for sale were all located in the PRC.

Write-downs of completed properties held for sale to net realisable value during the year ended 31 December 2023 amounted to RMB1,490,475,000 (2022: RMB833,812,000), which were recognised in profit or loss.

As at 31 December 2023, completed properties held for sale with net book value of RMB387,304,000 (2022: RMB1,135,009,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

20. Completed properties held for sale (Continued)

(a) Accounting policies of completed properties held for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less the estimated selling expenses necessary to make the sale, or by management estimates based on prevailing marketing conditions.

21. Trade and other receivables

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Included in current assets:		
Trade receivables — net (note (a))	1,690,713	1,263,313
Other receivables — net (note (b))	31,747,005	33,642,887
Prepayments for land use rights (note (c))	183,621	1,160,639
Other prepayments	558,731	586,390
	34,180,070	36,653,229

As at 31 December 2023 and 2022, the fair value of trade and other receivables approximated their carrying amounts.

(a) Details of trade receivables are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade receivables — related parties (note 36)	147,910	250,704
Trade receivables — third parties	1,772,633	1,159,873
	1,920,543	1,410,577
Less: allowance for impairment	(229,830)	(147,264)
Trade receivables — net	1,690,713	1,263,313

21. Trade and other receivables (Continued)

(a) Details of trade receivables are as follows (Continued):

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 90 days	776,112	561,136
Over 90 days and within 180 days	217,852	186,579
Over 180 days and within 365 days	507,972	236,488
Over 365 days	418,607	426,374
	1,920,543	1,410,577

The Group's trade receivables were denominated in RMB.

Trade receivables mainly arise from property development and sales. Proceeds from property development and sales are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the year ended 31 December 2023, a provision of RMB82,566,000 (2022: RMB34,135,000) was made against the gross amounts of trade receivables.

(b) Details of other receivables are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Amounts due from related parties (note (i))	11,367,437	10,598,427
Amounts due from non-controlling interests (note (ii))	16,994,095	17,651,497
Deposits and other receivables from third parties (note (iii))	4,373,875	6,050,002
	32,735,407	34,299,926
Less: allowance for impairment	(988,402)	(657,039)
Other receivables — net	31,747,005	33,642,887

(i) Amounts due from related parties mainly represented funds provided to certain of the Group's associates and joint ventures in the ordinary course of business for their property development. They are unsecured, interest-free, and repayable on demand.

21. Trade and other receivables (Continued)

- (b) Details of other receivables are as follows: (Continued)
- (ii) Subject to consent of all shareholders of certain property development companies of the Group, idle funds of the property development companies may be transferred to their shareholders in proportion to their respective equity interests in the property development companies for treasury management purpose. Such funds transferred to non-controlling interests of the Group are recognised as amounts due from non-controlling interests. They are interest-free, unsecured and repayable on demand.
- (iii) Other receivables from third parties mainly represented deposits and various payments on behalf of and advances made to construction and design vendors.
- (c) Prepayments for land use rights were mainly related to acquisition of land use rights which will be reclassified to properties under development when land certificates were obtained.

22. Financial assets at fair value through profit or loss

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Investments in wealth management products	50,000	23,075
Equity investments in unlisted companies (note (a))	371,000	351,959
Others	12,709	36,103
	433,709	411,137
Non-current	383,709	388,062
Current	50,000	23,075
	433,709	411,137

- (a) The investments mainly represent unlisted equity investments in various industries. The fair value of the Group's investment in unlisted companies was determined by the management mainly using market approach by reference to the recent appraisal of the value of the shares of these unlisted companies, where available, or the price to earnings multiples of comparable listed companies in the domestic capital market or based on direct comparison approach by making reference to recent transaction prices of similar deals.

Notes to the Consolidated Financial Statements (Continued)

23. Restricted cash

The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and placed in designated bank accounts as at 31 December 2023 which will be released in accordance with certain construction progress milestones.

24. Cash and cash equivalents

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash at bank and in hand	20,091,697	26,140,868
Term deposits	50,000	250,000
	20,141,697	26,390,868
Less: restricted cash (note 23)	(2,538,626)	(4,530,269)
Term deposits with initial terms over three months	(50,000)	(50,000)
	17,553,071	21,810,599

Cash and deposits were denominated in the following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Denominated in RMB	17,812,665	26,200,288
Denominated in HKD	2,328,035	184,343
Denominated in USD	997	6,237
	20,141,697	26,390,868

The conversion of RMB denominated balances into other currencies and the remittance of bank balances and cash out of the PRC is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

25. Share capital and premium

	Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised						
Ordinary share of HKD1.00 each						
upon incorporation		1,000,000,000	1,000,000	–	–	–
Increase in authorised share capital		1,000,000,000	1,000,000	–	–	–
		2,000,000,000	2,000,000	–	–	–
Issued and fully paid						
At 31 December 2021 and						
1 January 2022		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594
Issue of new shares for the purpose of restricted share award scheme		4,887,000	4,887	4,227	–	4,227
Issue of new shares as a result of scrip dividend		116,162,993	116,163	98,805	(98,805)	–
Dividends		–	–	–	(403,054)	(403,054)
At 31 December 2022 and						
1 January 2023		1,355,411,993	1,355,412	1,147,475	4,480,292	5,627,767
Issue of new shares for the purpose of restricted share award scheme	(a)	538,500	539	478	–	478
Issue of new shares as a result of scrip dividend	(b)	79,460,990	79,461	71,280	(71,280)	–
Dividends	(b)	–	–	–	(477,262)	(477,262)
At 31 December 2023		1,435,411,483	1,435,412	1,219,233	3,931,750	5,150,983

- (a) According to the restricted share award scheme of the Company, 538,500 ordinary shares of the Company were issued and allotted to MRE T Limited, a trustee entrusted by the Company, on 16 May 2023 for the purpose of the restricted share award scheme (note 28).
- (b) On 24 March 2023, the Board recommended the payment of a final dividend of HK\$0.80 per share for the year ended 31 December 2022 (2021: HK\$1.60 per share) out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on 22 May 2023, with the eligible shareholders being given an option to elect to receive the final dividend all in cash, or all in new shares, or partly in new shares and partly in cash. The election of the shareholders to receive final dividend all or partly in new shares had been determined as of 26 July 2023. On 8 August 2023, the final dividend was settled by cash of approximately RMB477,262,000 and issue of 79,460,990 shares of the Company, with total market value of approximately RMB495,822,000.

Notes to the Consolidated Financial Statements (Continued)

26. Other reserves and retained earnings

	Merger reserve RMB'000	Statutory reserves RMB'000	Shares held for restricted share award scheme RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022	173,000	3,626,011	(11,307)	(920,040)	2,867,664	14,617,462	17,485,126
Profit for the year	-	-	-	-	-	1,726,363	1,726,363
Issue of new shares for the purpose of restricted share award scheme	-	-	(4,227)	-	(4,227)	-	(4,227)
Repurchase of shares for the purpose of restricted share award scheme	-	-	(21,043)	-	(21,043)	-	(21,043)
Employee share scheme — value of employee services received	-	-	-	82,107	82,107	-	82,107
Transfer to statutory reserves (a)	-	490,459	-	-	490,459	(490,459)	-
Disposal of subsidiaries	-	(22,927)	-	-	(22,927)	22,927	-
Acquisition of equity interest in subsidiaries from non-controlling interests	-	-	-	(31,273)	(31,273)	-	(31,273)
Balance at 31 December 2022	173,000	4,093,543	(36,577)	(869,206)	3,360,760	15,876,293	19,237,053

	Merger reserve RMB'000	Statutory reserves RMB'000	Shares held for restricted share award scheme RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	173,000	4,093,543	(36,577)	(869,206)	3,360,760	15,876,293	19,237,053
Profit for the year	-	-	-	-	-	913,584	913,584
Issue of new shares for the purpose of restricted share award scheme (note 28)	-	-	(478)	-	(478)	-	(478)
Repurchase of shares for the purpose of restricted share award scheme (note 28)	-	-	(7,220)	-	(7,220)	-	(7,220)
Employee share scheme — value of employee services received (note 28)	-	-	-	19,050	19,050	-	19,050
Transfer to statutory reserves (a)	-	806,464	-	-	806,464	(806,464)	-
Disposal of subsidiaries	-	(48,649)	-	-	(48,649)	48,649	-
Acquisition of equity interest in subsidiaries from non-controlling interests (note 35)	-	-	-	(3,658)	(3,658)	-	(3,658)
Balance at 31 December 2023	173,000	4,851,358	(44,275)	(853,814)	4,126,269	16,032,062	20,158,331

26. Other reserves and retained earnings (Continued)

- (a) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

27. Perpetual capital securities

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
As at 1 January	1,280,000	1,429,000
Redemption	–	(149,000)
Ending balance (a)	1,280,000	1,280,000
Distributions (b)	71,378	73,894

- (a) The subordinated unlisted perpetual capital securities (the “Perpetual Capital Securities”) were issued by Ningbo Meishan Bonded Port Area Mairui Construction Materials Limited (“Ningbo Mairui”), a wholly owned subsidiary of the Group, to certain financial institutions in the PRC.

The payments of interest and principal of the Perpetual Capital Securities are guaranteed by Midea Real Estate Group Limited (“Midea Real Estate Group”). They do not have maturity date and the distribution payments can be deferred at the discretion of Ningbo Mairui. The Perpetual Capital Securities are classified as equity instruments and recorded in non-controlling interests in the consolidated balance sheet.

- (b) During the year ended 31 December 2023, distributions of RMB71,378,000 to the holders of the Perpetual Capital Securities were paid by Ningbo Mairui (2022: RMB73,894,000).

28. Share-based payment

(a) Restricted share award scheme

On 22 April 2021, the Board adopted a restricted share award scheme to among other things, recognise the contributions by, and to attract, motivate and retain, certain directors, or proposed directors, management, key technician, officer, manager and employee of any member of the Group. On 13 May 2022, the Company granted 8,932,500 award shares at nil consideration to 423 eligible participants under the scheme, which are subject to certain performance conditions. As at 31 December 2023, 5,641,000 shares of the Company were vested. On 12 May 2023, the Company granted 4,770,000 award shares at nil consideration to 25 eligible participants under the scheme, which are subject to certain performance conditions.

Pursuant to the rules relating to the restricted share award scheme, 538,500 new shares were issued and allotted to MRE T Limited on 16 May 2023, and MRE D Limited repurchased 940,000 existing ordinary shares in the open market in May 2023. MRE T Limited and MRE D Limited will hold such shares on behalf of the relevant eligible participants on trust, until such shares are vested with the relevant eligible participants in accordance with the scheme rules. MRE T Limited and MRE D Limited are controlled and consolidated by the Group as structured entities and the above new shares issued and existing shares repurchased held by them for the purpose of restricted share award scheme, amounting to RMB478,000 and RMB7,220,000 respectively, are recorded as shares held for restricted share award scheme and included in other reserves at 31 December 2023.

The award shares granted to the eligible participants will be vested on 12 May 2024 (or such other date as determined by the Board), provided that the vesting conditions above are satisfied. In case the vesting conditions are not satisfied, the awarded shares granted will lapse.

The fair value of the restricted shares at grant date, HKD8.59 per share, was determined by taking the market price of the Company's shares on that date.

For the year ended 31 December 2023, the Group recognised RMB7,703,000 of share-based payment expenses for the aforesaid restricted shares award scheme.

28. Share-based payment (Continued)**(a) Restricted share award scheme (Continued)**

The following table presents the movement in shares that held by MRE T Limited and MRE D Limited for the purpose of issuing shares or purchasing existing ordinary shares under restricted share award scheme. Shares issued to eligible participants are recognised on a first-in-first-out basis.

Details	Numbers of shares (thousand)	Equivalent to HK\$'000	Equivalent to RMB'000
Opening balance 1 January 2022	2,345	13,556	11,307
Purchase of shares for share award scheme	1,700	24,795	21,043
Issue of new shares	4,887	4,887	4,227
Balance 31 December 2022	8,932	43,238	36,577
Vested during the period	(5,641)	(27,307)	(23,100)
Purchase of shares for share award scheme	940	8,066	7,220
Issue of new shares	539	539	478
Balance 31 December 2023	4,770	24,536	21,175

(b) Share options

On 22 April 2021, the Company granted a total of 66,660,000 share options to 193 eligible participants, who are certain directors, senior management and employees of the Group. The share options shall entitle the eligible participants to subscribe for a total of 66,660,000 ordinary shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the eligible participants will be vested based on the following rates for the relevant financial year, provided that the vesting conditions above are satisfied: (i) 40% of the total number of the share options will be vested on 22 April 2023; (ii) 40% of the total number of the share options will be vested 22 April 2024; and (iii) 20% of the total number of the share options will be vested 22 April 2025. If the vesting conditions above have not been fulfilled, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 6 years after the grant date at the exercise price of HKD18.376 per share.

For the year ended 31 December 2023, the Group recognised RMB11,347,000 of share-based payment expenses for the aforesaid share options.

28. Share-based payment (Continued)

(b) Share options (Continued)

Movements in the number of share options outstanding are as follows:

	2023		2022	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
At 1 January	18.376	27,720,000	18.376	28,105,000
Forfeited	18.376	(1,771,000)	18.376	(385,000)
At 31 December	18.376	25,949,000	18.376	27,720,000

Share options outstanding at the end of the period have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2023	Share options outstanding 31 December 2022
22 April 2021	21 April 2027	HKD18.376	25,949,000	27,720,000

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

29. Corporate bonds

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
As at 1 January	13,374,549	10,509,506
Additions	4,605,140	7,731,392
Interests charges	522,733	479,420
Interests paid	(509,732)	(469,769)
Repayment	(5,114,000)	(4,876,000)
Ending balance	12,878,690	13,374,549
Analysed as:		
— Current portion	6,246,470	5,142,229
— Non-current portion	6,632,220	8,232,320
	12,878,690	13,374,549

29. Corporate bonds (Continued)

The Group's corporate bonds were repayable as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	6,246,470	5,142,229
Between 1 and 2 years	5,137,016	5,741,767
Between 2 and 5 years	1,495,204	2,490,553
	12,878,690	13,374,549

The Group's corporate bonds comprised the following:

Issue Date	Par Value RMB'000	Interest Rate	Term of bonds	Net proceeds after issuance cost RMB'000	Effective interest rate per annum
15/09/2020	30,000	4.40%	5 years [#]	29,941	4.47%
02/02/2021	500,000	4.60%	5 years [#]	499,800	4.61%
28/02/2022	1,500,000	4.50%	4 years [*]	1,495,530	4.66%
24/05/2022	1,000,000	4.50%	4 years [*]	998,560	4.58%
01/09/2022	1,000,000	4.80%	4 years [*]	997,480	4.94%
07/09/2022	1,000,000	3.33%	3 years	996,000	3.47%
05/12/2022	1,500,000	2.99%	3 years	1,494,000	3.13%
13/12/2022	600,000	3.90%	2 years	600,000	3.90%
13/12/2022	650,000	4.90%	4 years [*]	648,050	5.06%
22/12/2022	250,000	4.50%	4 years [#]	250,000	4.50%
22/12/2022	250,000	4.20%	2 years	249,490	4.31%
25/04/2023	1,000,000	3.52%	3 years	996,000	3.66%
25/04/2023	200,000	4.50%	2 years	199,400	4.66%
14/08/2023	420,000	4.90%	2 years	418,740	5.06%
14/08/2023	500,000	4.70%	2 years ^{&}	499,000	4.81%
04/09/2023	500,000	4.60%	2 years	498,500	4.76%
04/09/2023	500,000	4.85%	2 years	498,500	5.01%
04/09/2023	500,000	3.40%	3 years	498,000	3.61%
23/11/2023	200,000	4.60%	2 years	199,400	4.76%
23/11/2023	800,000	5.16%	2 years	797,600	5.32%

[&] Midea Real Estate Group has the option to adjust the coupon rate of the corporate bond at the end of the first year, and investors have the option to sell their bonds back.

^{*} Midea Real Estate Group has the option to adjust the coupon rate of the corporate bond at the end of the second year, and investors have the option to sell their bonds back.

[#] Midea Real Estate Group has the option to adjust the coupon rate of the corporate bond at the end of the third year, and investors have the option to sell their bonds back.

30. Bank and other borrowings

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Bank borrowings	14,995,636	28,073,478
Other borrowings	10,194,638	7,006,525
	25,190,274	35,080,003
Included in non-current liabilities:		
— Secured/guaranteed	10,997,483	15,453,455
— Unsecured	13,452,902	18,329,929
Less: current portion of non-current liabilities	(5,247,780)	(7,242,343)
	19,202,605	26,541,041
Included in current liabilities:		
— Secured/guaranteed	210,000	638,630
— Unsecured	529,889	657,989
— Current portion of non-current liabilities	5,247,780	7,242,343
	5,987,669	8,538,962
Total	25,190,274	35,080,003

As at 31 December 2023 and 2022, all of the Group's borrowings were denominated in following currencies:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
RMB	19,940,657	29,890,956
HKD	5,249,617	4,499,552
USD	—	689,495
	25,190,274	35,080,003

The Group's bank and other borrowings as at 31 December 2023 of RMB8,547,533,000 (2022: RMB11,548,031,000) were secured by certain buildings, investment properties, PUD and PHS of the Group with total carrying values of RMB22,339,218,000 (2022: RMB24,176,949,000).

The Group's bank and other borrowings of RMB2,280,000,000 (2022: RMB4,045,434,000) as at 31 December 2023 were guaranteed by its related parties (note 36(a)) and RMB379,950,000 (2022: RMB498,620,000) were guaranteed by third parties.

30. Bank and other borrowings (Continued)

The exposure of bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
3 months or less	5,628,842	5,928,949
6–12 months	2,243,280	2,435,260
1–2 years	10,065,292	15,583,590
	17,937,414	23,947,799

(a) The repayment terms of the bank and other borrowings are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	5,987,669	8,538,962
Between 1 to 2 years	5,153,413	15,004,429
Between 2 to 5 years	9,801,098	8,788,542
Over 5 years	4,248,094	2,748,070
	25,190,274	35,080,003

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Borrowings wholly repayable within 5 years	20,942,180	32,331,933
Borrowings wholly repayable after 5 years	4,248,094	2,748,070
	25,190,274	35,080,003

(b) The annual weighted average effective interest rates were as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Bank and other borrowings	5.01%	4.65%

The carrying amounts of the borrowings approximated their fair values as at 31 December 2023 and 2022 as the impact of discounting of borrowings with fixed interest rates was not significant or the borrowings carried floating interest rate.

Notes to the Consolidated Financial Statements (Continued)

31. Trade and other payables

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trade payables (note (a))	28,992,496	31,485,536
— related parties (note 36(b))	2,925,464	2,974,662
— third parties	26,067,032	28,510,874
Amounts due to related parties (note 36(b))	20,848,347	15,715,676
Amounts due to non-controlling interests (note (b))	2,492,647	3,173,151
Outstanding acquisition considerations payable	848,586	952,564
Deposit payables	691,068	663,394
Accrued expenses	619,247	800,273
Salaries payable	650,545	733,080
Interest payable	334,521	524,095
Other taxes payable	1,555,178	2,299,388
Other payables (note (c))	2,492,955	2,012,326
	59,525,590	58,359,483

(a) The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 90 days	9,331,137	11,309,811
Over 90 days and within 365 days	13,390,297	15,669,673
Over 365 days	6,271,062	4,506,052
	28,992,496	31,485,536

The Group's trade and other payables as at 31 December 2023 and 2022 were denominated in RMB.

- (b) Amounts due to non-controlling interests mainly represented current accounts with the non-controlling interests of certain subsidiaries of the Group in the ordinary course of business, which are interest-free, unsecured and repayable on demand.
- (c) Other payables mainly represented miscellaneous payments received from property purchasers for various purposes such as obtaining approvals/certificates from government authorities.

32. Cash flow information**(a) Cash generated from operations**

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	2,125,068	3,576,773
Adjustments for:		
Income tax expenses (note 10)	2,361,910	3,311,232
Interest income (note 9)	(315,372)	(440,125)
Net foreign exchange losses on financing activities (note 9)	65,140	483,871
Depreciation and amortisation (note 6)	132,516	153,385
Share-based compensation expenses (note 8)	19,050	82,107
Losses on disposal of property, plant and equipment and investment properties (note 7)	737	9,347
Net impairment losses on financial assets	449,980	308,858
Write-downs of properties under development and completed properties held for sale (note 6)	4,121,361	1,854,886
Share of results of joint ventures and associates (note 14)	69,861	(100,651)
Losses arising from changes in fair value of and transfer to investment properties (note 7)	149,769	281,754
Losses on disposal of subsidiaries (note 7)	163,499	47,868
Losses/(gains) on disposal of joint ventures and associates (note 7)	63,026	(35,105)
Realised and unrealised gains on financial assets at FVPL (note 7)	(55,490)	(8,684)
	9,351,055	9,525,516
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Properties under development and completed properties held for sale	39,913,011	30,245,441
Inventories	15,389	(18,383)
Restricted cash	1,936,599	4,041,008
Trade and other receivables	(5,135,461)	314,865
Prepaid taxes (excluding prepaid income taxes)	315,233	1,165,300
Contract assets and contract acquisition costs	811,520	(437,219)
Contract liabilities	(41,585,038)	(28,532,263)
Trade and other payables	2,538,202	(7,552,953)
	(1,190,545)	(774,204)
Cash generated from operations	8,160,510	8,751,312

32. Cash flow information (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, investment properties, land use right for own-used properties and intangible assets:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Net book amount (notes 15, 16, 17 and 18)	292,929	76,322
Losses on disposal (note 7)	(737)	(9,347)
Proceeds	292,192	66,975

(c) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
Balance as at 1 January 2022	45,814,042	10,509,506	229,360
Cash flows			
— Increase	14,469,949	7,731,392	—
— Decrease	(29,486,594)	(4,876,000)	(83,988)
— Interest paid	—	(469,769)	(7,513)
Disposal of subsidiaries	(437,478)	—	—
Acquisition of subsidiaries which do not contain a business	4,236,213	—	—
Addition of lease liabilities	—	—	9,767
Interest expenses	—	479,420	7,513
Exchange differences	483,871	—	—
Balance as at 31 December 2022	35,080,003	13,374,549	155,139
Balance as at 1 January 2023	35,080,003	13,374,549	155,139
Cash flows			
— Increase	16,399,590	4,605,140	—
— Decrease	(27,671,769)	(5,114,000)	(44,003)
— Interest paid	—	(509,732)	(3,256)
Acquisition of subsidiaries which do not contain a business (note 39)	1,317,310	—	—
Addition of lease liabilities	—	—	8,319
Early termination	—	—	(21,327)
Interest expenses	—	522,733	3,256
Exchange differences	65,140	—	—
Balance as at 31 December 2023	25,190,274	12,878,690	98,128

32. Cash flow information (Continued)

(d) Significant non-cash investing and financing activities

During the year ended 31 December 2023, significant non-cash investing activities mainly represented the transfers between investments in subsidiaries and investments in joint ventures and associates as disclosed in note 14, significant non-cash financing activities mainly represented the issue of new shares as a result of the scrip dividend scheme as disclosed in note 25.

33. Guarantee

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	61,869,805	84,719,415
Guarantees to joint ventures and associates in respect of borrowings (note (b))	6,575,976	10,104,986
	68,445,781	94,824,401
Less: allowance for credit loss	(36,051)	–
	68,409,730	94,824,401

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal titles and take possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.
- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.

34. Commitments

(a) Commitments for capital expenditures

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Contracted but not provided for:		
Property, plant and equipment	8,968	10,766

34. Commitments (Continued)**(b) Operating lease rental receivable**

The lease terms are between 1 and 20 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of the buildings are as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
— Not later than one year	253,011	127,755
— Later than one year and not later than five years	727,107	253,509
— Over five years	154,507	140,515
	1,134,625	521,779

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to note 16.

35. Transactions with non-controlling interests

During the year ended 31 December 2023, the Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total consideration of RMB646,855,000. The differences between the carrying amounts of non-controlling interest acquired and consideration paid and payable are set out below:

	Year ended 31 December 2023 RMB'000
Total carrying amounts of non-controlling interests acquired	643,197
Less: Consideration paid to non-controlling interests	(218,242)
Consideration offset by amounts due from non-controlling interests	(428,613)
Total difference recognised within equity	(3,658)

36. Related party transactions

The ultimate holding company of the Company is Midea Development (BVI), and the Ultimate Controlling Parties of the Company are Mr. He and Ms. Lu.

(a) Transactions with related parties

The Group had the following significant transactions with related parties during the year:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
(i) Entities controlled by the Ultimate Controlling Parties		
Rendering of property management services	53,216	36,991
Purchase of home appliances and smart home technology products	237,497	213,628
Interest expenses on loans from related parties	195,466	77,844
Receiving guarantee in respect of borrowings	2,280,000	3,422,804
Licensing fees	8,029	8,667
Guarantee fees	55,764	35,371
Sales of materials, equipment and other service	–	2,145
Management and consulting service income	49,521	54,284
Lease payments	3,082	4,221
(ii) Entities controlled by certain directors		
Management and consulting service income	1,573	374
Rendering of property management services	1,803	2,227
(iii) Joint ventures		
Management and consulting service income	253,930	235,081
Providing guarantee in respect of borrowings	3,664,442	6,323,402
Sales of materials, equipment and other service	50,920	123,525
Rendering of property management services	35,126	43,707
Purchase of home appliances and smart home technology products	11,275	14,576
(iv) Associates		
Providing guarantee in respect of borrowings	2,911,534	3,781,584
Management and consulting service income	150,892	122,634
Rendering of property management services	29,137	25,814
Sales of materials, equipment and other service	2,140	9,089

The prices for the above transactions were determined in accordance with the terms agreed by the relevant contracting parties.

36. Related party transactions (Continued)**(b) Balances with related parties**

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
(i) Joint ventures		
Amounts due from related parties	7,251,663	7,105,180
Amounts due to related parties	13,464,325	7,552,596
(ii) Associates		
Amounts due from related parties	3,599,721	3,586,676
Amounts due to related parties	7,391,843	8,261,986
(iii) Entities controlled by the Ultimate Controlling Parties		
Amounts due from related parties	5,895	85,133
Amounts due to related parties	2,793,103	2,745,910
(iv) Entities controlled by certain directors and/or their close family members		
Amounts due from related parties	282	595
Amounts due to related parties	124,540	129,846
(v) Analysis on amounts due from related parties		
Trade	147,910	250,704
Non-trade	10,709,651	10,526,880
(vi) Analysis on amounts due to related parties		
Trade	2,925,464	2,974,662
Non-trade	20,848,347	15,715,676

Amounts due from/to related parties are unsecured, interest-free, and repayable on demand.

(c) Loans from related parties (included in bank and other borrowings)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Beginning of the year	42,803	290,000
Loans advanced	11,161,452	6,035,239
Loans repaid	(6,079,330)	(6,282,436)
Exchange differences	(9,214)	–
End of the year	5,115,711	42,803

The annual weighted average effective interest rate of loans from related parties was 6.97% (2022: 4.60%), and the terms of the loans were between 12 months to 36 months (2022: between 1 month to 30 months).

36. Related party transactions (Continued)

(d) Key management compensation

Key management comprise the Company's directors and senior management. The compensation paid or payable to key management for employee services is shown below.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Key management compensation		
— Salaries and other benefits	11,660	14,851
— Contribution to retirement costs	271	238
— Share-based compensation payment	4,409	21,313
— Fees	546	528
	16,886	36,930

37. Subsidiaries

The following is a list of principal subsidiaries at 31 December 2023, all of these are limited liability companies:

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
Incorporated in Hong Kong and operates in Hong Kong					
美的建業(香港)有限公司 Midea Construction (Hong Kong) Co., Ltd	11/03/2009	Others	HKD2,144,100	100.0%	—
Incorporated in Mainland China and operates in Mainland China					
徐州美的時代房地產有限公司 Xuzhou Midea Times Real Estate Co., Ltd	10/01/2014	Property Development	USD44,500	100.0%	—
徐州躍輝置業有限公司 Xuzhou Yuehui Real Estate Company Limited	07/09/2016	Property Development	RMB332,600	100.0%	—
寧波梅山保稅港區薈弘投資有限公司 Ningbo Meishan Bonded Port Huihong Investment Co., Ltd	31/08/2017	Others	USD30,000	100.0%	—
廣東鉅美物業服務股份有限公司 Guangdong Bomei Property Services Co., Ltd. ("Bomei Property Services")	31/01/2000	Others	RMB250,880	98.4%	1.6%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
美的置業集團有限公司 Midea Real Estate Group Limited	13/01/1995	Others	RMB3,191,495	100.0%	–
佛山市美的房地產發展有限公司 Foshan Midea Real Estate Development Co., Ltd	10/08/1998	Property Development	RMB200,000	100.0%	–
佛山市順德區捷高房產有限公司 Foshan Shunde Jiegao Real Estate Co., Ltd	28/08/2007	Property Development	RMB200,000	100.0%	–
佛山市名勝投資有限公司 Foshan Mingsheng Investment Co., Ltd	15/10/2007	Property Development	RMB170,000	100.0%	–
美的西南房地產發展有限公司 Midea Xinan Property Development Company Limited	26/03/2010	Property Development	RMB500,000	100.0%	–
株洲市美的房地產發展有限公司 Zhuzhou Midea Real Estate Development Co., Ltd	10/06/2010	Property Development	RMB402,820	100.0%	–
佛山市高明區美的房地產發展有限公司 Foshan Gaoming Midea Real Estate Development Co., Ltd	14/01/2011	Property Development	RMB400,000	100.0%	–
邯鄲市美的房地產開發有限公司 Handan Midea Real Estate Development Co., Ltd	06/09/2011	Property Development	RMB353,540	100.0%	–
徐州市美的新城房地產發展有限公司 Xuzhou Midea Xincheng Real Estate Development Co., Ltd	24/11/2011	Property Development	RMB300,000	100.0%	–
寧波市梅山美的房地產發展有限公司 Ningbo Meishan Midea Real Estate Development Co., Ltd	14/12/2011	Property Development	RMB300,000	100.0%	–
瀋陽市美的房地產開發有限公司 Shenyang Midea Real Estate Development Co., Ltd	03/07/2013	Property Development	RMB384,098	100.0%	–

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
寧波梅山保稅港區邁迪瑞建築材料有限公司 Ningbo Meishan Bonded Port Area Mairui Construction Materials Co., Ltd	18/07/2013	Others	RMB20,000	100.0%	—
貴陽美的新時代房地產發展有限公司 Guiyang Midea New Era Real Estate Development Co., Ltd	19/02/2016	Property Development	RMB500,000	100.0%	—
無錫市悅輝房地產發展有限公司 Wuxi Yuehui Real Estate Development Co., Ltd	22/09/2016	Property Development	RMB500,000	100.0%	—
邯鄲市華美世紀房地產開發有限公司 Handan Huamei Century Real Estate Development Co., Ltd	13/09/2016	Property Development	RMB30,000	51.0%	49.0%
南京天輝房地產發展有限公司 Nanjing Tianhui real Estate Development Co., LTD	11/10/2016	Property Development	RMB245,000	100.0%	—
岳陽市鼎輝房地產發展有限公司 Yueyang Dinghui Real Estate Development Co., Ltd	26/12/2016	Property Development	RMB350,000	80.0%	20.0%
佛山市順德區萬蒼人才服務有限公司 Foshan Shunde Wanhui Human Resource Services Co., Ltd	18/11/2016	Property Development	RMB170,000	60.0%	40.0%
寧波梅山保稅港區盈美投資管理有限公司 Ningbo Meishan Bonded Port Area Yingmei Investment Management Co., Ltd	23/09/2016	Others	RMB3,000,000	100.0%	—
湘潭市鼎輝房地產發展有限公司 Xiangtan Dinghui Real Estate Development Co., Ltd	16/05/2017	Property Development	RMB30,769	68.5%	31.5%
南京美的房地產發展有限公司 Nanjing Midea Property Development Co., Ltd	22/04/2017	Property Development	RMB10,000	100.0%	—

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
石家莊市美的房地產開發有限公司 Shijiazhuang Midea Property Development Co., Ltd	20/04/2017	Property Development	RMB50,000	100.0%	–
南昌市美的房地產開發有限公司 Nanchang Midea Property Development Co., Ltd	28/04/2017	Property Development	RMB10,000	100.0%	–
佛山市南海區誠美房地產開發有限公司 Foshan Nanhai Chengmei Real Estate Development Co., Ltd	25/09/2017	Property Development	RMB383,100	100.0%	–
貴陽國龍置業有限公司 Guizhou Guolong Properties Co., Ltd	16/10/2017	Property Development	RMB300,000	90.0%	10.0%
佛山市順德區寶弘房地產開發有限公司 Foshan Shunde Baohong Real Estate Development Co., Ltd	13/10/2017	Property Development	RMB2,640,000	75.0%	25.0%
無錫悅榕投資有限公司 Wuxi Yuerong Investment Co., Ltd.	17/11/2016	Property Development	RMB931,186	100.0%	–
湖南中寧置業有限公司 Hunan Zhongning Real Estate Co., Ltd	31/10/2017	Property Development	RMB30,000	60.0%	40.0%
成都市美曜房地產開發有限公司 Chengdu Meiyao Real Estate Development Co., Ltd	17/11/2017	Property Development	RMB50,000	70.0%	30.0%
邢臺市美智房地產開發有限公司 ⁽¹⁾ Xingtai Meizhi Real Estate Development Co., Ltd	29/11/2017	Property Development	RMB200,000	45.0%	55.0%
鎮江美裕房地產發展有限公司 ⁽¹⁾ Zhenjiang Meiyu Real Estate Development Co., Ltd	19/12/2017	Property Development	RMB210,000	32.8%	67.2%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
邢臺市美盛房地產開發有限公司 Xingtai Meisheng Real Estate Development Co., Ltd	21/12/2017	Property Development	RMB200,000	60.0%	40.0%
佛山市三水雲東海花園房地產開發有限公司 Foshan Sanshui Yundonghai Garden Real Estate Development Co., Ltd	04/01/2018	Property Development	RMB250,000	75.8%	24.2%
寧波聯城住工科技有限公司 Ningbo Liancheng Housing Industrialisation Technology Co., Ltd	05/02/2018	Others	RMB300,000	75.0%	25.0%
梧州市美駿置業有限公司 Wuzhou Meijun Real Estate Co., Ltd	23/04/2018	Property Development	RMB654,939	55.9%	44.1%
眉山美文房地產開發有限公司 ^(*) Meishan Meiwen Real Estate Development Co., Ltd	25/04/2018	Property Development	RMB80,000	50.0%	50.0%
遵義市美駿房地產開發有限公司 Zunyi Meijun Real Estate Development Co., Ltd	16/05/2018	Property Development	RMB500,000	51.0%	49.0%
邯鄲市天志地成房地產開發有限公司 ^(*) Handan Tianzhi Dicheng Property Development Company Limited	08/05/2018	Property Development	RMB400,000	49.0%	51.0%
上饒市美越房地產開發有限公司 ^(*) Shangrao Meiyue Real Estate Development Co., Ltd	12/06/2018	Property Development	RMB260,000	34.0%	66.0%
江蘇睿住住工科技有限公司 Jiangsu Ruizhugong Technology Co., Ltd.	08/06/2018	Others	USD45,000	77.5%	22.5%
上饒市高運房地產開發有限公司 ^(*) Shangrao Gaoyun Real Estate Development Co., Ltd	10/07/2018	Property Development	RMB300,000	33.0%	67.0%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
無錫市美駿房地產發展有限公司 Wuxi Meijun Real Estate Development Co., Ltd	02/07/2018	Property Development	RMB833,000	100.0%	–
無錫市美商駿房地產發展有限公司 ⁽¹⁾ Wuxi Meishangjun Real Estate Development Co., Ltd	10/07/2018	Property Development	RMB1,200,000	34.0%	66.0%
揚州萬美置業有限公司 ⁽¹⁾ Yangzhou Wanmei Property Co., Ltd	17/07/2018	Property Development	USD100,000	50.0%	50.0%
重慶美城金房地產開發有限公司 ⁽¹⁾ Chongqing Meichengjin Real Estate Development Co., Ltd	27/07/2018	Property Development	RMB200,000	35.0%	65.0%
福建省美置智慧家居科技發展有限公司 Fujian Meizhi Smart Home Technology Development Co., Ltd	31/07/2018	Property Development	RMB551,750	86.0%	14.0%
常州市美陽房地產發展有限公司 Changzhou Meiyang Real Estate Development Co., Ltd	02/08/2018	Property Development	RMB500,000	51.0%	49.0%
瀏陽市鼎輝房地產開發有限公司 Liuyang Dinghui Real Estate Development Co., Ltd	20/09/2018	Property Development	RMB170,660	51.0%	49.0%
合肥美的房地產發展有限公司 Hefei Midea Real Estate Development Co., Ltd	30/09/2018	Property Development	RMB200,000	100.0%	–
蘇州正蠶房地產開發有限公司 ⁽¹⁾ Suzhou Zhengxi Real Estate Development Co., Ltd	30/09/2018	Property Development	RMB400,000	34.0%	66.0%
贛州鑫群置業有限公司 Ganzhou Xinqun Property Co., Ltd	29/11/2018	Property Development	RMB952,294	60.0%	40.0%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
徐州朗升房地產開發有限公司 Xuzhou Langsheng Real Estate Development Co., Ltd	24/12/2018	Property Development	RMB1,356,844	51.0%	49.0%
揚州市美嘉房地產發展有限公司 Yangzhou Meijia Real Estate Development Co., Ltd	18/01/2019	Property Development	RMB300,000	60.0%	40.0%
蘇州美居房地產開發有限公司 Suzhou Meiju Real Estate Development Co., Ltd	18/01/2019	Property Development	RMB500,000	100.0%	—
衡陽市鼎華房地產開發有限公司 Hengyang Dinghua Real Estate Development Co., Ltd	28/01/2019	Property Development	RMB300,000	70.0%	30.0%
泉州市美智房地產開發有限公司 Quanzhou Meizhi Real Estate Development Co., Ltd	28/03/2019	Property Development	RMB487,000	95.0%	5.0%
茂名市電白區美航房地產開發有限公司 Maoming Dianbai Meihang Real Estate Development Co., Ltd	15/04/2019	Property Development	RMB583,000	100.0%	—
贛州慧谷房地產開發有限公司 Ganzhou Huiqu Real Estate Development Co., Ltd	16/04/2019	Property Development	RMB350,000	51.0%	49.0%
常州市美科房地產發展有限公司 Changzhou Meike Real Estate Development Co., Ltd	15/04/2019	Property Development	RMB819,000	100.0%	—
台州市美泰房地產開發有限公司 Taizhou Meitai Real Estate Development Co., Ltd	16/04/2019	Property Development	RMB500,000	60.0%	40.0%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
台州嘉豪置業有限公司 ⁽¹⁾ Taizhou Jiahao Real Estate Co., Ltd	19/04/2019	Property Development	RMB600,000	50.0%	50.0%
惠州市旭美房地產開發有限公司 ⁽¹⁾ Huizhou Xumei Real Estate Development Co., Ltd	22/04/2019	Property Development	RMB150,000	50.0%	50.0%
武漢市鼎輝雅樂房地產開發有限公司 Wuhan Dinghui Yale Real Estate Development Co., Ltd	08/05/2019	Property Development	RMB2,100,000	100.0%	–
昆明美龍置業有限公司 Kunming Meilong Real Estate Co., Ltd	24/05/2019	Property Development	RMB160,000	100.0%	–
寧波市美譽房地產發展有限公司 ⁽¹⁾ Ningbo Meirui Real Estate Development Co., Ltd	21/06/2019	Property Development	RMB1,100,000	50.0%	50.0%
杭州美煜房地產發展有限公司 Hangzhou Meiyu Real Estate Development Co., Ltd	27/06/2019	Property Development	RMB1,350,000	90.0%	10.0%
無錫浦錦企業管理有限公司 ⁽¹⁾ Wuxi Pujin Enterprise Management Co., Ltd	30/10/2019	Property Development	RMB770,000	34.0%	66.0%
上海浦申置業有限公司 ⁽¹⁾ Shanghai Pushen Real Estate Co., Ltd	30/10/2019	Property Development	RMB400,000	34.0%	66.0%
上海欣明置業有限公司 ⁽¹⁾ Shanghai Xinming Real Estate Co., Ltd	30/10/2019	Property Development	RMB370,000	34.0%	66.0%
寧波梅山保稅港區悅寧企業管理諮詢有限公司 Ningbo Meishan Bonded Port Yuening Enterprise Management Consultancy Co., Ltd	25/11/2019	Others	RMB3,000,000	51.0%	49.0%
惠州力佳地產有限公司 ⁽¹⁾ Huizhou Lijia Property Co., Ltd	23/12/2019	Property Development	RMB200,000	34.0%	66.0%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
揚州市美贊房地產發展有限公司 Yangzhou Meizan Real Estate Development Co., Ltd.	21/05/2020	Property Development	RMB2,691,603	70.0%	30.0%
美置服務集團有限公司 Foshan Meizhi Service Group Limited	25/05/2020	Others	RMB100,000	100.0%	–
泉州市美景房地產開發有限公司 Quanzhou Meijing Real Estate Development Co., Ltd.	29/05/2020	Property Development	RMB500,000	70.0%	30.0%
佛山市順德區美岸房地產開發有限公司 Foshan Shunde Mei'an Real Estate Development Co., Ltd.	23/06/2020	Property Development	RMB870,000	100.0%	–
株洲頤鑫房地產開發有限公司 Zhuzhou Yixin Real Estate Development Co., Ltd.	12/06/2020	Property Development	RMB615,594	100.0%	–
佛山市禪城區凝泰房地產開發有限公司 ^(*) Foshan Chancheng Ningtai Real Estate Development Co., Ltd.	10/09/2020	Property Development	RMB737,620	46.0%	54.0%
邯鄲宣弘房地產開發有限公司 Handan Xuanhong Real Estate Development Co., Ltd.	17/09/2020	Property Development	RMB400,000	51.0%	49.0%
揚州市美築嘉投資有限公司 Yangzhou Meizhujia Investment Co., Ltd.	21/09/2020	Property Development	RMB596,745	100.0%	–
南京招盈房地產開發有限公司 ^(*) Nanjing Zhaoying Real Estate Development Co., Ltd.	20/10/2020	Property Development	RMB530,000	37.0%	63.0%
南昌彰美房地產開發有限公司 ^(*) Nanchang zhangmei Real Estate Development Co., Ltd.	19/10/2020	Property Development	RMB300,000	34.0%	66.0%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
廣州市南沙區美築房地產開發有限公司 Guangzhou Nansha Meizhu Real Estate Development Co., Ltd	02/12/2020	Property Development	RMB789,250	67.0%	33.0%
蘇州美賽房地產有限公司 Suzhou meisai Real Estate Co., Ltd	18/06/2021	Property Development	RMB230,000	60.0%	40.0%
東莞市招美房地產開發有限公司 ⁽¹⁾ Dongguan Zhaomei Real Estate Development Co., Ltd	26/07/2019	Property Development	RMB661,110	50.0%	50.0%
廣州同輝投資發展有限公司 Guangzhou Tonghui Investment Development Co., Ltd	26/09/2019	Property Development	RMB4,490,000	50.5%	49.5%
廣州綠恒房地產開發有限公司 Guangzhou lvheng Real Estate Development Co., Ltd	26/09/2019	Property Development	RMB390,000	50.5%	49.5%
佛山市順德區聚才房地產開發有限公司 ⁽¹⁾ Foshan Shunde Jucai Real Estate Development Co., Ltd	17/10/2019	Property Development	RMB500,000	42.0%	58.0%
佛山市美鷺酒店管理有限公司 Foshan Meilu Hotel Management Co., Ltd	28/08/2015	Others	RMB50,000	90.0%	10.0%
廣東睿住智慧科技有限公司 Foshan Shunde Meijia Intelligent Technology Management Service Co., Ltd.	20/11/2015	Others	RMB25,000	72.9%	27.1%
遵義市美的房地產發展有限公司 Zunyi Midea Real Estate Development Co., Ltd	17/02/2014	Property Development	RMB150,000	100.0%	—
廣東天元建築設計有限公司 Foshan Shunde District Tianyuan Architectural Design Co., Ltd.	19/06/2017	Others	RMB20,000	100.0%	—
佛山市順德區美智房產有限公司 ⁽¹⁾ Foshan Shunde Meizhi Real Estate Co., Ltd	13/11/2017	Property Development	RMB130,000	50.0%	50.0%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
徐州美君房地產有限公司 ⁽¹⁾ Xuzhou Meijun Real Estate Co., Ltd	25/02/2019	Property Development	RMB125,000	34.0%	66.0%
泉州市聚龍遠南房地產有限公司 Quanzhou Julong Yuannan Real Estate Co., Ltd	16/09/2019	Property Development	RMB120,000	65.0%	35.0%
徐州美城房地產發展有限公司 Xuzhou Meicheng Real Estate Development Co., Ltd	26/11/2019	Property Development	RMB604,800	100.0%	–
邯鄲市美祥房地產開發有限公司 Handan Meixiang Real Estate Development Co., Ltd	02/01/2020	Property Development	RMB560,000	75.0%	25.0%
徐州美科房地產發展有限公司 Xuzhou Meike Real Estate Development Co., Ltd	22/04/2020	Property Development	RMB207,200	100.0%	–
邯鄲市美益房地產開發有限公司 Handan Meiyi Real Estate Development Co., Ltd	18/08/2020	Property Development	RMB140,000	60.0%	40.0%
佛山市睿住智慧科技股份有限公司 Foshan Ruizhu Intelligent Technology Co., Ltd	28/10/2020	Others	RMB60,000	72.9%	27.1%
泉州市美頤房地產開發有限公司 Quanzhou Meiyi Real Estate Development Co., Ltd	06/04/2021	Property Development	RMB510,000	79.0%	21.0%
徐州美騰置業有限公司 Xuzhou Meiteng Real Estate Co., Ltd	08/05/2021	Property Development	RMB250,000	100.0%	–
惠州市睿住住工科技有限公司 Huizhou Remac IOC Technology Co., Ltd.	04/06/2021	Others	RMB20,000	51.0%	49.0%
徐州美淮管理諮詢有限公司 Xuzhou Meihuai Management Consulting Co., Ltd	22/12/2021	Property Development	RMB275,000	100.0%	–

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
珠海市睿住建築科技有限公司 Zhuhai Ruizhu Construction Technology Co., Ltd	09/12/2021	Others	RMB5,000	100.0%	–
遵義鑫樽房地產開發有限公司 Zunyi Xinzun Real Estate Development Co., Ltd	27/06/2018	Property Development	RMB500,000	100.0%	–
常州市美茂房地產發展有限公司 Changzhou Meimao Real Estate Development Co., Ltd	11/07/2019	Property Development	RMB1,925,000	51.0%	49.0%
南京科宸房地產開發有限公司 Nanjing Kechen Real Estate Development Co., Ltd.	23/12/2019	Property Development	RMB1,512,000	100.0%	–
無錫正嘉房地產開發有限公司 Wuxi Zhengjia Real Estate Development Co., Ltd	03/09/2020	Property Development	RMB1,080,000	100.0%	–
成都市美瑾德房地產開發有限公司 Chengdu Meijinde Real Estate Development Co., Ltd	15/06/2021	Property Development	RMB910,000	100.0%	–
天津美智房地產開發有限公司 Tianjin Meizhi Real Estate Development Co., Ltd	24/06/2021	Property Development	RMB560,000	100.0%	–
廣州南沙區美多莉房地產開發有限公司 ⁽¹⁾ Guangzhou Nansha District Meiduoli Real Estate Development Co., Ltd	08/08/2019	Property Development	RMB791,000	50.0%	50.0%
徐州美正管理諮詢有限公司 Xuzhou Meizheng Management Consulting Co., Ltd	07/09/2022	Others	RMB78,000	100.0%	–

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
瀋陽美的企業管理諮詢有限公司 Shenyang Midea enterprise management consulting Co., Ltd	25/04/2017	Property Development	RMB10,000	100.0%	–
徐州美譽房地產發展有限公司 Xuzhou good reputation real estate development Co., Ltd	09/11/2018	Property Development	RMB20,000	100.0%	–
無錫市美城房地產開發有限公司 Wuxi Meicheng real estate development Co., Ltd	25/10/2019	Property Development	RMB100,000	55.0%	45.0%
無錫美亭房地產發展有限公司 Wuxi Meiting real estate Development Co., Ltd	24/08/2021	Property Development	RMB1,682,950	100.0%	–
廣東睿尚智慧空間科技有限公司 ^(*) Guangdong Ruishang intelligent space Technology Co., Ltd	09/10/2022	Others	RMB20,000	47.4%	52.6%
揚州市美築禧管理諮詢有限公司 Yangzhou Meizhu Xi Management Consulting Co., Ltd	25/09/2023	Others	RMB191,380	100.0%	–

* As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through contractual arrangements and the existing rights to direct the relevant activities including but not limited to budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the Mainland China companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

38. Disposal of subsidiaries

During the year ended 31 December 2023, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposal are as follows:

	RMB'000
Disposal consideration	
— Investments in associates (note 14(b))	400
— Cash received	58,888
— Consideration offset against other payables	261,068
— Outstanding and included in other receivables	2,892
	323,248
Cash and cash equivalents	(166,759)
Restricted cash	(55,044)
Financial assets at fair value through profit or loss	(7,500)
Trade and other receivables	(740,938)
Prepaid taxes	(104,722)
Properties under development and completed properties held for sale	(1,159,581)
Contract assets and contract acquisition costs	(16,403)
Deferred income tax assets	(53,876)
Trade and other payables	542,672
Contract liabilities	770,699
Others	(6,029)
Total net assets disposed of	(997,481)
Non-controlling interests disposed of	510,734
	(486,747)
Losses on disposal	(163,499)
Cash proceeds from disposal, net of cash disposed of	
— Cash received	58,888
— Cash and cash equivalents of the subsidiaries disposed of	(166,759)
Net cash outflow from disposal	(107,871)

39. Acquisition of subsidiaries

During the year ended 31 December 2023, the Group acquired certain property development companies and obtained control of these companies. The directors of the Company applied the optional test to identify concentration of fair value as prescribed by HKFRS 3 “Business Combination” and considered that the acquired set of activities and assets of these subsidiaries individually are not businesses. Accordingly, the above acquisition of subsidiaries was accounted for as acquisitions of assets and the consideration for each acquisition was allocated to the individual assets acquired and liabilities assumed of each acquired companies on the respective acquisition dates.

Details of the acquisitions are as follows:

	RMB'000
Purchase consideration	
— Investments in joint ventures (note 14(a))	1,147,746
— Cash paid	538,185
— Consideration offset against other receivables	230,185
— Outstanding and included in other payables	32,786
Total consideration	1,948,902
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	443,644
Financial assets at fair value through profit or loss	66,000
Trade and other receivables	713,952
Prepaid taxes	170,252
Investment properties	982,874
Properties under development and completed properties held for sale	2,254,457
Contract assets and contract acquisition costs	19,048
Deferred income tax assets	28,094
Bank and other borrowings	(1,317,310)
Trade and other payables	(782,000)
Contract liabilities	(608,008)
Others	(22,101)
Total identifiable net assets	1,948,902
Less: non-controlling interests	—
Net assets acquired	1,948,902
Payments of acquisition of subsidiaries, net of cash acquired	
— Cash paid	(538,185)
— Cash and cash equivalents of the subsidiaries acquired	443,644
Net cash outflow from acquisitions	(94,541)

40. Balance sheet and reserve movement of the Company

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Amount due from a subsidiary		1,087,341	1,087,341
Investments in subsidiaries		4,448,949	4,429,899
		5,536,290	5,517,240
Current assets			
Amounts due from subsidiaries		3,718,263	4,587,069
Trade and other receivables		–	41,630
Cash and cash equivalents		500,176	47
		4,218,439	4,628,746
Total assets		9,754,729	10,145,986
EQUITY			
Share capital and premium		5,150,983	5,627,767
Other reserves	(a)	4,440,915	4,422,343
Retained earnings	(a)	125,607	59,826
Total equity		9,717,505	10,109,936
LIABILITIES			
Current liabilities			
Trade and other payables		5,523	4,349
Amounts due to subsidiaries		31,701	31,701
Total liabilities		37,224	36,050
Total equity and liabilities		9,754,729	10,145,986

The balance sheet of the Company was approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Hao Hengle
Director

Lin Ge
Director

40. Balance sheet and reserve movement of the Company (Continued)**(a) Other reserves and retained earnings**

	Other reserves	Retained earnings
	RMB'000	RMB'000
At 1 January 2022	4,344,463	(347,924)
Issue of new shares for the purpose of restricted share award scheme	(4,227)	–
Employee share scheme — value of employee services received	82,107	–
Profit for the year	–	407,750
At 31 December 2022	4,422,343	59,826
At 1 January 2023	4,422,343	59,826
Issue of new shares for the purpose of restricted share award scheme	(478)	–
Employee share scheme — value of employee services received	19,050	–
Profit for the year	–	65,781
At 31 December 2023	4,440,915	125,607

41. Benefits and interests of directors**(a) Directors' emoluments**

The directors' emoluments paid/payable during the year are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries and other benefits	9,601	13,100
Contribution to retirement scheme	203	196
Fees	546	528
Share-based compensation expenses	4,228	19,960
	14,578	33,784

41. Benefits and interests of directors (Continued)**(a) Directors' emoluments (Continued)****(i) For the year ended 31 December 2023**

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Contribution to retirement scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive directors					
Mr. Hao Hengle	-	2,792	59	2,520	5,371
Mr. Wang Quanhui	-	2,260	43	509	2,812
Mr. Lin Ge	-	2,164	59	409	2,632
Mr. Zhang Ziliang	-	2,385	42	291	2,718
Non-executive directors					
Mr. He Jianfeng	-	-	-	-	-
Mr. Zhao Jun	-	-	-	499	499
Independent non-executive directors					
Mr. Tan Jinsong	182	-	-	-	182
Mr. O'Yang Wiley	182	-	-	-	182
Mr. Lu Qi	182	-	-	-	182
	546	9,601	203	4,228	14,578

(ii) For the year ended 31 December 2022

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Contribution to retirement scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive directors					
Mr. Hao Hengle	-	5,060	57	9,935	15,052
Mr. Wang Quanhui	-	2,526	41	3,188	5,755
Mr. Lin Ge	-	2,432	57	3,030	5,519
Mr. Zhang Ziliang	-	2,754	31	2,875	5,660
Mr. Yao Wei	-	328	10	145	483
Non-executive directors					
Mr. He Jianfeng	-	-	-	-	-
Mr. Zhao Jun	-	-	-	787	787
Independent non-executive directors					
Mr. Tan Jinsong	176	-	-	-	176
Mr. O'Yang Wiley	176	-	-	-	176
Mr. Lu Qi	176	-	-	-	176
	528	13,100	196	19,960	33,784

No director has waived or agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

41. Benefits and interests of directors (Continued)**(b) Directors' retirement benefits**

During the year, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

During the year, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

During the year, the Company did not pay to any third party for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the year, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

42. Subsequent events

In January 2024, Ningbo Meishan Bonded Port Area Port Yongfeng Real Estate Development Co., Ltd. (寧波梅山保稅港區甬豐房地產開發有限公司, an indirectly wholly-owned subsidiary of the Company, "Ningbo Meishan"), Hangzhou Lixuan Commerce Services Co., Ltd. (杭州利烜商務服務有限公司, "Hangzhou Lixuan"), Ningbo Meirui Real Estate Development Co., Ltd (寧波市美睿房地產發展有限公司, the "Project Company") and Ningbo Meishan Midea Property Development Co., Ltd. (寧波市梅山美的房地產發展有限公司, an indirectly wholly-owned subsidiary of the Group and held 50% of equity interest in the Project Company) entered into the Equity Transfer Agreement, pursuant to which, Hangzhou Lixuan agreed to dispose of, and Ningbo Meishan agreed to acquire, the remaining 50% of entire equity interests held by Hangzhou Lixuan in the Project Company at a consideration of RMB400 million. The consideration shall be settled by Ningbo Meishan through assuming a debt of RMB400 million owed by Hangzhou Lixuan to the Project Company. Upon Completion, the Company will indirectly hold 100% equity interests in the Project Company.

In January 2024, the Group issued mid-term notes in an aggregate principal amount of RMB1,440,000,000 with a coupon rate of 4.96% for a term of 2 years.

In February 2024, the Group redeemed the outstanding corporate bonds and mid-term notes with total principal amounts of RMB500,000,000 and RMB1,450,000,000, respectively, at redemption prices equal to 100% of the principal amount as of the redemption dates.

43. Summary of other accounting policies

43.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 43.2).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 43.1(d)), after initially being recognised at cost.

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures only.

Interests in joint ventures are accounted for using the equity method (note 43.1(d)), after initially being recognised at cost in the consolidated balance sheet.

43. Summary of other accounting policies (Continued)

43.1 Principles of consolidation and equity accounting (Continued)

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 43.9.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

43. Summary of other accounting policies (Continued)

43.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

43. Summary of other accounting policies (Continued)

43.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

43.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

43.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within finance costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'other income and other losses — net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss.

43. Summary of other accounting policies (Continued)

43.5 Foreign currency translation (Continued)

(c) Group companies

The results and consolidated balance sheet of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

43.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the Group expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

43. Summary of other accounting policies (Continued)

43.7 Intangible assets

(a) Research and development expenditures

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the development of prefabricated construction related technologies) are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the development of prefabricated construction related technologies so that it will be available for use
- management intends to complete the development of prefabricated construction related technologies and use or sell it
- there is an ability to use or sell the prefabricated construction related technologies
- it can be demonstrated how the prefabricated construction related technologies will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the prefabricated construction related technologies are available, and
- the expenditure attributable to the prefabricated construction related technologies during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense is not recognised as an asset in a subsequent period.

(b) Goodwill

Goodwill is measured as described in note 43.2 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

43.8 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss.

43. Summary of other accounting policies (Continued)

43.8 Investment properties (Continued)

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. For a transfer from completed properties held for sale or properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

43.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

43.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

43. Summary of other accounting policies (Continued)

43.10 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other losses — net". Interest income from these financial assets is included in "Other income" using the effective interest rate method.
- **FVPL:** Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within 'other income and losses — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

43. Summary of other accounting policies (Continued)

43.10 Financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss (financial assets at "FVPL") are recognised in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

43.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

43.12 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt investment at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk. Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties, related parties and non-controlling interests and financial guarantee are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

43. Summary of other accounting policies (Continued)

43.13 Inventories

Inventories mainly comprise of spare parts and tools for property management, which are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses necessary to make the sale.

43.14 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 21 for further information about the Group's accounting for trade receivables and note 3.1 for a description of the group's impairment policies.

43.15 Contract assets, contract acquisition costs and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer as contract acquisition cost within contract assets if the Group expects to recover these costs.

43.16 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

43. Summary of other accounting policies (Continued)

43.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's owners.

Shares held for the restricted share award scheme are disclosed as treasury shares and deducted from contributed equity.

43.18 Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

43.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and recognised in the profit or loss over the periods in which the related costs are incurred; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised in the profit or loss.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

43.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

43. Summary of other accounting policies (Continued)

43.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

43.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

43. Summary of other accounting policies (Continued)

43.23 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

43. Summary of other accounting policies (Continued)

43.23 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Oneland or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

43.24 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

43. Summary of other accounting policies (Continued)

43.25 Share-based payments

Share-based compensation benefits are provided to employees via the share option scheme, share award scheme, and the transfer of shares by Ms. Lu to the eligible participants. Information relating to these schemes is set out in note 28.

(a) Share option scheme

The fair value of options granted under the share option scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The share option scheme is administered by the Group Employee Share Trust, which is consolidated in accordance with the principles in note 43.1. When the options are exercised, the trust transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(b) Share award scheme

The fair value of restricted share granted to employees for nil consideration under the Share Award Scheme is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

The restricted share are acquired by the Group Employee Share Trust on market at the grant date and are held for employee share scheme until such time as they are vested.

43. Summary of other accounting policies (Continued)

43.26 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

43.27 Management and consulting services income

Income from rendering of management and consulting services is recognised in the accounting period in which the related services are rendered.

43.28 Interest income

Interest income is recognised using the effective interest method.

43.29 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

43.30 Leases

(a) The Group as the lessee

Leases of property, plant and equipment are recognised as a right-of-use asset or investment properties and a corresponding liability at the date at which the leased asset is available for use by the Group. In addition, land use rights to be developed for hotel properties and self-use buildings, which are stated at cost and subsequently amortised in the profit or loss on a straight-line basis over the operating lease periods, are recognised as right-of-use for land.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

43. Summary of other accounting policies (Continued)

43.30 Leases (Continued)

(a) The Group as the lessee (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

43. Summary of other accounting policies (Continued)

43.30 Leases (Continued)

(a) The Group as the lessee (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In addition, leases of land are recognised as right-of-use for land. The Group applies the fair value model in HKAS 40 Investment Property to its investment properties, and also apply that fair value model to right-of-use assets that meet the definition of investment property in HKAS 40. Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities and cash payments for the interest portion are consistent with presentation of interest payments.

43. Summary of other accounting policies (Continued)

43.30 Leases (Continued)

(b) The Group as the lessor

Lease classification is made at the inception date and is reassessed only if there is a lease modification.

A finance lease is a lease that the Group as the lessor uses to transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognises the minimum lease amounts receivable by the Group as a finance lease receivable and records the unguaranteed residual value as an asset within the same category. The difference between (a) the aggregate of the minimum lease amounts and the unguaranteed residual value and (b) their present value (presented in the consolidated balance sheet as finance lease receivables — net) is recognised as unearned finance income. Minimum lease amounts are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Unearned finance income is allocated to each period during the lease term using the effective interest method that allocates each rental between finance income and repayment of capital in each accounting period in such a way that finance income is recognised as a constant periodic rate of return (implicit effective interest rate) on the lessor's net investment in the lease. Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Amounts received from lessees under operating leases (net of any incentives granted to the lessee) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Initial direct costs incurred by the Group as the lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

(c) Sublease

In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be classified as an operating lease
- otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant or equipment that is the subject of the lease).

43. Summary of other accounting policies (Continued)

43.31 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

43.32 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9, 'Financial Instruments' and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Assets, Equity and Liabilities

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
ASSETS					
Non-current assets	38,931,877	37,655,459	38,049,646	29,220,903	19,403,828
Current assets	162,647,328	214,283,295	250,470,207	254,533,571	230,310,016
Total assets	201,579,205	251,938,754	288,519,853	283,754,474	249,713,844
EQUITY AND LIABILITIES					
Total equity	50,118,747	50,313,849	47,809,621	40,219,388	31,138,293
Non-current liabilities	26,184,858	35,361,203	41,938,807	47,649,934	47,263,629
Current liabilities	125,275,600	166,263,702	198,771,425	195,885,152	171,311,922
Total liabilities	151,460,458	201,624,905	240,710,232	243,535,086	218,575,551
Total equity and liabilities	201,579,205	251,938,754	288,519,853	283,754,474	249,713,844

Statement of Comprehensive Income

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	73,564,495	73,630,848	73,703,098	52,483,611	41,138,570
Cost of sales	(65,080,929)	(62,324,407)	(60,207,635)	(40,825,617)	(28,131,087)
Gross profit	8,483,566	11,306,441	13,495,463	11,657,994	13,007,483
Other income and gains — net	501,012	632,838	881,587	627,004	938,793
(Losses)/Gains arising from changes in fair value of and transfer to investment properties	(149,769)	(281,754)	12,532	27,739	198,450
Selling and marketing expenses	(2,505,649)	(2,367,284)	(2,662,865)	(2,194,349)	(2,540,686)
Administrative expenses	(1,572,573)	(2,150,283)	(3,382,192)	(3,518,260)	(3,695,200)
Net impairment losses on financial assets	(449,980)	(308,858)	(322,646)	(68,407)	(5,578)
Operating profit	4,306,607	6,831,100	8,021,879	6,531,721	7,903,262
Finance (costs)/income — net	250,232	(43,746)	720,994	687,591	152,084
Share of results of joint ventures and associates	(69,861)	100,651	(23,353)	351,042	325,362
Profit before income tax	4,486,978	6,888,005	8,719,520	7,570,354	8,380,708
Income tax expenses	(2,361,910)	(3,311,232)	(3,416,710)	(2,744,856)	(4,054,099)
Profit for the year	2,125,068	3,576,773	5,302,810	4,825,498	4,326,609
Profit attributable to:					
Owners of the Company	913,584	1,726,363	3,743,557	4,326,482	4,305,164
Non-controlling interests	1,211,484	1,850,410	1,559,253	499,016	21,445
	2,125,068	3,576,773	5,302,810	4,825,498	4,326,609
Earnings per share (expressed in RMB per share)					
Basic and diluted earnings per share	0.66	1.34	3.04	3.52	3.61
Gross margin	11.5%	15.4%	18.3%	22.2%	31.6%
Net profit margin	2.9%	4.9%	7.2%	9.2%	10.5%

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Hao Hengle (Chairman and President)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang

NON-EXECUTIVE DIRECTORS

Mr. He Jianfeng
Mr. Zhao Jun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tan Jinsong
Mr. O'Yang Wiley
Mr. Lu Qi

AUDIT COMMITTEE

Mr. Tan Jinsong (Chairman)
Mr. Zhao Jun
Mr. O'Yang Wiley

REMUNERATION COMMITTEE

Mr. O'Yang Wiley (Chairman)
Mr. Hao Hengle
Mr. Zhao Jun
Mr. Tan Jinsong
Mr. Lu Qi

NOMINATION COMMITTEE

Mr. Hao Hengle (Chairman)
Mr. Tan Jinsong
Mr. Lu Qi

AUTHORISED REPRESENTATIVES

Mr. Hao Hengle
Mr. Lin Ge

JOINT COMPANY SECRETARIES

Ms. Wan Jingli (appointed on 23 May 2023)
Ms. Chan Bo Shan

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PLACE OF BUSINESS IN HONG KONG, CHINA

Suites 3906–3910, 39/F, Tower 6, The Gateway
Harbour City, No. 9 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

LEGAL ADVISER

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

Corporate Information (Continued)

PRINCIPAL BANKS IN THE MAINLAND CHINA (in Alphabetical Order)

Agricultural Bank of China Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
China Zheshang Bank Co., Ltd.
Guangdong Shunde Rural Commercial Bank Company Limited
Hua Xia Bank Company Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

KEY DATES

- Annual Results Announcement 27 March 2024
- Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at annual general meeting) 20 May 2024 to 24 May 2024 (both days inclusive)
- Annual General Meeting 24 May 2024
- Ex-dividend Date 30 May 2024
- Record Date (for determination of shareholders who qualify for the final dividend). 5 June 2024
- Payment of Final Dividend (HK\$0.36 per share). On or about 15 July 2024

PRINCIPAL BANKS IN HONG KONG, CHINA (in Alphabetical Order)

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Company Limited, Hong Kong Branch
China Minsheng Banking Corporation Limited, Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Hua Xia Bank Company Limited, Hong Kong Branch
Ping An Bank Company Limited
Tai Fung Bank Limited
The Bank of East Asia, Limited

STOCK CODE

3990

EMAIL OF INVESTOR RELATIONS

investor@mideazy.com

COMPANY'S WEBSITE

<http://www.mideadc.com>

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www.mideadc.com

