



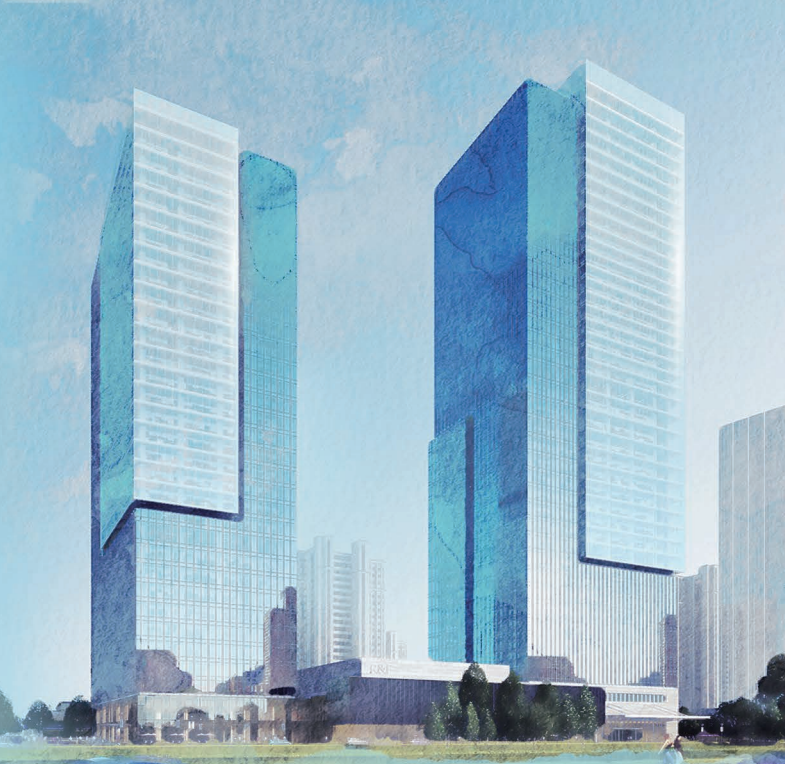
**GUANGZHOU R&F PROPERTIES CO., LTD.**

Stock code: 2777



**2023**

**ANNUAL REPORT**



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Guangzhou R&F Properties Co., Ltd. (“R&F” or the “Company”, together with its subsidiaries, collectively the “Group”), one of China’s largest and most well-known property developers, was founded in 1994 and headquartered in Guangzhou. After thirty years of rapid development, the Company has become a conglomerate primarily engaged in property development, as well as diversified businesses including hotel development, commercial operation, culture, recreation and tourism, healthcare and architectural and engineering design. As of the end of 2023, the Group has total assets of approximately RMB335 billion and a land bank of saleable area of approximately 44 million sq.m. and 90 deluxe hotels in operation managed by well-known hotel management groups. Additionally, the Group has a total GFA of approximately 2 million sq.m. of investment properties under operation. The Group’s businesses cover over 145 cities and regions. For the past 30 years, the Group has adhered to a development strategy of “creating a quality living with the heartbeat of the city”, and strives to become a world leader in building quality of life.



	2023	2022	% Changes
<b>OPERATING RESULTS (RMB'000)</b>			
Revenue	36,238,835	35,192,599	3%
Gross profit	1,919,239	3,826,936	-50%
Losses attributable to owners of the Company	(20,164,485)	(15,736,650)	-28%
Basic losses per share (RMB)	(5.3738)	(4.1938)	-28%
<b>FINANCIAL POSITION (RMB'000)</b>			
Cash	5,742,606	12,301,227	-53%
Total assets	334,868,229	368,920,936	-9%
Total liabilities	288,476,067	301,979,915	-4%
<b>FINANCIAL RATIOS</b>			
Net assets per share (RMB)	9.0	14.5	-38%
Net debt to total equity ratio (%)	262.0	170.8	53%

The global environment and China continue to face many challenges that have directly impacted the Group's results for the financial year 2023. As operating conditions adjust to a new normal post Covid, the economic recovery needs time and further stimulus measures. China has seen gradual recovery of GDP during the last quarters of 2023 registering full year GDP growth of 5.2% p.a., surpassing the annual target of around 5% p.a.. However, outlook for China remains cautious, overshadowed by global trade uncertainties and financial distress in China's sector. China's property sector saw an increase of default cases that previously excluded larger developers that now have also been affected, further decreasing consumer confidence leading to significant declines in presales that already were historic lows. Property transactions declined month-on-month during 2023 as buyers held off making new house purchases, partly also due to perceived default risk of property developers. Various stimulus measures such as reduction in the initial down payments, lower cost of borrowing, and reduction in banks reserve ratio have had little impact in restoring buyer confidence for investors or end users. However, despite the various uncertainties plaguing China's economic outlook, the Group remains cautiously optimistic that policies and measures will be introduced which will create market stability as history has shown after the financial crisis.

### **MANAGING CASH FLOW AND AVOIDING FINANCIAL DISTRESS A KEY FOCUS IN 2023**

China's property sector is experiencing a difficult operating environment since the introduction of austerity measures aimed at curbing property speculation and moderating unaffordable property prices. This led to reliance by property companies on external financing and banks to provide alternative capital to meet liabilities and capital expenditures. As it became apparent cashflow from presales could not outpace availability of refinancing or cost to service, this led to a downward spiral of financial distress that eventually became unmanageable. The abrupt change in operating conditions has affected market confidence and created a heightened level of awareness. In 2023, the Group was highly focused on avoiding financial distress that may lead to a deterioration of financials or more adverse effects on the operating conditions of the Group. Where the Group has encountered disputes and potential payments falling due, management has been successful in resolving the issue or sought an amicable solution under the current environment. Ongoing contingent liabilities relate to unresolved matters and management has thus far manage to actively seek solutions or have sufficient grounds to dismiss claims. Management will tirelessly continue work hard to ensure these matters are dealt with appropriately.

Managing cash flow by the Group has also been effective in avoiding further financial distress as market conditions deteriorated. The Group critically reassessed what liquidity can be generated and prioritised appropriation of cashflow accordingly based on avoidance of legal claims. As presales have decreased further, the Group continues to adjust capital expenditures and prioritise repayments and servicing interest expense. Our best endeavour to return cashflow to lenders and creditors where possible is demonstration of the management's intentions to continue to act responsibly.

### **REFOCUS PRESALES TO GENERATE NEAR-TERM CASH AND MAINTAIN A STABLE PRESALES PROFILE**

The decline in sentiment has meant achieving a steady monthly presales run rate has been challenging. The Group still retains a sizeable land bank and projects under development or completed properties whereby the Group continues to actively explore options to generate cashflow through conversion to presales. As buyers today are more risk adverse to completion risk, the Group's presale strategy has been on selling completed properties held for sale or mature developments nearing the end of the cycle. Where the Group has assets held for sale or completed properties, the sales team will look to generate cash through sales of units where a market exists. With the recent policy shift and stimulus, there are some regions where the pace of property transaction has picked up. The Group will continue to launch newly completed projects and actively push residual stock to generate available cash.

### **PORTFOLIO OF HOTEL PROVIDES A RECURRING SOURCE OF ALTERNATIVE CASH FLOW**

Despite negative sentiment in China's property sector and slow China GDP growth, there continues to be positive recovery in the hospitality and leisure sector. The Group has a large portfolio of 5-star and lifestyle hotel brands operating across China that form a strong hospitality network enabling it to have a broad exposure to the sector. With domestic travel and local expenditure encouraged by the China Central Government, the Group's network of hotels, and to a lesser extent retail malls, have seen a pickup in rental income and occupancy levels. The recovery of our hotel portfolio was most evident in 2022 as the wave of Covid cases started to decline and travel activity picked up domestically. Chinese travelers also felt safer travelling domestically rather than overseas due to the perceived effective Covid measures implemented by the China Central Government in controlling fatalities. In 2023, the performance of



hotels tapered off to more normalised levels but the cash generative nature of the sector provided much need cashflow to partially offset the decline in presales. Overall occupancy levels were approximately 64% with average room rates of RMB773 per night for luxury and upper-upscale hotels, and occupancy rates of 59% at RMB446 per night for upscale hotels. The Group expects this trend to continue or improve as domestic consumption has been robust, driven by the China Central Government's support for local business and to stimulate domestic economic growth. In terms of monetisation of hotel assets, the Group still actively looks for opportunities to dispose of hotels if there are interested buyers at commercially viable terms.

### BUSINESS HIGHLIGHTS OF 2023

In 2023, gross revenue was steady at RMB36.2 billion primarily contributed by sale of properties. Revenue due to sales of properties was RMB27.8 billion, comprised of 3 million sq.m. of GFA sold and recognised with average selling prices of RMB9,270 per sq.m. which increased versus 2022. To offset the decline in property sales revenue, hotel revenue saw growth of 54% p.a. as leisure and travel activity increased which is expected to recover further in 2024. Hotel revenue benefited from a higher occupancy and room rate as both leisure and business travelers traveled more to and within China. Overall operating costs remained steady, slightly increasing as compared to the 2022. When compared to 2022, 2023 operating results remained resilient despite further deterioration of presale conditions and management adjusting expenditures accordingly. Overall finance and interest costs did show an improvement, contributed by two factors, a deferral of cash interest under the senior notes and an overall improvement resulting from deleveraging.

Profit before and after tax continued to show a loss as worsening market conditions impacted the carrying value of the Group's assets, requiring a substantial impairment loss to reflect lower market values for assets in China and offshore when compared to book value. Despite the impairments, the Group considers the assets to remain attractive given the location and development quality that when markets normalise will reflect its real true value. During the last two financial years, the incurred financial losses have largely been accounting driven rather than actual cashflow losses. As markets gradually stabilise, the expectation is any further impairments will narrow.

### THE OUTLOOK FOR 2024

The overall outlook for 2024 will be one of caution. The operating environment continues to be volatile with an uncertain economic outlook and unpredictable presales period. The available avenues to generate cashflow will be limited, however, the Group does have a sizeable investment property and hotel portfolio that show signs of continued recovery. Despite a cautious outlook, management maintains a positive mindset heading into 2024 leveraging on past experiences navigating worse conditions. Stakeholders today adopt a pragmatic approach, acknowledging no company is immune to the turbulence resulting from economic conditions and negative overhang in the property sector. Lastly, management has always adopted a transparent and responsible approach when engaging shareholders, banks and lenders that adds the credibility to communication and corporate actions undertaken are in the best interest of stakeholders.

### LIABILITY MANAGEMENT PLANS WILL CONTINUE TO BE EXECUTED TO PROACTIVELY ADDRESS UPCOMING HEADWINDS

Without exception, the past 12 months has been quite challenging for China property companies to avoid falling into financial distress. As proven in the past few financial years, management has been committed to addressing maturity walls, debt maturities and liability management proactively and responsibly. In 2022, the Group successfully restructured 10 tranches of US-dollar denominated notes simultaneously, totaling approximately US\$4.9 billion, and Renminbi domestic bonds of approximately RMB13.5 billion, a liability exercise never undertaken before or repeated even today. In 2023, the Group also managed to avoid significant financial distress and legal action by lenders that would have had an adverse disruptions to the Group. In 2024, this remains a key task as serviceability of notes and loans are expected to be more significant and made more challenging under the current cash flow environment. The Group was able to defer repayments and interest expense in recent years that will no longer be an option unless extended in 2024 or amendment of terms. Management believes if we proactively engage stakeholders to address their concerns and deliver a feasible execution plan then it will be received favourably.



### **ADOPT A PRAGMATIC APPROACH TO PRESALES AND OPERATING IN TODAY'S MARKET CONDITIONS**

There is no one solution or approach to operating in the current environment. The volatility and risk adverse sentiment has brought the sector back to fundamentals of property development which is capital and cash flow return. In recent years, the availability of capital from various sources and structures are no longer prevalent coupled with a significant decline in presales has resulted in an imbalance in cashflow cycle. To restore the cashflow cycle, confidence in either lending or presales need to return to the property sector. This confidence will need to be supported by real-time data illustrating a trend to normality and sustainability. Therefore, the Group's focus will be generating presales to restore confidence in our lending banks and investors. Under the current market conditions, the pragmatic approach to presales is identifying what is saleable to monetise into cash. Over time as the sector demonstrates an ability to sustain a recurring cashflow level, growth and earnings will naturally return to positive and attract capital investment. Volatile operating conditions have varying effects on companies in the sector and why each approach may differ amongst our peers, however, a return to cashflow positive should be a common target.

### **CONTINUED EXECUTION OF ASSET SALES WHERE THERE ARE OPPORTUNITIES**

The Group has been implementing an asset disposal plan of offshore and onshore assets in recent years with varying successes that are subject to market conditions and acceptable commercial terms. Asset disposals historically have been effective in generating additional cashflow and reducing liabilities as was the case in 2021 and 2022. The sales strategy has been largely related to non-core strategic assets that have a substantial carrying value but are of low yielding. These include hotels, investment property, retail and projects that are relatively initial in nature. In the second half of 2023, the Group had been actively in talks with sale of a soon to be completed asset in zone 1 of London, UK, titled One Nine Elms. After the end of the financial year, the Group entered into a letter of intent with a potential purchaser for the sale of One Nine Elms for an estimated market gross development value of GBP1.3 billion, subject to various conditions of sale. Whilst the sale process is ongoing, if successfully completed, the Group would effectively reduce over GBP0.6 billion of associated liabilities, significantly improving the financial profile of the Group. The pace of other asset sales has slowed due to market uncertainty and rising financing costs, but the Group considers some of the assets under its portfolio high-

quality in nature and attractive. Therefore, management is confident overtime, these assets will be cashflow generative when a sale is consummated.

### **ACKNOWLEDGEMENTS**

As with each financial year, we appreciate the ongoing patience and support all stakeholders during such a turbulent period. The sector has faced significant headwinds, and external factors have had a significant effect on the operations of the Group. Our senior management team remains committed to addressing upcoming challenges and will always endeavour to act in the best interest of shareholders and creditors. I have experienced first-hand the dedication and hard work from senior management team despite the pressures and challenges and thank them for unwavering commitment. To our shareholders, I ask that you remain patient as we persevere during these volatile periods. My senior management team and I will remain vigilant and committed to act in the interest of all our stakeholders.

**Li Sze Lim**  
*Chairman*

**Contracted Sales**

The Group's total contracted sales in 2023 were approximately RMB19.95 billion with 1,344,800 sq.m. sold. The contracted sales were generated from 199 projects in 109 cities of 27 provinces (including municipalities and autonomous regions) and 3 overseas countries. On a province and regions basis, contracted sales of Guangdong, Hainan, Overseas, Beijing, Tianjin, Shandong, Shanxi, Shaanxi, Zhejiang and Hubei were the highest top 10, which contributed approximately

RMB16.11 billion, accounting for approximately 81% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and tier-2 cities accounted for 71% of total contracted sales. Tier-3 and below cities contributed 21% of total contracted sales and overseas contributed 8%. On the type of property basis, 62% of contracted sales were generated from high-rise residential properties, 3% from villa and 35% from commercial properties and others, including office, apartment and retail, etc..

Area	Approximate total value <i>(RMB million)</i>	Approximate total saleable area sold <i>(Thousand sq.m.)</i>
Guangdong Province	5,935.4	199.0
Hainan Province	2,173.5	108.1
Overseas	1,625.1	93.1
Beijing	1,346.2	67.0
Tianjin	1,221.7	103.6
Shandong Province	1,031.9	145.4
Shanxi Province	951.8	90.2
Shaanxi Province	680.4	69.5
Zhejiang Province	605.3	56.2
Hubei Province	539.6	49.4
	<b>16,110.9</b>	<b>981.5</b>



<b>Region</b>	<b>Approximate total value (RMB million)</b>	<b>Approximate total saleable area sold (Thousand sq.m.)</b>
Northern China	4,781.9	437.8
Northwestern China	2,282.1	234.5
Southern China	5,935.5	199.5
Eastern China	1,469.0	123.2
Southwestern China	714.7	57.4
Hainan	2,173.4	108.1
Central Southern China	967.1	91.4
Overseas	1,625.2	92.9
<b>Total</b>	<b>19,948.9</b>	<b>1,344.8</b>

### Properties Under Development

By the end of 2023, the Group's total GFA under development is approximately 13,146,000 sq.m. and the total saleable area is approximately 8,969,000 sq.m..

The following is the position as at 31 December 2023:

<b>Area</b>	<b>Approximate total GFA (sq.m.)</b>	<b>Approximate total saleable area (sq.m.)</b>
Northern China	2,024,000	1,136,000
Eastern China	823,000	458,000
Northwestern China	4,812,000	3,646,000
Southern China	3,155,000	2,228,000
Central Southern China	1,124,000	799,000
Southwestern China	566,000	186,000
Hainan	137,000	125,000
Overseas	216,000	146,000
<b>Sub-total</b>	<b>12,857,000</b>	<b>8,724,000</b>
Investment Properties	289,000	245,000
<b>Total</b>	<b>13,146,000</b>	<b>8,969,000</b>

### Land Bank

During the period, the total saleable area of the new land was approximately 173,000 sq.m.. As at 31 December

2023, the Group's total land bank was approximately 56,399,000 sq.m. in GFA with 43,554,000 sq.m. in saleable area, distributed across 89 cities and regions across China and overseas. Details are as below:

Location	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
<b>Development Properties</b>		
Northern China	13,367,000	10,416,000
Eastern China	4,198,000	3,127,000
Northwestern China	12,402,000	9,363,000
Southern China	6,622,000	5,393,000
Central Southern China	6,204,000	5,138,000
Southwestern China	4,302,000	3,297,000
Hainan	2,269,000	2,092,000
Overseas	5,056,000	3,041,000
<b>Sub-total</b>	<b>54,420,000</b>	<b>41,867,000</b>
Investment Properties	1,979,000	1,687,000
<b>Total</b>	<b>56,399,000</b>	<b>43,554,000</b>

### Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, theme park and etc.. The Group's investment properties portfolio as at 31 December 2023 is approximately 3,551,000 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,973,000 sq.m., and total GFA under development or planning is approximately 1,578,000 sq.m..

### Hotel Operation

As of 31 December 2023, the Group has 90 hotels under operation, with total GFA of 3,984,860 sq.m. and 27,716 hotel rooms. The 90 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups.



## INVESTOR RELATIONS

To allow investors to make an informed assessment and obtain recognition of the Group and attain a high level of governance, maximize shareholders' interests and protect investors' legal right, the Group places great importance on opinions from the capital markets, therefore we continue to maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication.

In 2023, investor relations of the Group is committed to maintenance of long-term relationship with existing shareholders and bond investment institutions through an active and open dialogue, also contact and expand the potential investment institutions constantly. We regularly provide updates on our operations and financial position clearly through close contact with investment community.

In regard to communication and interaction with investors, the Group values every opportunity to engage in open conversation with the investment community. In 2023, the Group continues to actively arrange investor site visits and face-to-face meetings, and also held video and conference calls, and maintain email communications to make available ourselves for every opportunity to interact with investors in order to provide updates on industry developments, upcoming trends, the overall macro environment and understand how the Group will tackle the current and future challenges.

During the year, the Group announced the 2022 Annual Results and the 2023 Interim Results. In addition, the Group also released updates and delivered timely operating information actively through announcements, press releases and the Group websites news.

In 2023, the Group continued primarily focusing on liquidity management and reducing financial risks. During the period, the Group recorded contracted sales of approximately RMB20 billion, recorded recurring income from hotels and investment properties of approximately RMB7.4 billion. Meanwhile, the Group is also actively engaged in project disposals and asset sales which are conducive to the Group's reduction of financial risk, total debt and overall financial leverage.

The Company would like to thank all investors and shareholders who have provided feedbacks and constructive suggestions to the Company to take onboard, also thank them for their long-term support for our Company. We would also like to thank the property research community for their hard work in providing transparent and detailed analysis for the sector and the Company. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor.

## Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. During the year, the Group's revenue from property development decreased by 4% to RMB27.811 billion, from RMB29.030 billion in the previous year. The revenue for the year was based on the delivery of 3,000,000 sq.m., which was 8% lower than the delivery of 3,261,000 sq.m. in the previous year. Overall average

selling price was approximately RMB9,270 per sq.m. (2022: RMB8,900 per sq.m.).

Rental income from property investment decreased by 2% to RMB827 million, from RMB846 million. Revenue from hotel operations increased to RMB6.365 billion from RMB4.140 billion in the previous year. The increase in hotel revenue was mainly due to the rapid recovery of the tourism industry and business activity of the PRC after Covid pandemic in 2023.

The following table is the summary of revenue from property development:

City/Country	Amount of turnover (RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Chongqing	3,094	386,600	8,000
Jinhua	2,776	133,400	20,800
Tangshan	2,441	182,100	13,400
Hainan	1,945	128,800	15,110
Yancheng	1,714	158,000	10,850
Xian	1,665	120,900	13,780
Malaysia	1,234	87,100	14,170
Weinan	1,080	201,000	5,380
Taiyuan	1,070	125,400	8,530
Ganzhou	815	72,000	11,320
Wuxi	771	53,800	14,320
Baotou	760	129,000	5,890
Urumqi	760	88,300	8,600
Shenyang	747	113,000	6,610
Australia	643	113,900	5,650
Beijing	591	20,400	28,980
Hohhot	523	62,000	8,440
Zhuhai	427	27,600	15,460
Meixian	421	77,800	5,410
Dezhou	347	49,900	6,960
Suzhou	246	29,300	8,400
Datong	244	51,400	4,740
Guangzhou	222	27,600	8,050
Changzhi	216	25,900	8,350
Chengdu	203	13,100	15,450
Shanghai	201	12,900	15,630
Gangzhou	179	20,800	8,600
Shangrao	177	26,200	6,770
Huizhou	175	23,300	7,510
Tianjin	172	56,200	3,070
Dalian	165	19,600	8,390
Qingdao	133	13,700	9,670
Huzhou	126	34,500	3,640
Jiujiang	124	15,800	7,850
Qinhuangdao	103	15,800	6,510
Zhongshan	101	10,000	10,130
Other	1,200	272,900	4,400
<b>Total</b>	<b>27,811</b>	<b>3,000,000</b>	<b>9,270</b>

### Cost of sales

Cost of sales of the Group primarily represents the costs directly incurred for the Group's property development activities. The component of cost of sales includes land and construction costs, capitalised finance costs and levy taxes. In 2023, cost of sales of the Group was RMB34.320 billion, representing an increase of 9% when compared with RMB31.366 billion in the previous year. The increase was mainly due to approximately RMB3.718 billion of impairment provision for properties under development and completed properties held for sales made in the year.

During the year, land and construction costs made up 87% of the total costs of property development. In terms of costs per sq.m., land and construction costs increased to RMB7,030 from RMB6,400. Capitalised interest included in the cost of sales amounted to RMB2.847 billion (2022: RMB3.168 billion), 10.2% as a percentage of revenue from sale of properties. The cost of sales also included RMB226 million (2022: RMB221 million) as levy taxes.

### Gross Profit Margin

During the year, the Group's gross profit amounted to RMB1.919 billion, compared to a gross profit of RMB3.827 billion in the previous year. The decrease in gross profit was mainly due to the provision of approximately RMB3.718 billion for inventory impairment during 2023 (2022: RMB1.414 billion). The gross profit margin for property development, excluding the inventory impairment provision, was 13.1% for the year, compared to 16.5% in 2022.

### Other (Expense)/Income and Other Losses – net

Other (expense)/income and other losses – net mainly consist of interest income, fair value losses on investment properties, allowance for impairment losses of goodwill and property, plant and equipment as well as fair value loss on other financial assets. During the year, other (expense)/income and other losses – net increased to a loss of RMB3.584 billion from a loss of RMB3.068 billion in 2022. The increase in net losses was mainly due to the allowance for impairment loss of goodwill and property, plant and equipment charged in 2023 (2022: nil).

### Selling and Marketing Costs and Administrative Expenses

During the year, selling and marketing costs of the Group increased by 7% to RMB1.465 billion from RMB1.367 billion in 2022, while administrative expenses amounted to RMB4.486 billion (2022: RMB4.365 billion). The main component of administrative expenses was personnel costs.

### Finance Costs – net

Finance costs – net, representing interest expenses incurred in the year after deducting amounts capitalised to development costs, decreased by 36% to RMB6.240 billion (2022: RMB9.727 billion). The decrease was due to lower foreign exchange losses incurred in 2023, which mainly caused by the depreciation of Renminbi against US Dollars (2023: RMB640 million, 2022: RMB3.894 billion). Total interest expenses incurred in the year decreased from RMB11.750 billion in the previous year to RMB10.903 billion, mainly attributed to lower interest expenses incurred on senior notes. Together with RMB2.847 billion charged to the cost of sales related to capitalised interest, the total finance costs incurred during the year amounted to RMB9.087 billion (2022: RMB12.895 billion).

### Income Tax Expenses

Land appreciation tax (LAT) of RMB2.397 billion (2022: RMB1.163 billion) and enterprise income tax of RMB955 million (2022: RMB916 million) brought the Group's total income tax expenses for the year to RMB5.832 billion. The increase in income tax expenses was mainly due to the write-off deferred tax assets recognised in prior years related to unutilised tax losses.

### Profitability

The Group recorded a net loss of RMB19.947 billion for the year ended 31 December 2023 as compared to a net loss of RMB15.779 billion for the year ended 31 December 2022. The net loss for the year was mainly attributable to the following factors: (1) the continuous downturn in the real estate market of China, which resulted in a decrease in revenue and gross profit generated from property development; (2) an increase in the impairment provision of properties under development and completed properties held for sale; (3) an increase in fair value loss on investment properties; and (4) the write-off deferred tax assets recognised in prior years related to unutilised tax losses.

## Cash Flow

	Note	2023 (RMB'000)	2022 (RMB'000)
Net cash used in operating activities	1	<b>(1,562,765)</b>	(1,223,185)
Net cash generated from investing activities	2	<b>774,829</b>	629,259
Net cash generated from/(used in) financing activities	3	<b>330,521</b>	(3,547,327)
Net decrease in cash		<b>(457,415)</b>	(4,141,253)
Exchange gains on cash		<b>7,599</b>	59,680
Cash at 1 January		<b>2,177,020</b>	6,258,593
Cash at 31 December		<b>1,727,204</b>	2,177,020

1 Lower operating cash inflow mainly due to decrease in pre-sale proceeds.

2 The increase is mainly due to a increase in proceeds from disposals of property, plant and equipment.

3 The increase is mainly due to decrease in repayments of borrowings.

## Financial Resources, Liquidity and Liabilities

As at 31 December 2023, the Group's total cash including amounts restricted for specified usage was RMB5.74 billion (31 December 2022: RMB12.30 billion), of which 95% was denominated in Renminbi and 5% was denominated in other currencies (mainly in US dollar, HK dollar, Australian dollar, Malaysian Ringgit and British pound).

As at 31 December 2023, the Group's total borrowing was RMB127.30 billion (31 December 2022: RMB126.66 billion). The total borrowings were made up of financing from sources which included 1) bank borrowings, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and other borrowings, each accounted for 42%, 30%, 10%, 18% respectively (31 December 2022: 44%, 28%, 11% and 17% respectively). The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB118.71 billion (2022: RMB116.34 billion) was unutilised.

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 38%, 55%, 7% of total debts respectively. Bank loans repaid in the year amounted to RMB3.94 billion while new bank loans of RMB1.02 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2023 was 5.58% (2022: 5.69%).

The gearing ratio is measured by the net borrowings (total borrowing less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2023, the gearing ratio was 262.0% (31 December 2022: 170.8%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 40% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2023, the Group has not entered into any foreign exchange hedging transactions.

As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds and other

borrowings further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

### Debt Profile

	Due within				Total
	1 year	1-2 years	2-5 years (RMB million)	over 5 years	
Bank borrowings	29,609	6,111	8,799	8,819	53,338
Domestic Bonds	2,005	7,621	3,261	–	12,887
Senior Notes	2,288	9,634	26,565	–	38,487
Other borrowings	14,600	461	6,906	625	22,592
	48,502	23,827	45,531	9,444	127,304

### Charge on assets

As at 31 December 2023, assets with total carrying values of RMB101.99 billion (31 December 2022: RMB107.73 billion) and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB71.25 billion (31 December 2022: RMB70.78 billion).

### Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2023, such guarantees totaled RMB76.46 billion (31 December 2022: RMB92.13 billion).

### Employee and Emolument Policies

As of 31 December 2023, the Group had approximately 25,143 employees (31 December 2022: 27,162). The total staff costs incurred were approximately RMB2.314 billion during the financial year ended 31 December 2023. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2023, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## THE BOARD

The board of directors (the “Board”) is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board’s policies and strategies is delegated to the Company’s executive directors and a team of designated senior management.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2023, the Board consisted of eight directors, including three executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Hui and Mr. Xiang Lijun; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Biographical details of the directors and their relationships, if any, are set out on pages 33 to 34 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to the Company’s strategies, performances, conflicts of interest and management processes are valuable for protecting the interests of the Company’s shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group’s business and are able to make further enquiries whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues relating to the Group’s business at the Company’s expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors’ liabilities in respect of legal actions against the directors arising out of corporate activities.

### Chairman

The Chairman, Dr. Li Sze Lim, provides leadership and oversees the Board’s jobs and performances. He is responsible for the Board’s effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

There is no position of the chief executive officer in the Company. The responsibilities of the chief executive officer is currently performed collectively by the executive directors, including the Chairman, who meet from time to time to manage the operations of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the Company.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of other directors.





### Independent Non-executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company was not informed or aware of any circumstances which might affect the independence of the independent non-executive directors. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules and considers all of them to be independent.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

### An Independent Board

The Company has in place the below mechanisms to ensure that independent views and input are available to the Board. During the year, the Board has reviewed such mechanisms and considered that such mechanisms remain effective in maintaining a strong independent element on the Board.

- The Board has three independent non-executive directors and at least one-third of its members are being independent non-executive directors.
- The Nomination Committee will assess the independence of the independent non-executive directors on an annual basis by reference to the independence criteria set out in the Listing Rules to ensure that they continue to exercise independent judgement.
- Directors may seek independent professional advice on issues relating to the Group's business at the Company's expense.
- The Chairman of the Board from time to time holds meetings with the independent non-executive directors without the presence of other directors.
- A director who has a material interest in a contract, transaction or arrangement will abstain from voting on any Board resolutions approving the same.
- Two-third of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are being independent non-executive directors.
- None of the independent non-executive directors receive remuneration based on performance of the Group.

### BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
<b>Executive Directors</b>	
Li Sze Lim	4/4
Zhang Li ( <i>resigned with effect from 29 December 2023</i> )	4/4
Zhang Hui	4/4
Xiang Lijun	4/4
<b>Non-executive Directors</b>	
Zhang Lin	4/4
Li Helen	4/4
<b>Independent Non-executive Directors</b>	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	4/4

During these Board meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They also reviewed the interim and annual financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company (the "Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda.

The company secretary assists the Chairman in preparing the agenda for the Board and Board committees' meetings and ensure that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involves a potential conflict of interest for a director, the director concerned will abstain from voting.



## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2023 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

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

## BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The meetings of the Board committees adopt the practices used in the Board meetings.

### Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. As at the date of this report, the committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. The chairman of the committee is Mr. Wong Chun Bong, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; making recommendations to the Board on appointing or removing external auditors; and considering their remuneration and terms of engagement.

The audit committee held three meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2022 and the interim results for the six months ended 30 June 2023 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year.

The attendance records of individual committee members are set out below:

<b>Committee members</b>	<b>Meetings attended/Total</b>
Wong Chun Bong	3/3
Li Helen	3/3
Zheng Ercheng	3/3

### Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board on policy regarding remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. Individual director and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies.

For the year ended 31 December 2023, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0-4,000,000	7
above 4,000,000	1

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix D2 of the Listing Rules are set out in Note 42 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Ng Yau Wah, Daniel	1/1

### Nomination Committee

The nomination committee has been established with written terms of reference in accordance with Appendix C1 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning.

During the year, the nomination committee held one meeting, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Zheng Ercheng	1/1
Wong Chun Bong	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the directors and supervisor in the Company's general meeting. It has also reviewed the Board Diversity Policy to ensure its effectiveness.

### BOARD DIVERSITY POLICY

The Company has adopted the Board Diversity Policy since November 2015 which sets out the approach by the Company to achieve diversity on the Board. Under the Board Diversity Policy, selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at 31 December 2023, the Board comprised six male directors and two female directors. The Board members involve different age groups, gender, professional experience, skills and length of service. At workforce level, the male to female ratio is 67%: 33% in 2023.

For the year ended 31 December 2023, the Nomination Committee and the Board (on the recommendation of the Nomination Committee) considers that gender diversity in respect of the Board is satisfactory and that the Board composition is balanced and diverse. Therefore, the Nomination Committee did not set any measurable objectives for implementing the Board Diversity Policy during the year under review. The Nomination Committee and the Board (on the recommendation of the Nomination Committee) will review the Board Diversity Policy on a regular basis to ensure its effectiveness.



## DIVIDEND POLICY

The Company has adopted a dividend policy (the “Dividend Policy”) which sets out, inter alia, the factors in determining dividend payment. The Board will review the Dividend Policy, as appropriate, in order to maintain a balance between the expectations of shareholders and prudent capital management.

## CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

- (a) developed and reviewed the Company’s policies and practices on corporate governance;
- (b) reviewed and monitored the training and continuous professional development of directors and senior management;
- (c) reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements;

During the year, all directors are provided with training materials on regulatory matters. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development
	Training on corporate governance, regulatory development and other relevant topics
<b>Executive Directors</b>	
Li Sze Lim	√
Zhang Li ( <i>resigned with effect from 29 December 2023</i> )	√
Zhang Hui	√
Xiang Lijun	√
<b>Non-executive Directors</b>	
Zhang Lin	√
Li Helen	√
<b>Independent Non-executive Directors</b>	
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong	√

- (d) reviewed and monitored the code of conduct applicable to employees and directors; and
- (e) reviewed the Company’s compliance with the Code and disclosure in the Corporate Governance Report.

## DIRECTORS’ TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group’s operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statutes, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary provides the directors with updates on latest changes and developments in the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements from time to time.



## SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Mr. Zhao Xianglin and Mr. Zhang Yucong, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, and the attendance records of individual committee members are set out below:

<b>Committee members</b>	<b>Meetings attended/Total</b>
Chen Liangnuan	2/2
Zhao Xianglin	2/2
Zhang Yucong	2/2

## RE-ELECTION OF DIRECTORS AND SUPERVISOR

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The term of office of (i) Dr. Li Sze Lim, executive director of the Company; (ii) Mr. Ng Yau Wah, Daniel, independent non-executive director of the Company; and (iii) Mr. Zhang Yucong, a supervisor of the Company are about to expire, all of them, being eligible, have offered themselves for re-election at the forthcoming 2023 annual general meeting ("AGM").

## SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix C3 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2023.

## AUDITOR'S REMUNERATION

BDO Limited ("BDO") is the Company's external auditor. During the year, the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of BDO as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2023 AGM. During the year, the remuneration paid to BDO in respect of audit services was RMB6.2 million whilst no non-audit services was performed. Audit services include the review of financial information.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining the internal control and risk management systems effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use the Company's resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an ongoing basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. Issues identified are reverted back to the relevant department who will then assess the underlying causes of such issues and improve the internal control procedure so as to ensure that the same issue will not occur in the



future. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and implemented throughout the Group. The Board, with the assistance of audit committee, collect the information from the reporting procedure of the risk management system. Risks that would significantly affect the Group are identified, assessed and prioritised. Plans are then established to mitigate those risks that are significant.

The Company takes every precaution in its handling of inside information. The Company has implemented a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), in relation to the disclosure of inside information.

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2023 and for the year ended 31 December 2023. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

## COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, he has confirmed that he has undertaken enough hours of relevant professional training.

## SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders prior to the date of the meeting in accordance with the relevant rules and regulations.

Voting of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the beginning of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting can be convened on the requisition of shareholders, either individually or jointly, holding 10% or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association, shareholders individually or jointly holding 3% or more of the voting shares of the Company may submit in writing interim proposals to the convenor 10 days before the date of the convening of the shareholders' general meeting.

The convenor shall, within 2 days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

## SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy (the "Policy") with the objective of ensuring the shareholders and the investment community are provided with ready, equal and timely access to information about the Company, and allowing them to engage actively with the Company. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.



The AGM also serves as an important channel of communication between directors and shareholders. The chairman of the Board personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and the chairman/members of the Board committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

During the year, the Board has reviewed the Policy and considered that the Policy and its implementation are effective as the Policy has provided effective channels for shareholders and investors to communicate their views with the Company.

## GENERAL MEETINGS

In 2023, the Company held the 2022 AGM.

Attendance of the directors at the 2022 AGM is set out below:

<b>Name of Directors</b>	<b>2022 AGM</b>
<b>Executive Directors</b>	
Li Sze Lim	√
Zhang Li ( <i>resigned with effect from 29 December 2023</i> )	√
Zhang Hui	√
Xiang Lijun	√
<b>Non-executive Directors</b>	
Zhang Lin	√
Li Helen	√
<b>Independent Non-executive Directors</b>	
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong	√

## PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details is as follows:

Company Secretary  
Guangzhou R&F Properties Co., Ltd.  
Room 6303, The Center,  
No. 99 Queen's Road Central, Hong Kong  
Telephone: (852) 2511 6675  
Fax: (852) 2511 9087

## CONSTITUTIONAL DOCUMENTS

During the year, the Articles of Association was amended with details set out in the circular to the Shareholders dated 28 April 2023 and approved by the Shareholders in the 2022 AGM.



The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2023. The audited financial statements were approved by the directors on 28 March 2024.

## PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's revenue and total assets during the financial year, by business segment, is set out in Note 5 to the financial statements.

A list of principal subsidiaries together with their places of operation and incorporation, their issued capital and registered capital, is set out in Note 11 to the financial statements.

## RESULTS

The profit of the Group for the year ended 31 December 2023 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 43 to 143 of this annual report.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 145 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 7 to 14 of this report and the paragraphs below.

### Policy Risk

As an important pillar for various economic indicators and drivers of growth across industries, the property industry is more susceptible to the impact of macro-economic and industrial policies.

The poor performance of contracted sales resulted in liquidity constraints and financial distress for many developers. The China Central Government continues to implement policies to mitigate further negativity and restore stability to the sector, especially for end users seeking their first home transactions. However, various stimulus measures such as reduction in the initial down payments, lower cost of borrowing and reduction in banks reserve ratio have had little impact in restoring buyer confidence for investors or end users.

### Business Risk

The Group has sizeable land bank in China's tier-1 and tier-2 cities. With ample land bank available for development in the medium-term, land acquisitions will remain prudent. Given the tight liquidity and low transaction volumes, the Group primarily directed its construction expenditure towards completing projects in advanced stages of development or those that have been presold for delivery.

### Market Risk

The Company implements a steady business development strategy by actively developing a diversified market in cities in China. Factors such as economic uncertainty, job security and mortgage risk impacted overall pre-sale levels as consumers adopted a wait-and-see attitude. It will take more time for buyer sentiment to recover from low confidence towards corporate risk to enter purchase transactions.





### Financial Risk

Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company. Management's primary focus has been on effectively managing available liquidity and responsibly engaging with creditors to find mutually beneficial solutions given the current operating environment.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong. On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found throughout this report, particularly in the sections headed "Financial Highlights", "Letter to Shareholders", "Business Review" and "Financial Review" of this report. These discussions form part of this Report of the Directors.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2023 is published on the website of the Company ([www.rfchina.com](http://www.rfchina.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### QUALIFIED OPINION ISSUED BY THE INDEPENDENT AUDITOR

As a result of the possible effects of the matter described in the section headed "Basis for qualified opinion – Deferred income tax assets" in the "Independent Auditor's Report" on pages 38 to 39 of this annual report, the Company's independent auditor, BDO Limited (the "Auditor"), expressed a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2023 (the "Qualified Opinion").

As disclosed in note 27 to the consolidated financial statements, as at 31 December 2022, the Group had deferred income tax assets of RMB2.247 billion arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group. Such amount was included in the deferred income tax assets of RMB12.974 billion in the consolidated financial statements for the year ended 31 December 2022.

During the course of the Auditor's audit of the consolidated financial statements for the year ended 31 December 2022, the Group's management (the "Management") explained to the Auditor their plans to support the utilisation of the abovementioned deferred income tax assets in relation to unused tax losses and deductible temporary differences of these group entities and believed it was probable that sufficient taxable profit would be available against which these unused tax losses and deductible temporary differences could be utilised by these group entities in future. However, taking into account the recent volatility of the property industry in the PRC, the Management could not timely formulate the detailed steps and execution timetable for the above utilization plan in order to enable the Auditor to form a view that such plan could comply with the requirements of the relevant accounting standard to support the recognition of the relevant deferred income tax assets. As a result, the Auditor's opinion on the consolidated financial statements for the year ended 31 December 2022 was qualified.

During the year ended 31 December 2023, the Management determined the deferred income tax assets arising from unused tax losses and deductible temporary differences of these group entities amounted to RMB0.1 billion as at 31 December 2023 and as a result, RMB2.147 billion was recognised to profit or loss and was included in the income tax expenses of RMB5.832 billion in the consolidated income statement for the year ended 31 December 2023.

However, the Auditor was unable to obtain sufficient appropriate audit evidence they considered necessary to determine whether the income tax expense of RMB2.147 billion in respect of these group entities as included in the income tax expenses recognised during the year ended 31 December 2023 should have been recognised in the previous years, and therefore, whether the related deferred tax assets of RMB2.247 billion as at 1 January 2023 are free from misstatement. Any adjustments found necessary would have a consequential impact on the financial position as at 31 December 2022 and 1 January 2023, the financial performance for the years then ended 31 December 2022 and 2023, and the related disclosures thereof in these consolidated financial statements. The balance of deferred income tax assets as at 31 December 2022 and the amount of income tax expense for the year then ended are presented as the corresponding figures in the consolidated financial statements for the year ended 31 December 2023. Due to the possible effect of the qualified opinion on the consolidated financial statements for the year ended 31 December 2022 on the comparability of 2023 figures and 2022 figures in these consolidated financial statements, the audit opinion on the consolidated financial statements for the year ended 31 December 2023 is also qualified.



There is no disagreement by the Management with the position taken by the Auditor regarding the Qualified Opinion.

The underlying cause of the qualification with respect to the relevant deferred income tax assets in the amount of RMB2.247 billion has been resolved as at 31 December 2023. The recognition of such assets in the amount of RMB0.1 billion as at 31 December 2023 is not subject to any qualification. The Management will continue to monitor the situation and consider taking appropriate actions to address the Qualified Opinion. This will include, among others, discussing with the Auditor on a timely and regular basis to address the Qualified Opinion.

The board of directors of the Company (the “Board”) and the audit committee of the Company (the “Audit Committee”) have reviewed the relevant information provided by the Management in respect of the situation.

The Audit Committee also discussed and understood the concerns of the Auditor that they were not able to obtain adequate audit evidence to determine whether the income tax expense of RMB2.147 billion in respect of these group entities as included in the income tax expenses recognised during the year ended 31 December 2023 should have been recognised in the previous years.

The Board and the Audit Committee confirmed that they have reviewed and agreed with the Management’s position and basis of assessment on major judgmental areas, and the Board and the Audit Committee have no disagreement with the Auditor’s position regarding the Qualified Opinion.

## **MATERIAL UNCERTAINTY RELATING TO GOING CONCERN**

As set out in note 2.1(c) to the consolidated financial statements as contained in this annual report, the Group recorded a loss attributable to the owners of the Company of RMB20.164 billion for the year ended 31 December 2023. As at 31 December 2023, the Group’s total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.529 billion, out of which RMB56.795 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB5.743 billion. Moreover, as at 31 December 2023, the Group was unable to repay certain bank and other borrowings of RMB18.445 billion according to their scheduled repayment dates, and subsequent to 31 December 2023, the Group was unable to repay certain bank and other borrowings of RMB3.606 billion that are due for repayment from January 2024 and up to the date of approval of the

consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB37.980 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions, along with other matters set forth in note 2.1(c) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern (the “Going Concern Issue”).

The Auditor’s audit opinion is not modified in respect of the Going Concern Issue.

In view of such circumstances, the Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing within the next 18 months from 31 December 2023 in assessing whether the Group will have sufficient financial sources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. The Management has formulated plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 2.1(c) to the consolidated financial statements as contained in this annual report (the “Plans”). Subject to, among others, successful implementation of the Plans, including but not limited to discussions with the relevant lenders to renew or extend the outstanding borrowings, acceleration of pre-sales and sales of properties and collection of outstanding sales proceeds, control of administrative costs and unnecessary capital expenditures, and settlement of outstanding litigations, the Management takes the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 18 months from 31 December 2023. The Board has discussed the Going Concern Issue with the Management and is satisfied that on the basis of successful implementation of the Plans, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Audit Committee has discussed with the Board and the Management regarding the Going Concern Issue, and on the basis that the Group can complete the possible disposal of its equity interest and shareholder’s loan in a subsidiary with property project development in London, and the Management has been actively discussing with the relevant lenders on renewal and/or extension of outstanding borrowings with certain progress in recent months, agreed with the position taken by the Management and the Board regarding the Going Concern Issue. The Audit Committee also discussed and understood the concerns of the Auditor that uncertainties



exist as to whether Management will be able to achieve its plans and measures as described above. There is no disagreement by the Board, the Management nor the Audit Committee with the position taken by the Auditor regarding the Going Concern Issue.

### INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023.

### FINAL DIVIDEND

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

### AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2023 AGM of the Company will be held on Friday, 31 May 2024 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 31 May 2024, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 24 May 2024.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

### MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's total revenue.

### DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB28.25 million (2022: RMB1.18 million).

### PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in Notes 7 and 9 to the financial statements, respectively.

### PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in Note 16 to the financial statements.

### COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in Note 17 to the financial statements.

### BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2023 are set out in Note 25 to the financial statements.

### PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

### MANAGEMENT CONTRACTS

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

### CAPITALISED BORROWING COSTS

Borrowing costs capitalised by the Group during the year amounted to approximately RMB5.303 billion (2022: approximately RMB5.917 billion).



## MAJOR PROPERTIES

Major properties of the Group as at 31 December 2023 are set out on pages 146 to 160 of this annual report.

## SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2023 are set out in Note 23 to the financial statements.

## DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises (“CAS”) or as determined under the Hong Kong Financial Reporting Standards (“HKFRS”). As at 31 December 2023, the Company’s distributable reserves were approximately RMB1.123 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2023 are set out in the statement of changes in equity on pages 47 to 48 of this annual report.

## DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

### *Executive Directors*

Dr. Li Sze Lim

Mr. Zhang Li (*resigned with effect from 29 December 2023*)

Mr. Zhang Hui

Mr. Xiang Lijun

### *Non-executive Directors*

Ms. Zhang Lin

Ms. Li Helen

### *Independent Non-executive Directors*

Mr. Zheng Ercheng

Mr. Ng Yau Wah, Daniel

Mr. Wong Chun Bong

### *Supervisors*

Mr. Chen Liangnuan

Mr. Zhao Xianglin

Mr. Zhang Yucong

The Company considered all independent non-executive directors to be independent of the Company.

In accordance with Articles 106 and 130 of the Company’s Articles of Association, the term of office of all directors and supervisors shall be three years, subject to re-election and re-appointment.

The term of office of (i) Dr. Li Sze Lim, executive director of the Company; (ii) Mr. Ng Yau Wah, Daniel, independent non-executive director of the Company; and (iii) Mr. Zhang Yucong, a supervisor of the Company are about to expire, all of them, being eligible, have offered themselves for re-election at the forthcoming 2023 annual general meeting (“AGM”).

## DIRECTORS’, SUPERVISORS’ AND SENIOR MANAGEMENT’S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 33 to 37 of the annual report.

## DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2023.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following director had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

### Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group

Name of director	Name of entity	Description of business	Nature of the interest of the director in the entity
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns partial parking spaces in Beijing	Shareholder

Dr. Li Sze Lim has confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

## DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

- (a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2023 were as follows:

Director/ Supervisor	Class of shares	Number of shares			Total number of shares held at the end of the period	Approximate percentage of interests in the total share capital <sup>Note</sup>
		Personal	Spouse or child under 18	Corporate interest		
Li Sze Lim	H share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	3,600		1,000,000	1,003,600	0.03%
Ng Yau Wah, Daniel	H share		588,000		588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 31 December 2023 was 3,752,367,344 H shares.



- (b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") <sup>(Note 1)</sup>	Corporate	N/A	15%
	Fushengli <sup>(Note 2)</sup>	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") <sup>(Note 3)</sup>	Corporate	N/A	N/A
Li Helen	Easy Tactic <sup>(Note 4)</sup>	Corporate	N/A	N/A

Notes:

- Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim.
- Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Dr. Li Sze Lim owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim as to 50%.
- Dr. Li Sze Lim (a) has an interest in US\$5,980,128 of the US\$1,391,139,329 senior notes due 2025 issued by Easy Tactic (the "2025 Notes"); and (b) through his spouse, has an interest in (i) US\$5,480,085 of the 2025 Notes; (ii) US\$1,089,600 of the US\$2,372,039,101 senior notes due 2027 issued by Easy Tactic (the "2027 Notes"); and (iii) US\$126,445,195 of the US\$1,728,523,991 senior notes due 2028 issued by Easy Tactic (the "2028 Notes").
- Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in US\$548,010 of the 2025 Notes, US\$1,698,401 of the 2027 Notes and US\$2,224,831 of the 2028 Notes.

Save as disclosed above, as at 31 December 2023, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares	Approximate percentage of interests in H shares <sup>(Note 1)</sup>
Zhang Li	H share	1,042,146,272 <sup>(Note 2)</sup>	27.77%

Notes:

1. The Company's total number of issued shares as at 31 December 2023 was 3,752,367,344 H shares.
2. Mr. Zhang is the beneficial owner of 1,022,146,272 H shares and is deemed to be interested in the 20,000,000 H shares held by his spouse.

Save as disclosed above, as at 31 December 2023, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

### SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

### PRE-EMPTIVE RIGHTS

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

### FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under Chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

### CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Group entered into transactions with related parties as disclosed in Note 40 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules:

1. Purchase of environment drinking water system from Guangzhou Canton-rich Environmental Inc.;
2. Purchase of installation services from 廣州鉅融機電工程有限公司; and
3. Amounts due to major shareholders.

Save for the above exempted connected transactions, there were no other connected transactions in the year.

## SUFFICIENCY OF PUBLIC FLOAT

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

## AUDITOR

The financial statements of the Group for the year ended 31 December 2023 have been audited by BDO and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board  
**Li Sze Lim**  
*Chairman*

Guangzhou, China  
28 March 2024





# REPORT OF THE SUPERVISORY COMMITTEE

## Dear Shareholders,

During 2023, the Supervisory Committee (the “Committee”) carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company’s Articles of Association to protect the interests of shareholders.

The Committee now consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company’s employees; and Mr. Zhao Xianglin and Mr. Zhang Yucong, both independent supervisors representing shareholders’ interests. A member of the Committee attended the Board meeting at which the Company’s 2023 final results were approved, and will also attend the upcoming 2023 AGM.

Throughout the year, members of the Committee monitored the performance of the Company’s directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company’s business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company’s Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company’s auditor, BDO Limited. The Committee has also reviewed the report of the directors to be presented by the Board at the forthcoming 2023 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company’s financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance of the Company in 2023, and has great confidence in its future.

By order of the Supervisory Committee

**Chen Liangnuan**

*Convenor*

Guangzhou, China

28 March 2024



## EXECUTIVE DIRECTORS

### **Li Sze Lim (李思廉), SBS, JP, HonDBus (Macq), aged 67, is the Chairman of the Company**

Dr. Li is the founder of the Group, the Chairman, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Dr. Li obtained his bachelor degree in mathematics in 1978 from The Chinese University of Hong Kong and was awarded a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2018. He was a merchant when starting his career in the real estate business in 1993. In August 1994, Dr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Dr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute, a member of the Twelfth Executive Committee of the All-China Federation of Industry and Commerce, an honorary president of the Fourth Guangdong Charity Federation, the chairman of the board of directors of New Home Association and a director and part-time professor of Jinan University. Dr. Li was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region on 1 July 2019. Dr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Dr. Li is also a director of certain subsidiaries of the Company.

### **Zhang Hui (張輝) aged 49, is an Executive Director and a vice chairman of the Company**

Mr. Zhang is an executive director and a vice chairman of the Company. Mr. Zhang graduated from South China University of Technology with a bachelor degree majoring in architecture. From 2002 to 2005, Mr. Zhang held several positions in the Company, including vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., both subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. since December 2017. Mr. Zhang has been appointed as an executive director of the Company since 29 May 2020. Mr. Zhang had been appointed as a vice chairman of the Group since January 2022. He is responsible to assist the Chairman of the Group with managing the marketing, investment and financing, assets and commercial operations and overseas business of the Group. Prior to joining the Company, Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

### **Xiang Lijun (相立軍) aged 51, is an Executive Director, a vice president of the Company, and chairman of Northern China region**

Mr. Xiang is an executive director, a vice president and chairman of Northern China region of the Company. Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016 and was appointed as chairman of Northwestern China region in October 2018. Mr. Xiang has been appointed as an executive director of the Company since 9 October 2020. He has been appointed as chairman of Northern China region since January 2022. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

## NON-EXECUTIVE DIRECTORS

### **Zhang Lin (張琳) aged 75**

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003. Ms. Zhang is the sister of Mr. Zhang Li, a substantial shareholder of the Company.

Ms. Zhang is a non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

### **Li Helen (李海倫) aged 73**

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd.. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Dr. Li Sze Lim.



## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Zheng Ercheng (鄭爾城) aged 66**

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng has extensive experience in the China banking industry and financial sector. Mr. Zheng retired as an independent non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange, on 30 May 2022.

### **Ng Yau Wah, Daniel (吳又華) aged 68**

Mr. Ng is an independent non-executive director and a member of the remuneration committee of the Company. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. He is currently the executive director of Gayloy Limited, a company engaging in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng has substantial experience in property investment projects in China, Hong Kong and Malaysia. Mr. Ng has resigned as an independent non-executive director of Anchorstone Holdings Limited (a company listed on the Hong Kong Stock Exchange with Stock Code: 1592) with effect from 1 July 2023.

### **Wong Chun Bong (王振邦) aged 65**

Mr. Wong is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University ("PolyU"). Mr. Wong has received the "Outstanding Alumni Award" from PolyU in 2023 in recognition of his outstanding contributions to his alma mater and the community. Mr. Wong is the founder of a firm of certified public accountants in Hong Kong and an experienced practising accountant. He is a member of the Council and also an ex-member of the Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong. Mr. Wong has resigned as an independent non-executive director of each of Glory Sun Land Group Limited (a company listed on the Hong Kong Stock Exchange with Stock Code:299) and Glory Sun Financial Group Limited (now known as Renze Harvest International Limited) (a company listed on the Hong Kong Stock Exchange with Stock Code: 1282) with effect from 31 July 2023.



## SUPERVISORS

### Chen Liangnuan (陳量暖) aged 74

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. (“Tianli”) in 1996 as its general manager and is now its supervisor. Tianli is a wholly-owned subsidiary of the Company. Mr. Chen was also the chairman of Tianli, Foshan Lizun Metal Products Co., Ltd. (佛山力尊金屬製品有限公司) and Guangzhou Tianyin Landscape Engineering Co., Ltd. (廣州天盈園林工程有限公司). Mr. Chen was appointed as an independent non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange, on 30 May 2022.

### Zhao Xianglin (趙祥林) aged 82

Mr. Zhao is a supervisor of the Company (representative of shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University (“AHSYU”). During Mr. Zhao’s tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

### Zhang Yucong (張宇聰) aged 66

Mr. Zhang is a supervisor of the Company (representative of shareholders). Mr. Zhang obtained a vocational college’s degree in industrial accounting from Guangzhou Amateur Finance College in October 1984. He was conferred as a senior economist by China Construction Bank in December 1997. Prior to November 2001, Mr. Zhang consecutively worked in China Construction Bank with his last position as the deputy director in China Construction Bank (Guangzhou branch) and China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (Guangzhou office) as the deputy officer. From November 2001 to March 2004, he worked as deputy general manager in the Company, a vice chairman in Beijing R&F Properties Development Co., Ltd. (北京富力城房地產開發有限公司) and a vice chairman in R&F (Beijing) Properties Development Co., Ltd. (富力(北京)地產開發有限公司). From June 2004 to August 2010, he worked as the chairman in Guangzhou Fuxing Investment Co., Ltd. (廣州市富興投資有限公司) and a general manager in Guangzhou Yinxiang Guarantee Co., Ltd. (廣州市銀翔擔保有限公司). From August 2010 to August 2014, he worked as a deputy general manager in Cinda Real Estate Co., Ltd. (信達地產股份有限公司), a real estate company whose shares are listed in the Shanghai Stock Exchange (stock code: 600657). From June 2014 to April 2016, he worked as a deputy general manager in Cinda Real Estate Co., Ltd. (信達地產股份有限公司), an executive director in Guangzhou Cinda Property Investment Co., Ltd. (廣州信達置業投資有限公司) and an executive director in Shenzhen Cinda Real Estate Co., Ltd. (深圳信達置業有限公司).



## SENIOR MANAGEMENT

### **Zhu Ling (朱玲) aged 57, is the Chief Financial Officer of the Company**

Ms. Zhu graduated from Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 2007 and 2009 respectively. She is an associate member of The Association of International Accountants. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company (廣州郊區糖煙酒公司), China National Aero-Technology Import & Export Corporation Guangzhou Hangcheng Company (中國航空技術進出口公司廣州航城公司) as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005.

### **Wang Heng (王珩) aged 54, is a vice president of the Company**

Ms. Wang graduated from Shanghai Jiaotong University. Ms. Wang joined the Company in 1995 and has held the position of manager of human resources and administration department, and director of human resources and administration department. Ms. Wang was appointed as general manager of the Company in 2003. She has been appointed as vice president of the Company since December 2010.

### **Liu Zhen (劉臻) aged 58, is a vice president of the Company**

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 and until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. In March 2013, he was appointed as a vice general manager of the Company and general manager of Southern China region. He has been appointed as a vice president of the Company and general manager of Southern China region since July 2016 and was appointed as chairman of Southern China region in October 2018. Since July 2020, he has been appointed to be responsible for the Group's engineering supervision and management centre, audit centre and tender centre. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

### **Zhao Feng (趙楓) aged 54, is a vice president of the Company and chairman of Hainan R&F Properties Development Group Co., Ltd.**

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Canton-Rich Environmental Inc.. Since joining the Company in 2004 and until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Group Co., Ltd.. Since July 2016, Mr. Zhao has been appointed as a vice president of the Company and chairman of Hainan R&F Properties Development Group Co., Ltd.. Save as disclosed above, Mr. Zhao is also a supervisor of certain subsidiaries of the Company.



**Zhang Yanqi (張彥琦) aged 45, is a vice president of the Company**

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Company. Mr. Zhang has been appointed as a vice president of the Company since October 2014.

**Yang Ye (楊曄) aged 44, is a vice president of the Company, chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area**

Mr. Yang graduated from Changsha University of Science & Technology and South China University of Technology with a bachelor degree in architecture and a master degree in urban planning respectively. Prior to joining the Company, Mr. Yang worked with the Artman Group Canada. Upon joining the Company in 2006, Mr. Yang held the positions of assistant to chief engineer and vice chief engineer of the Company. He was appointed as the general manager of Hangzhou R&F Properties Development Co., Ltd. in 2012, as the vice general manager of the Company, general manager of Eastern China region and general manager of Hangzhou R&F Properties Development Co., Ltd. in 2015, as the vice general manager of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. in 2016, as a vice president of the Company in March 2017 and as a vice president of the Company and chairman of Eastern China region in October 2018. He has been appointed as a vice president of the Company, chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area since July 2020. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

**Xie Wei (謝威) aged 51, is a vice president of the Company and chairman of Central Southern China region**

Mr. Xie graduated from Wuhan University of Technology with a master degree in Engineering. Prior to joining the Company, Mr. Xie had held the position of general manager of Guangdong Hopson Yuehua Properties Development Co., Ltd. (廣東合生越華房地產開發有限公司). Upon joining the Company in 2010, Mr. Xie held the positions of vice general manager of the Company's engineering department, assistant to general manager of Southern China region. In 2013, he was appointed as a general manager of Fuzhou R&F Properties Development Co., Ltd.. In 2017, he was appointed as a vice general manager of the Company, general manager of Central Southern China region and the chairman of the companies of Fujian, Jiangxi and Wuhan. In May 2018, he was appointed as a vice president of the Company. Mr. Xie was appointed as the chairman of Central Southern China region in October 2018. Mr. Xie is currently a vice president of the Company and chairman of Central Southern China region. Save as disclosed above, Mr. Xie is also a director of certain subsidiaries of the Company.

**Hu Jie (胡杰) aged 48, is a vice general manager and secretary of the Board of the Company**

Mr. Hu graduated from Jinan University with a master degree in finance. Prior to joining the Company, he had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has been appointed as secretary of the Board of the Company since June 2007. In February 2019, he was appointed as vice general manager of the Company. Mr. Hu is currently a vice general manager and secretary of the Board of the Company.



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**TO THE SHAREHOLDERS OF GUANGZHOU R&F PROPERTIES CO., LTD.**

*(incorporated in the People's Republic of China with limited liability)*

**QUALIFIED OPINION**

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. ("the Company") and its subsidiaries (together the "Group") set out on pages 43 to 143, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, 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 QUALIFIED OPINION**

**Deferred income tax assets**

As disclosed in note 27 to the consolidated financial statements, as at 31 December 2022, the Group had deferred income tax assets of RMB2.247 billion arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group. Such amount was included in the deferred income tax assets of RMB12.974 billion in the consolidated financial statements for the year ended 31 December 2022.

During the course of our audit of the consolidated financial statements for the year ended 31 December 2022, management explained to us their plans to support the utilisation of the abovementioned deferred income tax assets in relation to unused tax losses and deductible temporary differences of these group entities and believed it was probable that sufficient taxable profit would be available against which these unused tax losses and deductible temporary differences could be utilised by these group entities in future. However, since management did not provide us with detailed action plans and an analysis of the likelihood of success of these plans and there were no alternative procedures that we could perform to obtain sufficient appropriate audit evidence in respect of the recoverability of those unused tax losses and deductible temporary differences, our audit opinion on the consolidated financial statements for the year ended 31 December 2022 was qualified.

During the year ended 31 December 2023, management determined the deferred income tax assets arising from unused tax losses and deductible temporary differences of these group entities amounted to RMB0.1 billion as at 31 December 2023 and as a result, RMB2.147 billion was recognised to profit or loss and was included in the income tax expenses of RMB5.832 billion in the consolidated income statement for the year ended 31 December 2023.



However, since management did not extend their assessment to the year ended 31 December 2022 in relation to the unused tax losses and deductible temporary differences and therefore the limitations encountered in the course of our audit of the consolidated financial statements for the year ended 31 December 2022 remained unresolved in the current year audit, we were unable to obtain sufficient appropriate audit evidence we considered necessary to determine whether the income tax expense of RMB2.147 billion in respect of these group entities as included in the income tax expenses recognised during the year ended 31 December 2023 should have been recognised in the previous years, and therefore, whether the related deferred tax assets of RMB2.247 billion as at 1 January 2023 are free from misstatement. Any adjustments found necessary would have a consequential impact on the financial position as at 31 December 2022 and 1 January 2023, the financial performance for the years then ended 31 December 2022 and 2023, and the related disclosures thereof in these consolidated financial statements.

The balance of deferred income tax assets as at 31 December 2022 and the amount of income tax expense for the year then ended are presented as the corresponding figures in the consolidated financial statements for the year ended 31 December 2023. Our audit opinion on the consolidated financial statements for year ended 31 December 2023 is also qualified because of the possible effect of the qualified opinion on the consolidated financial statements for the year ended 31 December 2022 on the comparability of 2023 figures and 2022 figures in these consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2.1(c) to the consolidated financial statements which indicates that for the year ended 31 December 2023, the Group recorded a loss attributable to the owners of the Company of RMB20.164 billion. As at 31 December 2023, the Group’s total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.529 billion, out of which RMB56.795 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB5.743 billion. Moreover, as at 31 December 2023, the Group was unable to repay certain bank and other borrowings of RMB18.445 billion according to their scheduled repayment dates, and subsequent to 31 December 2023, the Group was unable to repay certain bank and other borrowings of RMB3.606 billion that are due for repayment from January and up to the date of approval of the consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB37.980 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions, along with other matters set forth in Note 2.1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Other Information in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

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





In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the “Basis for Qualified Opinion” section above, we were unable to obtain sufficient appropriate evidence about deferred income tax assets and the related deferred income tax credit arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### 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. In addition to the matter described in the “Basis for Qualified Opinion” section and “Material Uncertainty Related to Going Concern” section, we have determined the matter described below to be the key audit matter to be communicated in our report.

#### **Assessment of the net realisable value of properties under development (“PUD”) and completed properties held for sale (“PHS”)**

**(Refer to Notes 2.11, 2.12, 4(d), 16 and 17 to the consolidated financial statements)**

The carrying amount of PUD and PHS was RMB138.317 billion and RMB41.098 billion respectively as at 31 December 2023 and the aggregate amount of RMB179.415 billion accounted for 53.58% of the Group’s total assets as at that date. PUD and PHS are primarily residential projects located mainly in Mainland China and are stated at the lower of cost and net realisable value. The Group has made provision for losses on net realisable value for PUD and PHS of RMB1.866 billion and RMB1.852 billion respectively in the consolidated income statement for the year ended 31 December 2023.

The determination of the net realisable value of PUD and PHS involves significant management judgement and estimation, including expected future selling prices and costs necessary to complete the sale of these properties. Forecast development costs and selling prices are inherently uncertain due to change in market conditions. The calculation of the net realisable value for PUD and PHS at the financial reporting date is performed by the management.

We identified the assessment of the net realisable value of PUD and PHS as a key audit matter because of the significance of these properties to the Group’s total assets and because the assessment of the net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of material misstatement.

**Other response:**

Our key audit procedures included:

- Obtaining an understanding of the process and procedures in relation to the preparation and monitoring of management budgets of property development projects;
- Evaluating the management's methodology in assessing net realisable value and comparing the key estimates and assumptions adopted in the assessment with available market data and the budget plans maintained by the Group; and
- Checking the calculations made by the management in arriving at the year end assessments of the net realisable value.

**Directors' Responsibilities 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

**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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 directors, 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.

**BDO Limited**

*Certified Public Accountants*

**Li Yin Fan**

Practising Certificate number P03113

Hong Kong, 28 March 2024

# CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December	
		2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	44,306,750	45,695,522
Right-of-use assets	8	9,327,516	9,853,365
Investment properties	9	31,743,200	33,749,600
Intangible assets	10	567,837	1,055,675
Interests in joint ventures	12	7,828,582	8,905,960
Interests in associates	13	3,623,859	3,517,585
Deferred income tax assets	27	10,340,403	12,974,345
Financial assets at fair value through other comprehensive income	14	405,392	554,318
Other financial assets	18	390,747	608,519
		<b>108,534,286</b>	116,914,889
<b>Current assets</b>			
Properties under development	16	138,317,971	149,427,062
Completed properties held for sale	17	41,098,408	41,229,767
Inventories		1,047,614	1,130,902
Trade and other receivables and prepayments	19	35,409,691	41,022,377
Contract assets	5	412,014	2,035,644
Tax prepayments		4,305,639	4,859,068
Restricted cash	20	4,015,402	10,124,207
Cash and cash equivalents	21	1,727,204	2,177,020
		<b>226,333,943</b>	252,006,047
<b>Total assets</b>		<b>334,868,229</b>	368,920,936
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	3,752,367	3,752,367
Other reserves	23	11,655,625	12,224,336
Retained earnings		18,287,878	38,452,363
		<b>33,695,870</b>	54,429,066
<b>Non-controlling interests</b>		<b>12,696,292</b>	12,511,955
<b>Total equity</b>		<b>46,392,162</b>	66,941,021



## CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December	
		2023	2022
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	25	78,802,342	82,910,900
Lease liabilities	8	316,067	395,693
Deferred income tax liabilities	27	10,386,790	10,589,811
Other payables	24	1,931,523	864,787
		<b>91,436,722</b>	94,761,191
<b>Current liabilities</b>			
Accruals and other payables	24	95,682,326	96,051,670
Contract liabilities	5	29,095,876	46,210,007
Current income tax liabilities	28	23,313,225	20,758,206
Short-term borrowings	25	4,758,997	4,321,224
Current portion of long-term borrowings	25	43,742,837	39,426,640
Lease liabilities	8	62,603	66,996
Dividend payable		369,981	369,981
Derivative financial instruments	26	13,500	14,000
		<b>197,039,345</b>	207,218,724
<b>Total liabilities</b>		<b>288,476,067</b>	301,979,915
<b>Total equity and liabilities</b>		<b>334,868,229</b>	368,920,936

The notes on pages 50 to 143 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 43 to 143 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

**Li Sze Lim**  
Director

**Zhang Hui**  
Director

# CONSOLIDATED INCOME STATEMENT



(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
Revenue	5	36,238,835	35,192,599
Cost of sales	31	(34,319,596)	(31,365,663)
<b>Gross profit</b>		<b>1,919,239</b>	3,826,936
Other (expense)/income	29	(206,796)	371,854
Other losses – net	30	(3,376,903)	(3,439,395)
Selling and marketing costs	31	(1,465,353)	(1,366,829)
Administrative expenses	31	(4,486,204)	(4,364,864)
Net impairment losses on financial and contract assets		(232,646)	(54,644)
Gains on bargain purchase	6	–	760
<b>Operating loss</b>		<b>(7,848,663)</b>	(5,026,182)
Finance costs – net	33	(6,240,462)	(9,727,154)
Share of results of joint ventures		(404,625)	481,633
Share of results of associates		378,240	136,874
<b>Loss before income tax</b>		<b>(14,115,510)</b>	(14,134,829)
Income tax expenses	34	(5,831,728)	(1,644,444)
<b>Loss for the year</b>		<b>(19,947,238)</b>	(15,779,273)
<b>Loss attributable to:</b>			
– Owners of the Company		(20,164,485)	(15,736,650)
– Non-controlling interests		217,247	(42,623)
		<b>(19,947,238)</b>	(15,779,273)
<b>Basic and diluted losses per share for loss attributable to owners of the Company</b> (expressed in RMB Yuan per share)	35	<b>(5.3738)</b>	(4.1938)

The notes on pages 50 to 143 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
<b>Loss for the year</b>		<b>(19,947,238)</b>	(15,779,273)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	23	<b>(147,176)</b>	(64,442)
<i>Items that may be reclassified to profit or loss</i>			
– Share of other comprehensive income released upon disposal of a joint venture and an associate	23	–	53,755
– Share of other comprehensive income of joint ventures and associates accounted for using the equity method	23	<b>200</b>	(65,389)
– Currency translation differences	23	<b>(406,366)</b>	76,550
<b>Other comprehensive income for the year, net of tax</b>		<b>(553,342)</b>	474
<b>Total comprehensive income for the year</b>		<b>(20,500,580)</b>	(15,778,799)
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>(20,717,827)</b>	(15,736,176)
– Non-controlling interests		<b>217,247</b>	(42,623)
		<b>(20,500,580)</b>	(15,778,799)

The notes on pages 50 to 143 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2022</b>	3,752,367	12,246,683	54,189,013	70,188,063	12,670,578	82,858,641
<b>Comprehensive income</b>						
Loss for the year	-	-	(15,736,650)	(15,736,650)	(42,623)	(15,779,273)
<b>Other comprehensive income</b>						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	-	(64,442)	-	(64,442)	-	(64,442)
Share of other comprehensive income released upon disposal of a joint venture and an associate	-	53,755	-	53,755	-	53,755
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	-	(65,389)	-	(65,389)	-	(65,389)
Currency translation differences	-	76,550	-	76,550	-	76,550
<b>Total other comprehensive income, net of tax</b>	-	474	-	474	-	474
<b>Total comprehensive income for the year</b>	-	474	(15,736,650)	(15,736,176)	(42,623)	(15,778,799)
<b>Transactions with owners</b>						
Changes in ownership interests in subsidiaries without change of control	-	(22,821)	-	(22,821)	(116,000)	(138,821)
<b>Total transactions with owners</b>	-	(22,821)	-	(22,821)	(116,000)	(138,821)
<b>Balance at 31 December 2022</b>	3,752,367	12,224,336	38,452,363	54,429,066	12,511,955	66,941,021





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2023</b>	3,752,367	12,224,336	38,452,363	54,429,066	12,511,955	66,941,021
<b>Comprehensive income</b>						
Loss for the year	-	-	(20,164,485)	(20,164,485)	217,247	(19,947,238)
<b>Other comprehensive income</b>						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	-	(147,176)	-	(147,176)	-	(147,176)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	-	200	-	200	-	200
Currency translation differences	-	(406,366)	-	(406,366)	-	(406,366)
<b>Total other comprehensive income, net of tax</b>	-	(553,342)	-	(553,342)	-	(553,342)
<b>Total comprehensive income for the year</b>	-	(553,342)	(20,164,485)	(20,717,827)	217,247	(20,500,580)
<b>Transactions with owners</b>						
Changes in ownership interests in subsidiaries without change of control	-	(15,369)	-	(15,369)	(6,230)	(21,599)
Distribution of profits from subsidiaries to minority shareholders	-	-	-	-	(26,680)	(26,680)
<b>Total transactions with owners</b>	-	(15,369)	-	(15,369)	(32,910)	(48,279)
<b>Balance at 31 December 2023</b>	3,752,367	11,655,625	18,287,878	33,695,870	12,696,292	46,392,162

The notes on pages 50 to 143 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS



(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
<b>Cash flows from operating activities</b>			
Cash generated from operations	37(a)	1,798,602	5,593,139
Interest paid		(3,104,354)	(5,976,293)
Enterprise income tax and land appreciation tax paid		(257,013)	(840,031)
<b>Net cash used in operating activities</b>		<b>(1,562,765)</b>	<b>(1,223,185)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(528,721)	(900,983)
Purchases of intangible assets		(5,764)	(5,398)
Purchases of financial assets at fair value through profit or loss		(136)	–
Additions of right-of-use assets		(85)	(609)
Additions of investment properties		(46,277)	(1,524)
Proceeds from disposals of investment properties		–	28,082
Proceeds from disposals of property, plant and equipment		798,148	62,801
Proceeds from disposals of intangible assets		1,259	–
Proceeds from disposals of right-of-use assets		159,608	–
Proceeds from disposal of a joint venture		–	1,000
Investments in joint ventures		(12,430)	(200)
Acquisitions of subsidiaries, net of cash acquired		(22,841)	(44,354)
Disposal of subsidiaries, net of cash		296,263	1,204,187
Cash receipts from the repayment of advances to related parties		89,687	214,418
Cash advances to related parties		(119,234)	(68,126)
Dividends and interest received on financial assets at fair value through other comprehensive income		5,596	5,751
Interest received		159,756	134,214
<b>Net cash generated from investing activities</b>		<b>774,829</b>	<b>629,259</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings, net of transaction costs		3,189,026	6,514,965
Proceeds from other payables		596,237	46,750
Repayments of other payables		(64,663)	(80,000)
Repayments of borrowings		(5,932,771)	(11,646,232)
Repayment to a shareholder of a joint venture		–	(137,858)
Repayments of principal of lease liabilities		(60,857)	(88,627)
Decrease in guarantee deposits for borrowings		2,178,439	324,386
Cash advances from related parties		501,195	2,276,308
Repayments to related parties		(76,085)	(757,019)
<b>Net cash generated from/(used in) financing activities</b>		<b>330,521</b>	<b>(3,547,327)</b>
<b>Net decrease in cash and cash equivalents</b>			
Exchange gains		7,599	59,680
Cash and cash equivalents at beginning of year	21	2,177,020	6,258,593
<b>Cash and cash equivalents at end of year</b>		<b>1,727,204</b>	<b>2,177,020</b>

The notes on pages 50 to 143 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

## 1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These consolidated financial statements are presented in RMB Yuan (RMB), unless otherwise stated. These consolidated financial statements were approved by the Board of Directors for issue on 28 March 2024.

## 2. SUMMARY OF ACCOUNTING POLICIES

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 of the Laws of Hong Kong (“HKCO”).

#### (b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income, other financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

#### (c) Going concern basis

For the year ended 31 December 2023, the Group recorded a loss attributable to the owners of the Company of RMB20.164 billion. As at 31 December 2023, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.529 billion, out of which RMB56.795 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB5.743 billion. Moreover, as at 31 December 2023, the Group was unable to repay certain bank and other borrowings of RMB18.445 billion according to their scheduled repayment dates, and subsequent to 31 December 2023 and up to the date of approval of these consolidated financial statements, the Group was unable to repay certain bank and other borrowings of RMB3.606 billion that are due for repayment. As a result, certain bank and other borrowings with an aggregate principal amount of RMB37.980 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the directors of the Company ("Directors") have prepared a cash flow forecast for the next 12 months from 31 December 2023. The cash flow forecast have been prepared with careful consideration to the future liquidity and finance performance of the Group. In addition, the following plans and measures are taken into account for the purpose of mitigating the liquidity pressure and to improve the financial position of the Group:

- (i) The possible disposal of its equity interest and shareholder's loan in a subsidiary with property project development in London (the "Possible Disposal") is expected to be completed in May 2024 and the payment of the consideration will be settled in accordance with the definitive share purchase agreement (see the details of events after reporting date in note 44 to the consolidated financial statements);



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

#### (c) Going concern basis (continued)

- (ii) The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make it relatively more attractive to potential buyers and retain a higher value in current market conditions;
- (iii) The Group is actively in discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In the opinion of the Directors, the Group will be able to extend or refinance the borrowings upon their maturity based on recent successful outcomes that have been completed post year end. The recent successful discussions have formed a basis for similar discussions and have helped advance discussions on resolving near-term maturities. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- (v) The Group has already made significant adjustments to control administrative costs and unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending; and
- (vi) As at 31 December 2023, there were certain outstanding litigations against the Group. The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Directors are confident that it will be able to reach an amicable solution to address the named litigations and also disputes claims referred in these litigations where their outcome are not certain at this stage.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

#### (c) Going concern basis (continued)

The directors are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 12 months from 31 December 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain continuous support by the banks and the Group's creditors, significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Should the Group fail to achieve the above-mentioned consideration and measures, the Group may not have sufficient working capital for its requirements within the next 12 months from the date of this report. The Directors consider that the main assumptions affecting the sufficiency of working capital for the next 12 months are the completion of the Possible Disposal and the successful renewal of overdue borrowings. The Group may not have sufficient working capital for its requirements within the next 12 months if the Possible Disposal cannot be completed by May 2024. In the event that the Possible Disposal cannot be completed as expected, the Group will continue to seek alternative options to monetise or realise maximum value from the project in order to provide the Group with the necessary working capital. These indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets or discharge its liabilities in the normal course of business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

#### (d) Change in accounting policies

##### (i) *New standards, interpretations and amendments first effect on 1 January 2023*

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued new and amendments to Hong Kong Financial reporting standards ("HKFRSs") that are first adopted for the current accounting period for the Group:

Standards	Subject
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 and International Tax Reform – Pillar Two Rules
HKFRS 17	Insurance Contracts

Apart from the below, none of these new and amendments to HKFRSs has a material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

#### (d) Change in accounting policies (continued)

##### (i) *New standards, interpretations and amendments first effect on 1 January 2023 (continued)*

###### Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

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

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

##### (ii) *New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In June 2022, the Hong Kong SAR Government (the “Government”) gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (continued)

#### (d) Change in accounting policies (continued)

- (ii) *New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (continued)*

To better reflect the substance of the abolition of the offsetting mechanism, the group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022, and the cash flows and earnings per share amounts for the year ended 31 December 2022. It also did not have a material impact on the company-level balance sheet as at 31 December 2022 and 31 December 2023.

#### (e) New standards, interpretations and amendments HKFRSs that have been issued but are not yet effective

The following new amendments to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Standards	Subject	Effective for annual 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 ("2022 Amendments")	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	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

The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.





## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.2 Principles of consolidation and equity accounting

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when 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.

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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, 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 (see Note 2.2(d) below), 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, as well as the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.2(d) below), after initially being recognised at cost in the consolidated balance sheet.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.2 Principles of consolidation and equity accounting (continued)

#### (d) Equity accounting

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.

When 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.7.

#### (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 Company.

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.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.3 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 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 the income statement within "Finance costs – net". All other foreign exchange gains and losses are presented in the income statement within "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 fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.3 Foreign currency translation (continued)

#### (c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement and 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 rate at the dates of the transactions); and
- (iii) 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 and other financial instruments designated as hedges of such investments, 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 2.4 Property, plant and equipment

Hotel buildings are carried at fair value at the date of revaluation, less subsequent depreciation and any subsequent accumulated impairment loss. A revaluation surplus is credited to other reserves in shareholders' equity.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of hotel buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.4 Property, plant and equipment (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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:

– Office buildings	20-30 years
– Hotel buildings	20-40 years
– Furniture, fixtures and equipment	3-5 years
– Transportation equipment	4-15 years
– Machinery	5-10 years

The asset's 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 (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised within "Other losses – net" in the income statement. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Assets under construction are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land use rights being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to appropriate classes of property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

### 2.5 Investment properties

Investment properties, principally office buildings, retail buildings and warehouse, are held for long-term rental yields and 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 recorded in the income statement as part of "Other losses – net".



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.6 Intangible assets

#### (a) Goodwill

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 (Note 5).

#### (b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and subsequently carried at cost less accumulated impairment losses.

#### (c) Software

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 five years.

#### (d) Other intangible assets

The Group operates a football club. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract or best estimated based on the player's physical conditions. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.7 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – 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 each reporting period.

### 2.8 Investments and other 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 Group'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.

#### (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.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.8 Investments and other financial assets (continued)

#### (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 fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss 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. The Group classified its debt instruments into the following measurement category.

- 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.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other losses – net". Impairment losses are presented as separate line item in the income statement. Interest income from these financial assets is included in "Other (expense)/income" using the effective interest method.

- Fair value through other comprehensive income ("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 finance income using the effective interest method. Foreign exchange gains and losses are presented in other losses – net, and impairment losses are presented as separate line item in the income statement.
- Fair value through profit or loss ("FVTPL"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in income statement and presented net within other losses) in the period in which it arises.

##### *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 following the derecognition of the investment. 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.





## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.8 Investments and other financial assets (continued)

#### (d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on 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 trade receivables and contract assets 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 and related parties 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.

### 2.9 Financial liabilities and equity instruments

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

#### Derecognition or modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, and any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.10 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 and joint venture are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### 2.11 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 in the ordinary course of business, less applicable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises costs of lands and land use rights, construction costs, and capitalised finance costs incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.12 Completed properties held for sale

Completed properties held for sale 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 management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

### 2.13 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and 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 costs of completion and estimated costs necessary to make the sale.

### 2.14 Trade and other receivables

Trade receivables are amounts due from customers in respect of sale of properties, provision of construction, hotel and property management 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 of the business 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 and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

### 2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

### 2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.17 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. Trade and other payable 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 fair value and subsequently measured at amortised cost using the effective interest method.

### 2.18 Borrowings

Borrowings are initially recognised 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 the income statement 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 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 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 balance sheet date.

### 2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.20 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.

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.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures 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 consider whether it is probable that a transaction tax authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and 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.

#### (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 income 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 and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 income tax liability in relation to investment properties that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.20 Current and deferred income tax (continued)

#### (b) Deferred income tax (continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### 2.21 Employee benefits

#### (a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (b) Employee leave entitlements

Employee entitlements to accumulating 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 that are non-cumulative are not recognised until the time of leave.

#### (c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employee have earned in the current and prior periods and discounting that amount. For LSP obligation under the Hong Kong Employment Ordinance, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.22 Provisions

Provisions 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.

### 2.23 Revenue recognition

#### (a) Property development

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred 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 and 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 one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

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 customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.



## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.23 Revenue recognition (continued)

#### (b) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

#### (c) Hotel operations

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

#### (d) Others

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.

### 2.24 Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

### 2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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.

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;
- 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, which is generally the case for leases in the Group, 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 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.

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.





## 2. SUMMARY OF ACCOUNTING POLICIES (Continued)

### 2.25 Leases (continued)

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 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. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

### 2.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).



### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### (a) Market risk

###### (i) Foreign exchange risk

The Group principally operates in the PRC, Malaysia, Australia, the United Kingdom, Cambodia and Korea, and is exposed to foreign exchange risk, primarily with respect to HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable HKD and USD expenditures.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below summarises the impact of changes in foreign exchange rates at 31 December 2023 with all other variables held constant on the Group's post-tax loss for the year:

	<b>RMB against the foreign currency</b>	
	<b>weaken by 5%</b>	<b>strengthen by 5%</b>
	<b>increase/(decrease) in post-tax loss for the year</b>	
Denominated in HKD		
Cash and cash equivalents	128	(128)
Restricted cash	29	(29)
Trade and other receivables	23,307	(23,307)
Other payables and accruals	(122,810)	122,810
Denominated in USD		
Cash and cash equivalents	2,069	(2,069)
Restricted cash	1,351	(1,351)
Trade and other receivables	3,437	(3,437)
Borrowings	(2,224,999)	2,224,999
Accruals and other payables	(57,528)	57,528
Contract assets	280	(280)



**3. FINANCIAL RISK MANAGEMENT (Continued)**

**3.1 Financial risk factors (continued)**

**(a) Market risk (continued)**

*(i) Foreign exchange risk (continued)*

The table below summarises the impact of changes in foreign exchange rates at 31 December 2022 with all other variables held constant on the Group’s post-tax loss for the year:

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax loss for the year	
Denominated in HKD		
Cash and cash equivalents	263	(263)
Trade and other receivables	16,986	(16,986)
Other payables and accruals	(124,230)	124,230
Denominated in USD		
Cash and cash equivalents	3,533	(3,533)
Restricted cash	387	(387)
Trade and other receivables	5,285	(5,285)
Borrowings	(2,099,030)	2,099,030
Accruals and other payables	(54,432)	54,432
Contract assets	838	(838)



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

###### (ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended 31 December 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in RMB, USD, GBP, MYR, HKD and AUD.

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 but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2023 with all other variables held at constant on the Group's post-tax loss for the year.

	Increase/(decrease) in post-tax loss for the year	
	2023	2022
Interest rate of long-term borrowings at variable rates – increase 0.25% (2022:0.25%)	104,903	106,473
Interest rate of long-term borrowings at variable rates – decrease 0.25% (2022:0.25%)	(104,903)	(106,473)

###### (iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets and other financial assets at FVOCI.

To manage its price risk arising from investments in equity securities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity securities and bonds investments are publicly traded.

The table below summarises the impact of increases or decreases of price of the stocks and bonds, which the Group purchased, on the Group's equity as at 31 December 2023. The analysis is based on the assumption that the stock and bond price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	Increase/(decrease) in other comprehensive income, net of tax	
	2023	2022
Price of each stock – increase 5%	43,589	50,085
Price of each stock – decrease 5%	(43,589)	(50,085)



## 3. FINANCIAL RISK MANAGEMENT (Continued)

### 3.1 Financial risk factors (continued)

#### (b) Credit risk

The extent of the Group's maximum exposure to credit risk is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets and other financial assets.

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.

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 forwarding-looking information.

The Group has three types of assets that is subject to HKFRS 9's expected credit loss model:

- Trade and other receivables
- Contract assets
- Other financial assets measured as FVOCI

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

#### (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 and contract assets.

The expected loss rate of trade receivables from related parties is not material. No loss allowance provision was recognized during the year.

To measure the expected credit losses, trade receivables from third parties and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition. The contract assets relate to unbilled work in progress 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 from third parties are a reasonable approximation of the expected loss rates for the contract assets.

On that basis, the loss allowance for both trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2023 and 2022 was determined as follows.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

At 31 December 2023	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	2.25%	1.82%	3.65%	27.07%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	1,707,892	470,009	291,235	624,612	3,093,748
Gross carrying amount – contract assets	421,498	–	–	–	421,498
Loss allowance	47,863	8,546	10,634	169,113	236,156

At 31 December 2022	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	2.27%	3.75%	3.64%	19.07%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	2,136,819	450,863	379,567	607,508	3,574,757
Gross carrying amount – contract assets	2,076,976	–	–	–	2,076,976
Loss allowance	95,797	16,899	13,807	115,842	242,345

The closing loss allowance for trade receivables and contract assets as at 31 December 2023 was reconciled to the opening loss allowance as follows:

	Trade receivables		Contract assets	
	2023	2022	2023	2022
<b>Opening loss allowance as at 1 January</b>	<b>201,013</b>	219,548	<b>41,332</b>	22,673
Provision for/(reversal of) loss allowance recognised in profit or loss during the year	<b>25,659</b>	(18,535)	<b>(31,848)</b>	18,659
<b>Closing loss allowance as at 31 December</b>	<b>226,672</b>	201,013	<b>9,484</b>	41,332



**3. FINANCIAL RISK MANAGEMENT (Continued)**

**3.1 Financial risk factors (continued)**

**(b) Credit risk (continued)**

*(ii) Other receivables*

As at 31 December 2023, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for the 12 months expected losses method. RMB2,969,000 loss allowance provision was recognised during the year (2022: RMB7,539,000).

The closing loss allowance for other receivables as at 31 December 2023 was reconciled to the opening loss allowance as follows:

	<b>2023</b>	2022
<b>Opening loss allowance as at 1 January</b>	<b>439,951</b>	385,431
Provision for loss allowance recognised in profit or loss during the year	<b>238,835</b>	54,520
<b>Closing loss allowance as at 31 December</b>	<b>678,786</b>	439,951

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

**(c) Liquidity risk**

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

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. These include controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyse the remaining contractual maturities at the reporting date of the Group’s non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<b>At 31 December 2023</b>					
Borrowings (Note (i))	55,167,331	29,272,414	51,632,942	11,032,512	147,105,199
Lease liabilities	80,443	76,370	175,041	112,103	443,957
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	48,165,296	8,864,068	1,602,981	1,991,351	60,623,696
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	63,734,066	–	–	–	63,734,066
Guarantees in respect of borrowings of joint ventures and associates	2,690,085	5,149,676	3,860,578	1,027,270	12,727,609
Derivative financial instruments	13,500	–	–	–	13,500
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<b>At 31 December 2022</b>					
Borrowings (Note (i))	51,184,735	18,973,158	64,382,973	17,156,240	151,697,106
Lease liabilities	87,844	80,781	215,318	163,608	547,551
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	46,526,638	1,432,974	1,592,042	410,307	49,961,961
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	77,864,071	–	–	–	77,864,071
Guarantees in respect of borrowings of joint ventures and associates	2,896,262	1,951,037	8,216,478	1,201,646	14,265,423
Derivative financial instruments	14,000	–	–	–	14,000

Note:

- (i) Interest on borrowings is calculated on borrowings held as at 31 December 2023 and 2022 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2023 and 2022 respectively.





## 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 so that they can continue to provide returns for equity holders 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 will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash.

The gearing ratios at 31 December 2023 and 2022 are as follows:

	<b>2023</b>	2022
Total borrowings	<b>127,304,176</b>	126,658,764
Less: cash and cash equivalents	<b>(1,727,204)</b>	(2,177,020)
restricted cash	<b>(4,015,402)</b>	(10,124,207)
Net debt	<b>121,561,570</b>	114,357,537
Total equity	<b>46,392,162</b>	66,941,021
Gearing ratio	<b>262%</b>	171%

### 3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. 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 maximise 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.

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.



### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation (continued)

	2023	2022
<b>Financial assets at FVOCI</b>		
Level 1	403,392	545,318
Level 3 (Note (a))	2,000	9,000
	<b>405,392</b>	554,318
<b>Other financial assets</b>		
Level 1	390,747	608,519
	<b>796,139</b>	1,162,837

#### (a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2023 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value change on the equity investments was included in "other comprehensive income".

See Note 7 for disclosures of hotel buildings and Note 9 for disclosures of investment properties that are measured at fair value.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### (a) Enterprise income taxes and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for enterprise income taxes. There are many transactions and calculations for which the ultimate tax 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 differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.



## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### (b) PRC land appreciation taxes

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

The Group is subject to land appreciation taxes in the PRC which has been included in the income tax expenses of the Group. However, the implementation of these taxes varies amongst various cities in the PRC and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognised these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

### (c) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

### (d) Provisions for impairment of properties under development, completed properties held for sale

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of carrying amounts of properties under development and completed properties held for sale is assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The assessment requires the use of judgement and estimates.

As at 31 December 2023, approximately RMB8,302,605,000 and RMB7,568,307,000 (2022: RMB6,629,493,000 and RMB6,377,258,000) of impairment was provided for properties under development and completed properties held for sale, respectively.

### (e) Revenue recognition for property development activities

Revenue from sales of properties is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. Whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires the use of judgements. Management has also made judgement on when control of properties are transferred to customers.

The judgement on the right to payment associated with the property sales transaction and the transfer of control of properties would affect the Group's loss for the year and the carrying value of completed properties held for sale.



#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (f) Impairment of trade and other receivables, contract assets and other financial assets

The loss allowances for trade and other receivables, contract assets and other financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement 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 Note 3.

##### (g) Going concern assumptions

As stated in Note 2.1(c), the directors have prepared the consolidated financial statements for the year ended 31 December 2023 based on a going concern basis. The assessment of the going concern assumptions involves making judgement by the directors, about the future outcome of events or conditions which are uncertain. The Group's management formulated plans and measures to mitigate the liquidity pressure and improve the financial position of the Group and concluded that, taking into account these plans and measures, there will be sufficient funds to finance its future operations to maintain the Group as a going concern. Accordingly, the directors consider that the Group has the capability to continue as a going concern.

#### 5. SEGMENT INFORMATION

##### (a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of loss for the year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 5. SEGMENT INFORMATION (Continued)

#### (b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2023 and the segment assets and liabilities at 31 December 2023 are as follows:

	Property development (Note (i))	Property investment (Note (ii))	Hotel operations (Note (iii))	All other segments (Note (iii))	Group
Segment revenue	27,810,945	1,003,102	6,406,854	1,601,935	36,822,836
Inter-segment revenue	–	(175,834)	(41,874)	(366,293)	(584,001)
<b>Revenue from external customers</b>	<b>27,810,945</b>	<b>827,268</b>	<b>6,364,980</b>	<b>1,235,642</b>	<b>36,238,835</b>
Loss for the year	(16,948,019)	(1,208,353)	(904,227)	(886,639)	(19,947,238)
Finance costs – net	(4,865,875)	(299,408)	(878,445)	(196,734)	(6,240,462)
Share of results of joint ventures	(411,918)	–	–	7,293	(404,625)
Share of results of associates	385,345	–	–	(7,105)	378,240
Income tax (expenses)/credits	(6,217,625)	412,514	66,472	(93,089)	(5,831,728)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(345,717)	–	(1,551,851)	(214,981)	(2,112,549)
Amortisation of incremental costs for obtaining contracts with customers	(607,563)	–	–	–	(607,563)
Fair value change on other financial assets	–	–	–	(217,908)	(217,908)
(Allowance for)/reversal of impairment losses of financial and contract assets	(229,395)	606	(3,772)	(85)	(232,646)
Fair value losses on investment properties – net of tax	–	(1,511,403)	–	–	(1,511,403)
<b>Segment assets</b>	<b>242,273,279</b>	<b>31,862,520</b>	<b>42,344,844</b>	<b>7,251,044</b>	<b>323,731,687</b>
Segment assets include:					
Interests in joint ventures	7,827,259	–	–	1,323	7,828,582
Interests in associates	3,543,916	–	–	79,943	3,623,859
Addition to non-current assets (other than financial instruments and deferred income tax assets)	702,073	46,277	53,217	704,093	1,505,660
<b>Segment liabilities</b>	<b>122,281,634</b>	<b>391,300</b>	<b>2,213,007</b>	<b>2,585,935</b>	<b>127,471,876</b>



## 5. SEGMENT INFORMATION (Continued)

### (b) Segment performance (continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2022 and the segment assets and liabilities at 31 December 2022 are as follows:

	Property development (Note (i))	Property investment (Note (ii))	Hotel operations (Note (iii))	All other segments (Note (iii))	Group
Segment revenue	29,030,050	976,196	4,234,601	2,249,462	36,490,309
Inter-segment revenue	–	(130,561)	(94,326)	(1,072,823)	(1,297,710)
<b>Revenue from external customers</b>	29,030,050	845,635	4,140,275	1,176,639	35,192,599
Loss for the year	(11,275,448)	(1,071,661)	(2,373,165)	(1,058,999)	(15,779,273)
Finance costs – net	(8,391,253)	(200,353)	(960,303)	(175,245)	(9,727,154)
Share of results of joint ventures	484,255	–	–	(2,622)	481,633
Share of results of associates	112,389	–	–	24,485	136,874
Income tax (expenses)/credits	(1,623,770)	383,078	(293,735)	(110,017)	(1,644,444)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(339,560)	–	(1,448,556)	(335,539)	(2,123,655)
Gains on bargain purchase	–	–	–	760	760
Amortisation of incremental costs for obtaining contracts with customers	(182,118)	–	–	–	(182,118)
Fair value change on financial assets	–	–	–	(417,694)	(417,694)
Allowance for impairment losses of financial and contract assets	(44,625)	(1,330)	(1,673)	(7,016)	(54,644)
Fair value losses on investment properties – net of tax	–	(1,467,538)	–	–	(1,467,538)
<b>Segment assets</b>	270,477,013	34,156,608	47,241,441	2,908,692	354,783,754
Segment assets include:					
Interests in joint ventures	8,904,640	–	–	1,320	8,905,960
Interests in associates	3,436,396	–	–	81,189	3,517,585
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,121,093	138,127	107,098	324,970	1,691,288
<b>Segment liabilities</b>	139,421,957	342,992	1,891,503	2,316,682	143,973,134

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

Notes:

- (i) Substantially all of the revenue from property development is recognised at a point in time.
- (ii) All of the revenue from property investment is recognised on a straight-line basis over the term of the lease.
- (iii) All of the revenue from hotel operations and all other segments is recognised over time.



**5. SEGMENT INFORMATION (Continued)**

**(b) Segment performance (continued)**

Revenue from external customers broken down by location of the customers is shown in the table below:

	<b>2023</b>	2022
PRC	<b>34,210,324</b>	34,224,800
Other countries	<b>2,028,511</b>	967,799
<b>Total</b>	<b>36,238,835</b>	35,192,599

Revenues from the individual countries included in “other countries” are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenue for the year ended 31 December 2023 (2022: nil).

**(c) Segment assets**

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group’s deferred income tax assets, financial assets at FVOCI and other financial assets are not considered to be segment assets but rather are managed on a central basis.

Reportable segments’ assets are reconciled to total assets as follows:

	<b>2023</b>	2022
Segment assets for reportable segments	<b>323,731,687</b>	354,783,754
Deferred income tax assets	<b>10,340,403</b>	12,974,345
Other financial assets	<b>390,747</b>	608,519
Financial assets at FVOCI	<b>405,392</b>	554,318
<b>Total assets per consolidated balance sheet</b>	<b>334,868,229</b>	368,920,936

Non-current assets, other than financial assets at FVOCI, other financial assets and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	<b>2023</b>	2022
PRC	<b>91,532,286</b>	91,687,692
Other countries	<b>5,865,458</b>	11,090,015
<b>Total</b>	<b>97,397,744</b>	102,777,707

Non-current assets in the individual countries included in “other countries” are not material.



## 5. SEGMENT INFORMATION (Continued)

### (d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2023	2022
Segment liabilities for reportable segments	127,471,876	143,973,134
Deferred income tax liabilities	10,386,790	10,589,811
Current income tax liabilities	23,313,225	20,758,206
Short-term borrowings and current portion of long-term borrowings	48,501,834	43,747,864
Long-term borrowings	78,802,342	82,910,900
<b>Total liabilities per consolidated balance sheet</b>	<b>288,476,067</b>	<b>301,979,915</b>

### (e) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023	2022
Contract assets	421,498	2,076,976
Loss allowance (Note 3.1(b))	(9,484)	(41,332)
<b>Total contract assets</b>	<b>412,014</b>	<b>2,035,644</b>
Capitalised costs to obtain contracts	1,383,038	1,879,444
Contract liabilities – property development and sales contracts	28,496,607	45,525,242
Contract liabilities – hotel operations and other contracts with customers	599,269	684,765
<b>Total contract liabilities</b>	<b>29,095,876</b>	<b>46,210,007</b>

### (i) Significant changes in contract assets and liabilities

The loss allowance for contract assets decreased by RMB31,848,000 to RMB9,484,000 (2022: Increased by RMB18,659,000 to RMB41,332,000) during the current reporting period.

Contract liabilities from property development and sales contracts have decreased by RMB17,029,000,000 as pre-sales were slowdown near year end of 2023.





**5. SEGMENT INFORMATION (Continued)**

**(e) Assets and liabilities related to contracts with customers (continued)**

**(ii) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2023	2022
<i>Revenue recognised that was included in the contract liability balance at the beginning of the year</i>		
Property development and sales contracts	22,162,951	13,922,458
Hotel operations and other contracts	684,765	697,561

**(iii) Unsatisfied performance obligation**

For sales of properties, the Group recognises revenue when or as the control of the asset is transferred to the purchaser. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the day contracted with the customer exceeds one year, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS 15.

For hotel operation services, they are rendered in a short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which 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 this type of contracts. The majority of the property management services contracts do not have a fixed term.

**(iv) Assets recognised from costs to obtain a contract**

The Group recognised assets in relation to stamp duty, sales commissions and other costs directly attributable to obtaining a contract. This is presented within trade and other receivables and prepayments in the balance sheet. The asset is amortised in a pattern consistent with the recognition of the associated revenue.

	2023	2022
Capitalised costs to obtain contracts at 31 December	1,383,038	1,879,444
Amortisation recognised as cost of sales during the year	(607,563)	(182,118)



## 6. BUSINESS COMBINATION

### (a) For the year ended 31 December 2022

#### Summary of acquisition

In November 2022, the Group completed the acquisition of the remaining 40% equity interest in a joint venture, 海南富力海洋文旅產業發展有限公司 (“富力海洋”), which was engaging in developing tourism project in the PRC, from an independent third party at a cash consideration of approximately RMB593,000. Upon completion of the acquisition, the Group held 100% equity interest of the 富力海洋 which then became a subsidiary of the Group.

Details of the purchase consideration, the net assets acquired are as follows:

	富力海洋
Purchase consideration	
Cash paid	593
Previously held equity interest	2,028
	2,621

The assets and liabilities recognised as a result of the acquisitions are as follows:

	富力海洋 Fair value
Cash and cash equivalents	103
Property, plant and equipment	1,191
Intangible assets	3,051
Trade and other receivables and prepayments	121
Trade and other payables and accruals	(1,085)
Total identifiable net assets acquired	3,381
Gains on bargain purchase	(760)



**6. BUSINESS COMBINATION (Continued)**

**(a) For the year ended 31 December 2022 (continued)**

**Summary of acquisition (continued)**

(i) *Acquired receivables*

	富力海洋 Fair value
Trade receivables and other receivables and prepayments	121

(ii) *Revenue and profit contribution*

	富力海洋
Acquired business contributed to the Group for the period from the acquisition date to 31 December 2022:	
– Revenue	–
– Net loss	–

(iii) *Purchases consideration – net cash flows*

	富力海洋
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash considerations paid	593
Plus: cash in the subsidiary acquired	(103)
Net outflow of cash – investing activities	490


**7. PROPERTY, PLANT AND EQUIPMENT**

	Buildings		Furniture, fixtures and equipment	Transportation equipment	Machinery	Assets under construction	Total
	Office and others	Hotel					
<b>At 1 January 2022</b>							
Cost	4,813,404	42,847,726	2,126,332	1,641,253	2,182,236	6,435,640	60,046,591
Accumulated depreciation	(500,374)	(9,260,482)	(1,735,188)	(1,009,675)	(461,411)	–	(12,967,130)
Net book amount	4,313,030	33,587,244	391,144	631,578	1,720,825	6,435,640	47,079,461
<b>Year ended 31 December 2022</b>							
Opening net book amount as originally presented	4,313,030	33,587,244	391,144	631,578	1,720,825	6,435,640	47,079,461
Additions	46,169	–	275,213	29,025	8,548	1,007,320	1,366,275
Acquisitions of subsidiaries	–	–	1,191	–	–	–	1,191
Disposals of subsidiaries	–	(838,308)	(3,178)	(406)	(165)	–	(842,057)
Transfer from properties under development	66,910	–	–	–	–	–	66,910
Assets under construction transferred to buildings	66,491	978,352	32,640	–	31,080	(1,108,563)	–
Disposals	(94,641)	(2,196)	(7,329)	(156,699)	(1,521)	–	(262,386)
Depreciation	(196,394)	(1,124,444)	(94,698)	(75,161)	(155,391)	–	(1,646,088)
Exchange differences	6,685	–	611	188	2	(75,270)	(67,784)
Closing net book amount	4,208,250	32,600,648	595,594	428,525	1,603,378	6,259,127	45,695,522
<b>At 31 December 2022</b>							
Cost	4,893,133	42,503,418	2,391,908	1,207,929	2,213,967	6,259,127	59,469,482
Accumulated depreciation	(684,883)	(9,902,770)	(1,796,314)	(779,404)	(610,589)	–	(13,773,960)
Net book amount	4,208,250	32,600,648	595,594	428,525	1,603,378	6,259,127	45,695,522
<b>Year ended 31 December 2023</b>							
Opening net book amount as originally presented	4,208,250	32,600,648	595,594	428,525	1,603,378	6,259,127	45,695,522
Additions	171,475	11	69,540	2,286	10,098	1,125,219	1,378,629
Disposals of subsidiaries	–	(259,259)	(17,448)	(191)	(341)	–	(277,239)
Assets under construction transferred to buildings	1,615,663	–	–	–	–	(1,615,663)	–
Disposals	(32,496)	(610,518)	(7,521)	(2,175)	(14,173)	(37,515)	(704,398)
Depreciation	(226,127)	(1,255,459)	(112,971)	(52,634)	(122,385)	–	(1,769,576)
Impairment	–	–	–	–	–	(156,236)	(156,236)
Exchange differences	(4,557)	–	348	62	(2)	144,197	140,048
Closing net book amount	5,732,208	30,475,423	527,542	375,873	1,476,575	5,719,129	44,306,750
<b>At 31 December 2023</b>							
Cost	6,629,445	41,293,702	2,378,556	1,170,827	2,184,505	5,875,365	59,532,400
Accumulated depreciation and impairment	(897,237)	(10,818,279)	(1,851,014)	(794,954)	(707,930)	(156,236)	(15,225,650)
Net book amount	5,732,208	30,475,423	527,542	375,873	1,476,575	5,719,129	44,306,750



**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

(a) Depreciation expense has been charged in the following categories:

	<b>2023</b>	2022
Selling and administrative expenses	<b>248,037</b>	206,958
Cost of sales	<b>1,521,539</b>	1,439,130
	<b>1,769,576</b>	1,646,088

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2023, borrowing costs capitalised in assets under construction amounted to RMB141,158,000 (2022: RMB217,470,000). Borrowing costs were capitalised at the weighted average rate of 7.45% for the year ended 31 December 2023 (2022: 7.51%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB27,441,368,000 (2022: RMB29,372,979,000).

**(b) Carrying amounts that would have been recognised if hotel buildings were stated at cost**

If hotel buildings were stated on the historical cost basis, the amounts would be as follows:

	<b>2023</b>	2022
Cost	<b>33,840,131</b>	35,459,473
Accumulated depreciation	<b>(9,854,317)</b>	(9,176,903)
Net book amount	<b>23,985,814</b>	26,282,570

**(c) Fair value hierarchy**

An independent valuation of the Group's hotel buildings was performed by independent and professionally qualified valuers to determine the fair value of the hotel buildings as at 31 December 2019. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

As at 31 December 2019, all of the Group's hotel buildings were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.



## 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (d) Valuation processes of the Group

The Group measured its hotel buildings at fair value as at 31 December 2019 with the assistance of an independent qualified valuer not related to the Group.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management.

Regarding fair value of the hotel buildings as at 31 December 2019, the finance department:

- Verified all major inputs to the independent valuation report
- Held discussions with the independent valuer
- Performed calculation when applicable

As at 31 December 2022 and 2023, management did not revalue the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

### (e) Valuation techniques

Fair value of the Group's hotel buildings is mainly the remaining balance after deduction of fair value of hotel lands from the fair value of hotel properties, which include land and buildings. Valuation of hotel properties and hotel lands were performed by the independent valuer.

The fair value of hotel properties, including land and building, is generally derived using the discounted cash flow approach, which derives the fair value by discounting the future net cash flow of hotel property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties.

Fair value of hotel lands is determined using the direct comparison method. The key inputs under this approach are the price per square metre from recent year sales of comparable lands in the subject localities (with similar location and size).



## 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (f) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs at 31 December 2019	Relationship of unobservable inputs to fair value
Hotel buildings	34,616,031	Direct comparison method	Hotel properties – Discount rates	7.5%-8.0%	The higher the discount rates, the lower the fair value of hotel properties
			Hotel properties – Terminal capitalisation rates	5.0%	The higher the terminal capitalisation rates, the lower the fair value of hotel properties
			Hotel properties – Occupancy rates	62.0%-92.0%	The higher the occupancy rates, the higher the fair value of hotel properties
			Hotel properties – Revenue growth rates	2.5%-3.0%	The higher the revenue growth rates, the higher the fair value of hotel properties
			Hotel lands – Market price (RMB/square metre)	466-13,614	The higher the market price, the higher the fair value of hotel lands

## 8. LEASES

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023	2022
<b>Right-of-use assets</b>		
Land use rights	8,931,172	9,378,481
Office and transportation equipment	317,970	345,712
Buildings	78,374	129,172
	<b>9,327,516</b>	9,853,365
<b>Lease liabilities</b>		
Current	62,603	66,996
Non-current	316,067	395,693
	<b>378,670</b>	462,689

Additions to the right-of-use assets were RMB50,031,000 during the year ended 31 December 2023 (2022: RMB92,890,000).



## 8. LEASES (Continued)

### (b) Amounts recognised in the consolidated income statement

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

	2023	2022
<b>Depreciation charge of right-of-use assets</b>		
Land use rights	269,477	319,753
Buildings	29,093	56,442
Transportation equipment	27,742	26,557
	<b>326,312</b>	402,752
Less: capitalised in assets under construction	<b>(33,043)</b>	(47,552)
	<b>293,269</b>	355,200
Interest expense (included in finance costs – net)	15,439	23,868
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	13,931	23,246

The total cash outflow for leases in 2023 was RMB79,873,000 (2022: RMB127,236,000).

### (c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, warehouses, office and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 years. 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 except for the airplanes and those with land use rights certificate.





**9. INVESTMENT PROPERTIES**

	Completed investment properties	Investment properties under construction	Total
<b>Year ended 31 December 2022</b>			
Opening balance at 1 January	33,983,913	959,391	34,943,304
Additions	–	138,127	138,127
Disposals	(69,877)	–	(69,877)
Transfer from properties under development to investment properties under construction	–	617,027	617,027
Transfer from completed properties held for sale	22,686	–	22,686
Revaluation gains on investment properties transferred from completed properties held for sale	–	(8,127)	(8,127)
Currency translation differences	56,128	–	56,128
Fair value losses – net	(1,893,452)	(56,216)	(1,949,668)
Closing balance at 31 December	32,099,398	1,650,202	33,749,600
<b>Year ended 31 December 2023</b>			
Opening balance at 1 January	32,099,398	1,650,202	33,749,600
Additions	–	46,277	46,277
Disposals	(587)	–	(587)
Currency translation differences	(38,748)	–	(38,748)
Fair value losses – net	(1,940,865)	(72,477)	(2,013,342)
Closing balance at 31 December	30,119,198	1,624,002	31,743,200

**(a) Amount recognised in the consolidated income statement for investment properties**

	2023	2022
Rental income	827,268	845,635
Direct operating expenses from investment properties	(116,660)	(132,054)
Revaluation losses and fair value losses recognised in “other losses – net”	(2,013,342)	(1,957,795)



## 9. INVESTMENT PROPERTIES (Continued)

### (b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2023 and 2022. The fair value gains or losses are included in "Other losses – net" in the income statement.

As at 31 December 2023 and 2022, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs.

### (c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2023 and 2022 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every reporting date, in line with the Group's interim and annual reporting dates.

At each reporting date the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.



9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office and retail buildings (2022: completed office and retail buildings), the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

For carpark, the valuations are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square metre.

For retail buildings under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

(e) Valuation inputs and relationships to fair value

Description		Fair value at 31 December 2023	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,060,540	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
	Market price (RMB/square metre)			8,480-40,000	The higher the market price, the higher the fair value	
Retail	19,517,260	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value	
			Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value	
			Market price (RMB/square metre)	2,760-93,000	The higher the market price, the higher the fair value	
Carpark	541,400	Direct comparison method	Market price (RMB/square metre)	1,100-6,700	The higher the market price, the higher the fair value	
Investment properties under construction	Retail	1,624,000	Residual method	Market price (RMB/square metre)	3,939-20,721	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	4,203-5,855	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	0-1,832	The higher the developer's profit, the lower the fair value



## 9. INVESTMENT PROPERTIES (Continued)

### (e) Valuation inputs and relationships to fair value (continued)

Description		Fair value at 31 December 2022	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,880,580	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	6,050-56,500	The higher the market price, the higher the fair value
	Retail	20,662,720	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	5,640-96,000	The higher the market price, the higher the fair value
Carpark	556,100	Direct comparison method	Market price (RMB/square metre)	700-7,700	The higher the market price, the higher the fair value	
Investment properties under construction	Retail	1,650,200	Residual method	Market price (RMB/square metre)	4,453-24,692	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	4,806-5,894	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	1,708-1,865	The higher the developer's profit, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

### (f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB18,411,252,000 in 2023 (2022: RMB19,293,700,000).

### (g) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. There are no variable lease payments that depend on an index or rate. 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.

For minimum lease payments receivable on leases of investment properties, refer to Note 39.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Software and others	Total
<b>Year ended 31 December 2022</b>				
Opening net book amount	509,431	292,000	323,854	1,125,285
Additions	–	–	117,227	117,227
Acquisitions of subsidiaries	–	–	3,051	3,051
Amortisation charge	–	–	(122,367)	(122,367)
Disposals	–	–	(67,521)	(67,521)
Closing net book amount	509,431	292,000	254,244	1,055,675
<b>At 31 December 2022</b>				
Cost	512,414	292,000	628,855	1,433,269
Accumulated amortisation and impairment	(2,983)	–	(374,611)	(377,594)
Net book amount	509,431	292,000	254,244	1,055,675
<b>Year ended 31 December 2023</b>				
Opening net book amount	509,431	292,000	254,244	1,055,675
Additions	–	–	30,723	30,723
Amortisation charge	–	–	(49,704)	(49,704)
Impairment	(468,528)	–	–	(468,528)
Disposals	–	–	(329)	(329)
Closing net book amount	40,903	292,000	234,934	567,837
<b>At 31 December 2023</b>				
Cost	512,414	292,000	656,085	1,460,499
Accumulated amortisation and impairment	(471,511)	–	(421,151)	(892,662)
Net book amount	40,903	292,000	234,934	567,837

Intangible assets are amortised in the following categories:

	2023	2022
Selling and administrative expenses	37,287	51,834
Cost of sales	12,417	70,533
	49,704	122,367



## 10. INTANGIBLE ASSETS (Continued)

### (a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2023 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2023 and 2022 are as follows:

	2023	2022
Gross margin	14%	14%-17%
Growth rate for the five-year period	2.2%-5%	2%-5%
Terminal growth rate	2.2%	2%
Pre-tax discount rate	8.39%	9.74%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

### (b) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2023 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Group and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2023 and 2022 are as follows:

	2023	2022
Royalty rate	1%	1%
Growth rate for the five-year period	2.22%-5%	2%-5%
Terminal growth rate	2.22%	2%
Pre-tax discount rate	9.47%	9.87%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

## 11. SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2023:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
<b>Subsidiaries – incorporated in the PRC:</b>							
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB29,000,000	–	75%	25%	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	81%	19%	–	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	40.24%	59.76%	–	Property development in the PRC
珠海保稅區蔡氏倉儲發展有限公司	20 March 2003	Limited liability company	RMB81,100,000	–	75%	25%	Property development in the PRC
廣州鼎力創業投資有限公司	4 August 2003	Limited liability company	RMB100,000,000	90%	10%	–	Investment holding in the PRC
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	75%	25%	–	Development and investment of office buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Hotel operation in PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Hotel operation in PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB600,100,000	99.98%	0.02%	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	–	Property development in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	–	Decoration project in PRC
上海浦衛房地產開發有限公司	18 July 2006	Limited liability company	RMB320,000,000	–	100%	–	Property development in the PRC
海南陵水富力灣開發有限公司	27 November 2006	Limited liability company	RMB600,100,000	99.98%	0.02%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	–	Property development in the PRC
海南富力房地產開發集團有限公司	29 March 2007	Limited liability company	RMB2,180,000,000	95%	5%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
廣州聖景房地產開發有限公司	27 August 2007	Sino-foreign joint venture with limited liability	USD20,000,000	25%	75%	–	Property development in the PRC
北京極富房地產開發有限公司	31 August 2007	Limited liability company	RMB30,100,000	99.67%	0.33%	–	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,001,568	97.45%	2.55%	–	Property development in the PRC
廣東省韶關市萬紫千紅置業有限公司	22 January 2008	Limited liability company	RMB530,000,000	65%	–	35%	Property development in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC



## 11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
鞍山恒發房地產有限公司	25 June 2009	Wholly foreign-owned enterprise with limited liability	USD120,000,000	–	100%	–	Property development in the PRC
貴陽圓成置業有限公司	12 January 2010	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
惠州富茂房地產開發有限公司	14 May 2010	Limited liability company	RMB710,000,000	50%	50%	–	Property development in the PRC
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
大連恒灣房地產開發有限公司	28 October 2010	Wholly foreign-owned enterprise with limited liability	USD252,480,000	–	100%	–	Property development in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Sino-foreign joint venture with limited liability	RMB30,000,000	–	100%	–	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	45%	55%	–	Property development in the PRC
廣州城足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	–	–	Sport management in the PRC
海南富力海洋歡樂世界開發有限公司	20 June 2012	Limited liability company	RMB2,000,000,000	80%	20%	–	Tourism project development in the PRC
梅州富力房地產開發有限公司	1 July 2013	Limited liability company	RMB550,000,000	99%	1%	–	Property development in the PRC
廣州天禧房地產開發有限公司	22 August 2013	Limited liability company	RMB801,106,667	75%	–	25%	Property development in the PRC
西安坊城置業有限公司	30 October 2013	Limited liability company	RMB2,000,000,000	–	100%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
珠海富力房地產開發有限公司	20 November 2013	Limited liability company	RMB592,000,000	100%	–	–	Property development in the PRC
重慶富力嘉盛房地產開發有限公司	28 January 2014	Wholly foreign-owned enterprise with limited liability	RMB20,000,000	–	100%	–	Property development in the PRC
滁州富力城房地產開發有限公司	1 September 2015	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	6 September 2016	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
湖南圓康富力置業有限公司	13 October 2016	Limited liability company	RMB650,100,000	–	100%	–	Property development in the PRC
南通富力房地產開發有限公司	18 November 2016	Wholly foreign-owned enterprise with limited liability	USD40,000,000	–	100%	–	Property development in the PRC
海南航孝房地產開發有限公司	24 November 2016	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
太原富力盛達房地產開發有限公司	9 February 2017	Limited liability company	RMB1,100,000,000	–	100%	–	Property development in the PRC
太原富力通達房地產開發有限公司	13 April 2017	Limited liability company	RMB1,300,000,000	–	100%	–	Property development in the PRC
大連萬升酒店管理有限公司	18 August 2017	Limited liability company	RMB20,000,000	–	100%	–	Hotel operation in PRC
廣州兆暉投資有限公司	5 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in the PRC
武漢威斯汀酒店管理有限公司	12 September 2017	Limited liability company	RMB702,157,000	–	100%	–	Hotel operation in PRC
武漢萬富酒店管理有限公司	12 September 2017	Limited liability company	RMB554,908,000	–	100%	–	Hotel operation in PRC
長沙開福萬富酒店管理有限公司	18 September 2017	Limited liability company	RMB978,089,000	–	100%	–	Hotel operation in PRC
淄博萬達廣場置業有限公司	27 September 2017	Limited liability company	RMB60,100,000	–	100%	–	Property development in the PRC
烏魯木齊富力城房地產開發有限公司	23 November 2017	Limited liability company	RMB1,100,000,000	–	100%	–	Property development in the PRC





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

## 11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non- controlling interests	Principal activities and place of operations
				Direct	Indirect		
上饒市富力長盛置業有限公司	8 February 2018	Limited liability company	RMB402,500,000	–	100%	–	Property development in the PRC
唐山富潤房地產開發有限公司	1 June 2018	Limited liability company	RMB100,000,000	–	50%	50%	Property development in the PRC
贛州市富輝房地產開發有限責任公司	31 August 2018	Sino-foreign joint venture with limited liability	RMB894,135,300	95.49%	4.51%	–	Property development in the PRC
重慶富力瑜璟房地產開發有限公司	11 October 2018	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
太原永富房地產開發有限公司	1 February 2019	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
廣州富宏投資諮詢有限公司	11 March 2019	Limited liability company	RMB1,000,000,000	100%	–	–	Property development in the PRC
鹽城富力科創發展有限公司	24 May 2019	Wholly foreign-owned enterprise with limited liability	USD101,000,000	–	100%	–	Property development in the PRC
廣州極富投資有限公司	14 October 2021	Limited liability company	RMB100,000,000	–	51%	49%	Investment holding in the PRC
廣州富景城市更新投資有限公司	1 December 2021	Limited liability company	RMB100,000,000	–	51%	49%	Investment holding in the PRC
廣州富嘉投資有限公司	6 December 2021	Limited liability company	RMB582,502,165	100%	–	–	Investment holding in the PRC
<b>Subsidiaries – incorporated in HK:</b>							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in the HK
Smart Candid Limited	17 October 2013	Limited liability company	HKD10,000	–	100%	–	Investment holding in the HK
Big Brilliance Limited	19 December 2016	Limited liability company	HKD10,000	–	100%	–	Investment holding in the HK
Trillion Glory Limited	21 April 2017	Limited liability company	HKD1,000,000	–	100%	–	Investment holding in the HK
Delightful Vision Limited	1 August 2017	Limited liability company	HKD10,000	–	51%	49%	Investment holding in the HK
Blissful Delight Limited	19 October 2018	Limited liability company	USD306,000,000	–	100%	–	Investment holding in the HK
<b>Subsidiaries – incorporated in UK:</b>							
RFKR (UK) LTD	2 March 2017	Limited liability company	USD161,002	–	100%	–	Investment holding in the Korea
R&F INTERNATIONAL SUB 1 LIMITED	11 May 2022	Limited liability company	GBP1	–	100%	–	Property development in the UK
<b>Subsidiaries – incorporated in Malaysia:</b>							
R&F DEVELOPMENT SDN BHD	7 November 2013	Limited liability company	RM500,000	–	100%	–	Property development in the Malaysia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the revenue and total assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2023 were RMB12,696,292,000 (2022: RMB12,511,955,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.



## 12. INTERESTS IN JOINT VENTURES

	2023	2022
At 1 January	8,905,960	11,085,159
Additions	12,430	145,200
Acquisition of the remaining equity interest in a joint venture (Note (d))	–	(2,029)
Disposal (Notes (e), (f) and (g))	(149,882)	(2,420,748)
Share of results	(404,625)	481,633
Dividends declared by a joint venture	(290,000)	–
Share of other comprehensive income	(6)	(66,179)
Elimination of unrealised profits	(245,295)	(317,076)
At 31 December	7,828,582	8,905,960

- (a) As at 31 December 2023, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of loss from continuing operations for the year ended 31 December 2023 was RMB404,625,000 (2022: profit of RMB481,633,000), of which no share of loss was recognised against receivables due from certain joint ventures (2022: nil).
- (b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.
- (c) There are no contingent liabilities relating to the Group's interests in the joint ventures.
- (d) In November 2022, the Group completed the acquisition of the remaining 40% equity interest in a joint venture, 海南富力海洋文旅產業發展有限公司 (“富力海洋”), which was engaging in developing tourism project in PRC, from an independent third party at a cash consideration of approximately RMB593,000. Upon completion of the acquisition, the Group held 100% equity interest of the 富力海洋 and became a subsidiary of the Group. A gain on bargain purchase of approximately RMB760,000 was recognised in profit and loss during the year.
- (e) In June 2022, the Group completed the disposal of the 50% equity interest in Instant Glory International Limited at a total consideration of approximately RMB897,031,000. During year ended 31 December 2022, a loss on disposal of RMB1,576,357,000 was recorded in “Other losses – net” in the consolidated income statement (Note 30).

Details (including the facts and circumstances, the expected manner and timing of the disposal as well as the terms of the sale and purchase agreement and the reasons for the disposal) are set out in the Company's announcements dated 28 April 2022.

- (f) In October 2022, the Group completed the disposal of the 51% equity interest in 東莞市富力華越城市更新有限公司 at a total consideration of RMB1,000,000. During year ended 31 December 2022, a gain on disposal of RMB1,032,000 was recorded in “Other losses – net” in the consolidated income statement (Note 30).
- (g) In December 2023, the Group completed the disposal of the 7.47% equity interest in 長沙禧榮置業有限公司 at a total consideration of RMB53,316,000. During the year ended 31 December 2023, a loss on disposal of RMB96,566,000 was recorded in “Other losses – net” in the consolidated income statement (Note 30).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 13. INTERESTS IN ASSOCIATES

	2023	2022
At 1 January	3,517,585	3,323,709
Share of results	378,240	136,874
Disposals (Note (c))	–	(72,266)
Dividends declared by an associate	(6,660)	–
Share of other comprehensive income	206	790
Elimination of unrealised (profits)/losses	(265,512)	128,478
At 31 December	3,623,859	3,517,585

- (a) As at 31 December 2023, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of profit from continuing operations for the year ended 31 December 2023 was RMB378,240,000 (2022: profit of RMB136,874,000).
- (b) There are no contingent liabilities relating to the Group's interest in the associates.
- (c) On 31 December 2022, an associate of the Group repurchased part of the equity held by the Group at a total consideration of RMB92,320,000. The Group held 7.5% equity interest in that associate since then.

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
At 1 January	554,318	632,762
Fair value losses recognised in other comprehensive income	(148,926)	(78,444)
At 31 December	405,392	554,318

#### (a) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI of the Group comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2023	2022
Listed securities:		
– Bank of Jiujiang	403,392	545,318
Unlisted securities:		
– Shanghai Wuling Investment	2,000	9,000
	405,392	554,318

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.



#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

##### (b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in the consolidated profit or loss and other comprehensive income:

	2023	2022
Losses recognised in other comprehensive income	(148,926)	(78,444)
Dividends from equity investments held at FVOCI recognised in profit or loss in other income	5,596	5,751

##### (c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Financial assets at FVOCI as at 31 December 2023 and 2022 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

#### 15. FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
<b>Financial assets at amortised cost</b>		
Trade and other receivables excluding prepayments and capitalised costs to obtain contracts	29,258,454	34,041,892
Restricted cash	4,015,402	10,124,207
Cash and cash equivalents	1,727,204	2,177,020
	<b>35,001,060</b>	46,343,119
<b>Financial assets at fair value</b>		
Financial assets at FVOCI	405,392	554,318
Other financial assets	390,747	608,519
	<b>796,139</b>	1,162,837
	<b>35,797,199</b>	47,505,956

	2023	2022
<b>Financial liabilities at amortised cost</b>		
Borrowings	127,304,176	126,658,764
Accruals and other payables excluding non-financial liabilities	45,385,497	43,067,475
Lease liabilities	378,670	462,689
	<b>173,068,343</b>	170,188,928
<b>Financial liability at fair value</b>		
Derivative financial instruments	13,500	14,000
	<b>173,081,843</b>	170,202,928

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 16. PROPERTIES UNDER DEVELOPMENT

	2023	2022
Amount comprises:		
Lands and land use rights	66,187,510	75,934,443
Construction costs and capitalised expenditures	57,867,147	58,479,330
Finance costs capitalised	22,565,919	21,642,782
	<b>146,620,576</b>	156,056,555
Less: provision for impairment of properties under development	<b>(8,302,605)</b>	(6,629,493)
	<b>138,317,971</b>	149,427,062

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 7.56% for 2023 (2022: 8.02%).

As at 31 December 2023, properties under development of RMB45,836,635,000 (2022: RMB47,948,866,000) were pledged as collaterals for the Group's borrowings.

### 17. COMPLETED PROPERTIES HELD FOR SALE

	2023	2022
Completed properties held for sale	48,666,715	47,607,025
Less: provision for impairment of properties under development	<b>(7,568,307)</b>	(6,377,258)
Completed properties held for sale – net	<b>41,098,408</b>	41,229,767

As at 31 December 2023, completed properties held for sale of RMB7,638,082,000 (2022: RMB6,132,449,000) were pledged as collateral for the Group's borrowings.

### 18. OTHER FINANCIAL ASSETS

As at 31 December 2023, the balance represented the Group's investments in certain PRC debt securities, which were measured at fair value. As at 31 December 2023, the fair value of such PRC debt securities, which was determined by reference to "China Securities Index Co., Ltd", was approximately RMB391 million.

	2023	2022
At 1 January	608,519	1,026,645
Additions	136	–
Disposals	–	(432)
Fair value loss recognised in profit or loss	<b>(217,908)</b>	(417,694)
At 31 December	<b>390,747</b>	608,519



## 18. OTHER FINANCIAL ASSETS (Continued)

### (a) Other financial assets include the following:

	2023	2022
Listed securities:		
– Bonds	390,747	608,519

### (b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following loss were recognised in the consolidated profit or loss and other comprehensive income:

	2023	2022
Listed securities:		
Loss recognised in profit or loss	(217,908)	(417,694)

### (c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Other financial assets as at 31 December 2023 and 2022 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

## 19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
Trade receivables – net (Note (a))	3,360,687	3,719,349
Other receivables – net (Note (b))	19,802,504	24,350,689
Prepayments (Note (d))	4,768,199	5,101,041
Capitalised costs to obtain contracts	1,383,038	1,879,444
Due from joint ventures (Note 40(f))	4,179,672	4,067,717
Due from associates (Note 40(f))	1,915,591	1,904,137
Total	35,409,691	41,022,377
Less: non-current portion	–	–
Current portion	35,409,691	41,022,377

The carrying amounts of trade and other receivables approximate their fair values.



**19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)**

**(a) Trade receivables**

	<b>2023</b>	2022
Trade receivables – current portion		
Due from third parties	<b>3,093,748</b>	3,574,757
Due from joint ventures (Note 40(f))	<b>483,508</b>	335,268
Due from an associate (Note 40(f))	<b>10,103</b>	10,337
Total	<b>3,587,359</b>	3,920,362
Less: loss allowance	<b>(226,672)</b>	(201,013)
	<b>3,360,687</b>	3,719,349

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	<b>2023</b>	2022
Up to 1 year	<b>2,201,503</b>	2,482,424
1 year to 2 years	<b>470,009</b>	450,863
2 years to 3 years	<b>291,235</b>	379,567
Over 3 years	<b>624,612</b>	607,508
	<b>3,587,359</b>	3,920,362

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The loss allowance increased by RMB25,659,000 to RMB226,672,000 (2022: Decreased by RMB18,535,000 to RMB201,013,000) for trade receivables during the current reporting period. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.



**19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)**

**(b) Other receivables**

Other receivables are analysed as below:

	<b>2023</b>	2022
Other receivables	<b>20,481,290</b>	24,790,640
Less: loss allowance	<b>(678,786)</b>	(439,951)
Other receivables – net	<b>19,802,504</b>	24,350,689

- (c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.
- (d) Prepayments are mainly for acquisitions of land use rights, purchases of construction materials and other taxes excluding income taxes.
- (e) The carrying amounts of the Group’s trade and other receivables excluding prepayments and capitalised costs to obtain contracts and including amounts due from joint ventures, associates and entities jointly controlled by major shareholders of the Company, are denominated in the following currencies:

	<b>2023</b>	2022
– RMB	<b>28,406,955</b>	33,061,070
– HKD	<b>466,137</b>	339,721
– AUD	<b>210,871</b>	258,759
– USD	<b>85,916</b>	134,517
– MYR	<b>67,084</b>	196,810
– KRW	<b>20,820</b>	16,215
– GBP	<b>636</b>	34,790
– SGD	<b>35</b>	10
	<b>29,258,454</b>	34,041,892





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 20. RESTRICTED CASH

	2023	2022
Guarantee deposits for construction of pre-sold properties (Note (a))	2,606,643	6,377,704
Guarantee deposits for borrowings (Note (b))	619,578	2,798,159
Guarantee deposits for interest of senior notes (Note (c))	1,176	1,156
Others	788,005	947,188
	<b>4,015,402</b>	10,124,207

- (a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.
- (b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.
- (c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

During the year ended 31 December 2022, the Group has restructured all series of senior notes, the corresponding guarantee deposits for payment of interest of senior notes were released after restructuring.

- (d) Restricted cash is denominated in the following currencies:

	2023	2022
– RMB	3,897,812	10,042,527
– MYR	56,015	11,200
– GBP	31,412	60,553
– USD	29,593	9,927
– HKD	570	–
	<b>4,015,402</b>	10,124,207

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.



## 21. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank and on hand	1,716,826	2,166,678
Short-term bank deposits	10,378	10,342
	<b>1,727,204</b>	2,177,020

	2023	2022
Denominated in:		
– RMB	1,551,607	1,934,822
– MYR	45,533	35,137
– USD	45,481	79,437
– AUD	43,653	87,765
– GBP	30,846	18,221
– SGD	4,123	2,415
– KRW	3,402	13,966
– HKD	2,559	5,255
– Macau Pataca (“MOP”)	–	2
	<b>1,727,204</b>	2,177,020

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 22. SHARE CAPITAL

	<b>2023</b>	<b>2023</b>	2022	2022
	<b>Number</b>	<b>Share</b>	Number	Share
	<b>of shares</b>	<b>capital</b>	of shares	Share
	<b>(thousands)</b>	<b>capital</b>	(thousands)	capital
– domestic shares	–	–	–	–
– H shares	<b>3,752,367</b>	<b>3,752,367</b>	3,752,367	3,752,367
	<b>3,752,367</b>	<b>3,752,367</b>	3,752,367	3,752,367

Movement in ordinary shares:

	<b>Number of</b>	<b>Share capital</b>	<b>Number of</b>	<b>Share capital</b>
	<b>domestic</b>	<b>of domestic</b>	<b>H shares</b>	<b>of H shares</b>
	<b>shares</b>	<b>shares</b>	<b>(thousands)</b>	<b>(thousands)</b>
	<b>(thousands)</b>	<b>(thousands)</b>	<b>(thousands)</b>	<b>(thousands)</b>
At 1 January 2022, 31 December 2022 and 31 December 2023	–	–	3,752,367	3,752,367

As at 31 December 2023, the registered, issued and fully paid capital of the Company was RMB3,752,367,000 (2022: RMB3,752,367,000) divided into 3,752,367,000 (2022: 3,752,367,000) shares, comprising 3,752,367,000 H shares (2022: 3,752,367,000 H shares).

H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 23.


**23. OTHER RESERVES**

	Share premium (Note (a))	Financial assets at FVOCI reserve (Note (b))	Statutory reserve (Note (c))	Translation reserve (Note (d))	Revaluation surplus (Note (e))	Others	Total
<b>At 1 January 2022</b>	6,199,559	61,482	685,730	(76,297)	5,811,096	(434,887)	12,246,683
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	(58,580)	35,759	(22,821)
Fair value change of financial assets at FVOCI, net of tax	-	(64,442)	-	-	-	-	(64,442)
Share of other comprehensive income released upon disposal of a joint venture and an associate	-	-	-	53,755	-	-	53,755
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	(65,389)	-	-	(65,389)
Currency translation differences	-	-	-	76,550	-	-	76,550
<b>At 31 December 2022</b>	6,199,559	(2,960)	685,730	(11,381)	5,752,516	(399,128)	12,224,336
<b>At 1 January 2023</b>	6,199,559	(2,960)	685,730	(11,381)	5,752,516	(399,128)	12,224,336
Changes in ownership interests in subsidiaries without change of control	2,731	-	-	-	(18,100)	-	(15,369)
Fair value change of financial assets at FVOCI, net of tax	-	(147,176)	-	-	-	-	(147,176)
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	200	-	-	200
Currency translation differences	-	-	-	(406,366)	-	-	(406,366)
<b>At 31 December 2023</b>	6,202,290	(150,136)	685,730	(417,547)	5,734,416	(399,128)	11,655,625

- (a) Share premium arising from the issue and placing of H shares can be utilised in increasing paid-in capital as approved by the directors.
- (b) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (c) According to the rules and regulations applicable to the Group's subsidiaries incorporated in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 23. OTHER RESERVES (Continued)

- (d) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.
- (e) Revaluation gains on hotel buildings and revaluation gains on investment properties transferred from property, plant and equipment and right-of-use assets are recognised in other comprehensive income.

### 24. ACCRUALS AND OTHER PAYABLES

	2023	2022
Amounts due to joint ventures (Note 40(f))	9,451,685	9,475,292
Amounts due to associates (Note 40(f))	401,069	541,336
Amounts due to entities jointly controlled by major shareholders of the Company (Note 40(f))	415,696	2,205,663
Amounts due to major shareholders (Note 40(f))	369,389	176,576
Amounts due to a shareholder of certain joint ventures	6,166,874	5,305,830
Construction payables (Note (a))	37,570,647	38,705,207
Other payables and accrued charges (Note (b))	43,238,489	40,506,553
<b>Total</b>	<b>97,613,849</b>	<b>96,916,457</b>
Less: non-current portion	(1,931,523)	(864,787)
<b>Current portion</b>	<b>95,682,326</b>	<b>96,051,670</b>

- (a) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.
- (b) The balance mainly represents interest payables, accruals, salary payables and other taxes payable.
- (c) The carrying amounts of accruals and other payables approximate their fair values.



## 25. BORROWINGS

	2023	2022
<b>Non-current</b>		
Long-term borrowings		
Bank borrowings (Notes (a) and (g))		
– Secured	49,242,496	50,096,535
– Unsecured	3,633,827	6,020,076
	<b>52,876,323</b>	56,116,611
Domestic bonds (Note (b))		
– Secured	12,329,096	12,769,598
– Unsecured	558,000	558,000
	<b>12,887,096</b>	13,327,598
Senior notes (Note (c))		
– Secured	38,486,932	35,459,059
Other borrowings (Notes (d) and (g))		
– Secured	17,344,055	16,459,372
– Unsecured	950,773	974,900
	<b>18,294,828</b>	17,434,272
<b>Total long-term borrowings</b>	<b>122,545,179</b>	122,337,540
Less: current portion of long-term borrowings	<b>(43,742,837)</b>	(39,426,640)
	<b>78,802,342</b>	82,910,900
<b>Current</b>		
Short-term borrowings		
Bank borrowings (Notes (a) and (g))		
– Secured	461,211	75,902
Other borrowings (Notes (d) and (g))		
– Secured	4,197,786	4,145,322
– Unsecured	100,000	100,000
	<b>4,297,786</b>	4,245,322
<b>Total short-term borrowings</b>	<b>4,758,997</b>	4,321,224
Current portion of long-term borrowings	<b>43,742,837</b>	39,426,640
<b>Total borrowings</b>	<b>127,304,176</b>	126,658,764



**25. BORROWINGS (Continued)**

**(a) Bank borrowings**

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest rate changes. The contractual repricing dates are all within one year.

**(i) Movements in bank borrowings are analysed as follows:**

	2023	2022
At 1 January	56,192,513	60,371,510
Additions	1,019,673	1,116,143
Repayments	(3,936,284)	(5,641,156)
Foreign exchange losses	61,632	346,016
At 31 December	53,337,534	56,192,513

**(ii) The maturity of bank borrowings is as follows:**

	2023	2022
Within one year	29,608,689	26,312,817
Between one and two years	6,111,533	8,987,843
Between two and five years	8,798,617	10,985,541
Over five years	8,818,695	9,906,312
Total bank borrowings	53,337,534	56,192,513

**(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:**

	2023	2022
– RMB	52,089,419	53,615,472
– USD	1,248,115	2,577,041
	53,337,534	56,192,513

**(iv)** The effective interest rate of bank borrowings is 5.58% (2022: 5.69%).

**(v)** The carrying amounts of bank borrowings approximate their fair values.



## 25. BORROWINGS (Continued)

### (b) Domestic bonds

In September 2022, the Company, as the issuer, successfully extended the weighted average maturity period of eight corporate bonds with an aggregate principal amount of approximately RMB13.5 billion from approximately four months to over three years through bondholders' meetings. Of which, the "2019 Public Bonds I", which had a bond balance of nil after the completion of the small redemption on 31 October 2022, was delisted from the Shanghai Stock Exchange in accordance with the relevant regulations.

As at 31 December 2023, the aggregate carrying amount of the Company's domestic bonds (including corporate bonds on stock exchange and bonds on inter-bank bond market) amounted to RMB12,887,096,000 with annualized coupon rates ranging from 6.3% to 7.0%.

As at 31 December 2023, the fair values of the 2016 public bonds, the 2018 public bonds and the 2019 public bonds amounted to RMB4,401,289,000 (31 December 2022: RMB4,428,397,000) in total. The fair values were determined with reference to the quoted price on the last trading day of the year ended 31 December 2023. Such fair values are level 1 of the fair value hierarchy.

As at 31 December 2023, the fair values of the 2016 non-public bonds and the 2020 non-public bonds approximate their carrying amounts. The fair values were based on cash flows discounted at the borrowing rate of 5.83% and is level 2 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	<b>2023</b>	2022
At 1 January	<b>13,327,598</b>	13,846,461
Redemption	<b>(635,305)</b>	(453,477)
Modification gain	–	(478,919)
Interest charged	<b>1,196,639</b>	1,387,431
Interest paid or included in other payables	<b>(1,001,836)</b>	(973,898)
At 31 December	<b>12,887,096</b>	13,327,598

### (c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

On 11 July 2022, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") as issuer, successfully restructured all series of senior notes with an aggregate principal amount of USD4,943,631,000, equivalent to RMB33,102,553,000, into three new series of notes ("Senior Notes") with maturities in 2025, 2027 and 2028 respectively, through a consent solicitation. The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. As at 31 December 2023, the principal amount, interest rates, and maturity dates of the Senior Notes are as follows:





## 25. BORROWINGS (Continued)

### (c) Senior notes (continued)

Series	Principal (USD'000)	Interest rate	Maturity
Group A	1,292,392	6.5% Cash/7.5% PIK*	11 July 2025
Group B	2,203,665	6.5% Cash/7.5% PIK*	11 July 2027
Group C	1,605,829	6.5% Cash/7.5% PIK*	11 July 2028
	5,101,886		

\* PIK – Payment-in-kind

As at 31 December 2023, the Senior Notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The movements of senior notes are set out below:

	2023	2022
At 1 January	35,459,059	32,022,591
Issuance	2,723,216	861,212
Redemption	–	(739,432)
Modification loss	–	203,042
Interest charged	2,518,356	2,960,197
Interest paid or included in other payables	(2,853,966)	(2,789,455)
Foreign exchange losses	640,267	2,940,904
At 31 December	38,486,932	35,459,059

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the Senior Notes as at 31 December 2023 amounted to RMB1,648,847,000 (31 December 2022: RMB7,466,914,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2023 and is within level 1 of the fair value hierarchy.

### (d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

(i) The movements of other borrowings are set out below:

	2023	2022
At 1 January	21,679,594	22,598,826
Additions	2,717,894	5,398,722
Repayments	(2,244,687)	(6,949,717)
Interest charged	2,410,889	2,930,932
Interest paid or included in other payables	(2,410,889)	(2,802,521)
Foreign exchange losses	439,813	503,352
At 31 December	22,592,614	21,679,594



## 25. BORROWINGS (Continued)

### (d) Other borrowings (continued)

(ii) The maturity of other borrowings is as follows:

	2023	2022
Within one year	14,599,831	16,368,595
Between one and two years	460,980	538,956
Between two and five years	6,906,634	4,213,043
Over five years	625,169	559,000
Total other borrowings	22,592,614	21,679,594

(iii) The carrying amounts of other borrowings are denominated in the following currencies:

	2023	2022
– RMB	11,693,228	13,368,377
– GBP	6,364,458	3,865,343
– USD	4,452,210	3,870,952
– AUD	82,718	413,429
– KRW	–	161,493
	22,592,614	21,679,594

(iv) The effective interest rate of these funding arrangements ranged from 3.99% to 36% (2022: 3.99% to 36%).

(v) The carrying amounts of other borrowings approximate their fair values.

(e) As at 31 December 2023, bank and other borrowings totaling RMB71,245,548,000 (2022: RMB70,777,131,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2023	2022
Right-of-use assets	2,046,252	2,182,563
Property, plant and equipment	27,441,368	29,372,979
Investment properties	18,411,252	19,293,700
Properties under development	45,836,635	47,948,866
Completed properties held for sale	7,638,082	6,132,449
Restricted cash	619,578	2,798,159
	101,993,167	107,728,716



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 25. BORROWINGS (Continued)

- (f) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2023	2022
Guarantors:		
The Company	1,970,786	4,438,026
Subsidiaries	2,713,814	2,656,950
	<b>4,684,600</b>	7,094,976

- (g) Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2023, the Group was in default of certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate amount of RMB18.445 billion (2022: RMB15.590 billion) which causing an aggregate principal amount of RMB15.829 billion (2022: RMB14.565 billion) have become cross-defaulted and repayable on demand. All cross-default borrowings are presented under current liabilities in the Group's consolidated balance sheet as at 31 December 2023.

As at the date of approval of these consolidated financial statements, certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate principal amount of RMB21.566 billion (2022: RMB12.323 billion) had not been repaid on schedule or otherwise renewed or extended, which caused cross-default of certain bank and other borrowings with an aggregate principal amount of RMB16.414 billion.

### 26. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
<b>Total derivatives</b>				
Equity – put option	–	13,500	–	14,000
Total derivatives	–	13,500	–	14,000

The balance as at 31 December 2023 represented unlisted derivative financial instruments for the right to subscribe for put option of Guangzhou Fuhui Investment Consulting Co Ltd's share, at an exercise price of approximately RMB2.95 billion. During the year ended 31 December 2023, there was unrealised gain (2022: nil) in respect of derivative financial instruments of approximately RMB0.5 million.

As at 31 December 2023, the fair value of derivative financial instruments was calculated by using Black Scholes Model which is determined by the Independence professional valuer.



**26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

In the opinion of directors, the carrying amount of the derivative financial instruments as at 31 December 2023 was approximately to its fair value. The fair value of the derivative financial instruments as at 31 December 2023 had been determined by the directors with reference to the fair value of the derivative financial instruments as at 31 December 2022 which had been arrived at on the basis of valuation carried out on the respective dates by an independent professional valuer not connected with the Group. In the opinion of the directors, the fair value changes between the end of reporting period and 31 December 2022 was minimal.

In determining the fair value of the relevant derivative financial instruments, the board of directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements. The key inputs used in the valuation of the derivative financial instruments as at 31 December 2023 were as follow:

Expected volatility	3.65%
Risk-free interest rate	2.26%
Dividend yield	0%

A higher in the expected volatility would result in an increase in the fair value of derivative financial instruments, and vice versa. A higher in the risk-free interest rate would result in a decrease in the fair value of derivative financial instruments, and vice versa.

Description	Fair value at 31 December 2023	Unobservable inputs	Range of unobservable inputs (probability)
Derivative financial instruments	13,500	35% share price as at 31 December 2023	RMB1.31 billion
		Exercise price	RMB2.95 billion
		Expected volatility	3.65%
		Risk-free rate	2.26%
		Dividend yield	0%
		Option life	2.75 years

Description	Fair value at 31 December 2022	Unobservable inputs	Range of unobservable inputs (probability)
Derivative financial instruments	14,000	35% share price as at 31 December 2022	RMB1.13 billion
		Exercise price	RMB0.66 billion
		Expected volatility	22%
		Risk-free rate	2.59%
		Dividend yield	0%
		Option life	3.75 years



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 27. DEFERRED INCOME TAX

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

	2023	2022
Deferred income tax assets:		
– To be recovered after 12 months	9,088,342	11,276,539
– To be recovered within 12 months	1,252,061	1,697,806
	<b>10,340,403</b>	12,974,345
Deferred income tax liabilities:		
– To be recovered after 12 months	(9,335,951)	(9,113,347)
– To be recovered within 12 months	(1,050,839)	(1,476,464)
	<b>(10,386,790)</b>	(10,589,811)
Deferred income tax assets – net	<b>(46,387)</b>	2,384,534

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

#### Deferred income tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations and hotel buildings	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Total
At 1 January 2022	1,366,749	5,840,424	3,470,156	8,488	3,312,350	13,998,167
(Credited)/charged to the income statement	109,715	(458,947)	(105,092)	–	475,403	21,079
Credited to other comprehensive income	–	–	–	(14,002)	–	(14,002)
Disposals of subsidiaries	–	–	–	–	(130,256)	(130,256)
At 31 December 2022	1,476,464	5,381,477	3,365,064	(5,514)	3,657,497	13,874,988
At 1 January 2023	1,476,464	5,381,477	3,365,064	(5,514)	3,657,497	13,874,988
(Credited)/charged to the income statement	(425,625)	(481,258)	(204,769)	–	392,964	(718,688)
Credited to other comprehensive income	–	–	–	(1,750)	–	(1,750)
Disposals of subsidiaries	–	–	–	–	(47,353)	(47,353)
At 31 December 2023	1,050,839	4,900,219	3,160,295	(7,264)	4,003,108	13,107,197


**27. DEFERRED INCOME TAX (Continued)**
**Deferred income tax assets:**

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations and hotel buildings	Total
At 1 January 2022	8,433,296	5,005,352	1,588,647	–	1,376,948	16,404,243
Credited/(charged) to the income statement	(166,317)	547,429	119,180	–	(45,541)	454,751
Disposal of subsidiaries	–	(599,472)	–	–	–	(599,472)
At 31 December 2022	8,266,979	4,953,309	1,707,827	–	1,331,407	16,259,522
At 1 January 2023	8,266,979	4,953,309	1,707,827	–	1,331,407	16,259,522
Credited/(charged) to the income statement	(14,699)	(3,220,864)	86,488	–	(49,637)	(3,198,712)
Disposal of subsidiaries	–	–	–	–	–	–
At 31 December 2023	8,252,280	1,732,445	1,794,315	–	1,281,770	13,060,810

As at 31 December 2023, deferred income tax assets of RMB2,720,407,000 were offset against deferred income tax liabilities within the same tax jurisdictions (2022: RMB3,285,177,000).

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2023, the unrecognised tax losses for PRC companies are as follows:

	2023	2022
Expiry date in:		
2023	–	1,800,137
2024	4,130,037	2,251,211
2025	4,106,254	2,978,789
2026	4,550,797	2,769,906
2027	4,913,593	2,854,518
2028	9,462,246	–
	27,162,927	12,654,561



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### 28. CURRENT INCOME TAX LIABILITIES

	2023	2022
Land appreciation tax liabilities	17,915,324	16,162,135
Income tax liabilities	5,397,901	4,596,071
	<b>23,313,225</b>	20,758,206

### 29. OTHER (EXPENSE)/INCOME

	2023	2022
Interest income	159,756	134,214
Other operating (expense)/income	(411,302)	186,187
Forfeited deposits from customers	31,926	19,778
Dividends income from financial assets at FVOCI	5,596	5,751
Others	7,228	25,924
	<b>(206,796)</b>	371,854

### 30. OTHER LOSSES – NET

	2023	2022
Revaluation losses on investment properties transferred from properties under development/completed properties held for sale	–	(8,127)
Fair value losses on investment properties – net	(2,013,342)	(1,949,668)
Gains/(losses) on disposals of subsidiaries	30,154	(8,080)
Losses on disposals of certain equity interests in associates and joint ventures	(96,566)	(1,551,869)
Gains/(losses) on disposals of property, plant and equipment	148,989	(30,209)
Losses on disposals of intangible assets	–	(5,539)
Fair value loss on other financial assets	(217,908)	(417,694)
Modification gains on US senior notes and domestic bonds	–	275,877
Allowance for impairment losses of goodwill	(468,528)	–
Allowance for impairment losses of property, plant and equipment	(156,236)	–
Others	(603,466)	255,914
	<b>(3,376,903)</b>	(3,439,395)



### 31. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2023	2022
Cost of properties sold	28,340,724	27,638,323
Provision for impairment of properties under development and completed properties held for sale (Notes 16 and 17)	3,718,161	1,413,729
Employee benefit expenses	2,313,638	2,211,934
Depreciation of property, plant and equipment and right-of-use assets	2,062,845	2,001,288
Business taxes and other levies	500,347	505,579
Advertising costs	75,798	219,141
Office expenses	196,268	222,411
Amortisation of intangible assets	49,704	122,367
Short-term lease payments and low-value lease payments	13,931	23,246
Auditors' remuneration		
– Audit of the Company		
– Audit services	6,200	6,300
– Other auditors		
– Audit services	2,650	2,650
	8,850	8,950
Others	2,990,887	2,730,388
	<b>40,271,153</b>	<b>37,097,356</b>

### 32. EMPLOYEE BENEFIT EXPENSES

	2023	2022
Wages and salaries	1,728,395	1,844,751
Retirement scheme contributions	468,957	214,791
Other allowances and benefits	116,286	152,392
	<b>2,313,638</b>	<b>2,211,934</b>

#### (a) Pensions – defined contribution 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 PRC government.





**32. EMPLOYEE BENEFIT EXPENSES (Continued)**

**(a) Pensions – defined contribution plans (continued)**

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees’ relevant aggregate income and HK\$1,500. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

The Group’s contributions to be defined contribution retirement schemes are expensed as incurred. The Group’s obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in amount and prior periods and discounting that amount.

For LSP obligation under the Hong Kong Employment Ordinance, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contribution from relevant employees.

For each of the financial years ended 31 December 2023 and 2022, there was no forfeited contribution under the MPF Scheme and the other defined contribution retirement benefit plans of the Group which may be used by the Group to reduce the contribution payable in the future years.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2022: nil) whose emoluments are reflected in the analysis shown in Note 42. The emoluments payable to the five (2022: five) individuals during the year are as follows:

	2023	2022
Wages and salaries, housing allowances, other allowances and benefits in kind	10,088	41,704

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2023	2022
HKD1,000,001 to HKD1,500,000	2	–
HKD1,500,001 to HKD2,000,000	1	–
HKD2,000,001 to HKD2,500,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
HKD5,000,001 to HKD5,500,000	–	1
HKD8,000,001 to HKD8,500,000	–	1
HKD8,500,001 to HKD9,000,000	–	1
HKD10,500,001 to HKD11,000,000	–	1
HKD13,000,001 to HKD13,500,000	–	1



### 33. FINANCE COSTS – NET

	2023	2022
Interest expenses:		
– bank borrowings	4,761,683	4,447,447
– domestic bonds (Note 25(b))	1,196,639	1,387,431
– senior notes (Note 25(c))	2,518,356	2,960,197
– other borrowings (Note 25(d))	2,410,889	2,930,932
– lease liabilities (Note 8(b))	15,439	23,868
	<b>10,903,006</b>	11,749,875
Net foreign exchange losses	640,206	3,894,395
Less: finance costs capitalised	<b>(5,302,750)</b>	(5,917,116)
	<b>6,240,462</b>	9,727,154

### 34. INCOME TAX EXPENSES

	2023	2022
Current income tax		
– enterprise income tax (Note (b))	955,006	915,514
– PRC land appreciation tax (Note (c))	2,396,698	1,162,602
Deferred income tax	2,480,024	(433,672)
Total income tax expenses (Note (d))	<b>5,831,728</b>	1,644,444

#### (a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2022: nil).

#### (b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2023, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (2022: 25%, 20% and 24%) on their taxable profits, respectively.

#### (c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 34. INCOME TAX EXPENSES (Continued)

- (d) The tax on the Group's loss before tax differs from the theoretical amount that would have arisen using the enacted income tax rate applicable to losses of the consolidated companies due to the following:

	2023	2022
Loss before income tax	(14,115,510)	(14,134,829)
Less: land appreciation tax	(2,396,698)	(1,162,602)
	(16,512,208)	(15,297,431)
Calculated at tax rate of 25% (2022: 25%)	(4,128,052)	(3,824,358)
Effects of:		
– Different income tax rates of certain companies	33,065	97,556
– Share of results of joint ventures and associates	75,888	(146,016)
– Expenses and development costs not deductible for tax purposes	769,266	482,943
– Tax losses for which no deferred income tax asset was recognised	6,671,405	3,922,568
– Income not subject to tax	197,201	(64,522)
– Gains on bargain purchase	–	(190)
– Others	(183,743)	13,861
Enterprise income tax	3,435,030	481,842
Land appreciation tax	2,396,698	1,162,602
Tax charges	5,831,728	1,644,444

- (e) The tax charges relating to components of other comprehensive income are as follows:

	2023			2022		
	Before tax	Tax credit	After tax	Before tax	Tax credit	After tax
Fair value losses of financial assets at FVOCI	(148,926)	1,750	(147,176)	(78,444)	14,002	(64,442)

### 35. BASIC AND DILUTED LOSSES PER SHARE

Losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Loss attributable to owners of the Company	(20,164,485)	(15,736,650)
Weighted average number of ordinary shares in issue (thousands)	3,752,367	3,752,367
Losses per share (RMB per share)	(5.3738)	(4.1938)

There were no potential dilutive ordinary shares for the year ended 31 December 2023 and 2022, thus diluted losses per share were the same as basic losses per share.

### 36. DIVIDENDS

No dividends were declared in 2023 (2022: nil). The Board does not recommend the payment of any final dividends for the year ended 31 December 2023 (2022: nil).



### 37. CASH FLOW INFORMATION

#### (a) Cash generated from operations

	2023	2022
Loss before income tax	<b>(14,115,510)</b>	(14,134,829)
Adjustments for:		
– Capitalised finance costs included in costs of sales	<b>2,847,377</b>	3,168,979
– Interest income	<b>(159,756)</b>	(134,214)
– Finance costs – net	<b>6,240,462</b>	9,727,154
– Depreciation of property, plant and equipment and right-of-use assets	<b>2,062,845</b>	2,001,288
– Amortisation of intangible assets	<b>49,704</b>	122,367
– (Gains)/losses on disposals of property, plant and equipment	<b>(148,989)</b>	30,209
– (Gains)/losses on disposals of subsidiaries	<b>(30,154)</b>	8,080
– Revaluation losses on investment properties transferred from properties under development/completed properties held for sale	–	8,127
– Losses on disposals of intangible assets	–	5,539
– Dividend income from FVOCI	<b>(5,596)</b>	(5,751)
– Interest income from other financial assets	<b>(229,298)</b>	(229,295)
– Modification gains on US senior notes and domestic bonds	–	(275,877)
– Losses on disposal of certain equity interests in associate and joint ventures	<b>96,566</b>	1,551,869
– Allowance for impairment losses of goodwill	<b>468,528</b>	–
– Allowance for impairment losses of property, plant and equipment	<b>156,236</b>	–
– Provision for impairment of properties under development and completed properties held for sale	<b>3,718,161</b>	1,413,729
– Gains on bargain purchase	–	(760)
– Losses on acquisition of additional equity interest in joint ventures and associates	–	40,275
– Share of results of joint ventures	<b>404,625</b>	(481,633)
– Share of results of associates	<b>(378,240)</b>	(136,874)
– Fair value losses on other financial assets	<b>217,908</b>	417,694
– Unrealised gain on derivative financial instruments	<b>(500)</b>	–
– Fair value losses on investment properties	<b>2,013,342</b>	1,949,668
– Net impairment losses on financial and contract assets	<b>232,646</b>	54,644
– Elimination of unrealised profits	<b>510,807</b>	188,598
Operating profit before changes in working capital	<b>3,951,164</b>	5,288,987
Changes in working capital:		
– Properties under development and completed properties held for sale	<b>9,908,300</b>	10,820,385
– Trade receivables	<b>333,003</b>	1,742,125
– Other receivables and prepayments	<b>6,013,505</b>	1,335,949
– Restricted cash	<b>3,930,386</b>	2,247,723
– Contract liabilities	<b>(17,114,131)</b>	(3,920,332)
– Accruals and other payables	<b>(6,879,103)</b>	(11,097,365)
– Contract assets	<b>1,655,478</b>	(824,333)
Cash generated from operations	<b>1,798,602</b>	5,593,139



### 37. CASH FLOW INFORMATION (Continued)

#### (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

##### Net debt

	2023	2022
Cash and cash equivalents	1,727,204	2,177,020
Borrowings	(127,304,176)	(126,658,764)
Lease liabilities	(378,670)	(462,689)
Other payable	(10,225,038)	(8,451,368)
Net debt	(136,180,680)	(133,395,801)
Cash and cash equivalents	1,727,204	2,177,020
Gross debt – fixed interest rates	(82,666,517)	(79,308,992)
Gross debt – variable interest rates	(55,241,367)	(56,263,829)
Net debt	(136,180,680)	(133,395,801)

	Liabilities from financing activities				Total
	Cash and cash equivalents	Leases	Borrowings	Other payable	
As at 1 January 2022	6,258,593	(471,470)	(128,839,388)	(8,331,159)	(131,383,424)
Cash flow	(4,141,253)	88,627	5,131,267	171,108	1,249,749
Currency translation differences	59,680	-	(3,790,272)	-	(3,730,592)
Other non-cash movements	-	(79,846)	839,629	(291,317)	468,466
As at 31 December 2022	2,177,020	(462,689)	(126,658,764)	(8,451,368)	(133,395,801)
As at 1 January 2023	2,177,020	(462,689)	(126,658,764)	(8,451,368)	(133,395,801)
Cash flow	(457,415)	60,857	2,743,745	(531,574)	1,815,613
Currency translation differences	7,599	-	(1,141,712)	-	(1,134,113)
Other non-cash movements	-	23,162	(2,247,445)	(1,242,096)	(3,466,379)
As at 31 December 2023	1,727,204	(378,670)	(127,304,176)	(10,225,038)	(136,180,680)

#### (c) Significant non-cash transaction

There were no significant non-cash transactions for the year ended 31 December 2023.



### 38. FINANCIAL GUARANTEE CONTRACTS

	2023	2022
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	63,734,066	77,864,071
Guarantees in respect of borrowings of joint ventures (Note (b))	11,633,322	13,016,060
Guarantee in respect of borrowing of an associate (Note (b))	1,094,287	1,249,363
Subtotal	12,727,609	14,265,423
Total	76,461,675	92,129,494

Notes:

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

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 take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) The balance represents the maximum exposure of the guarantees provided for joint ventures and an associate for their borrowings.

### 39. COMMITMENTS

#### (a) Commitments for capital and property development activities

	2023	2022
Contracted but not provided for Property development activities (including land premium)	18,278,735	19,289,360

#### (b) Lease commitments

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment under non-cancellable operating leases expiring within 2 to 60 years. The leases have varying terms, escalation clauses and renewal rights.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 39. COMMITMENTS (Continued)

#### (b) Lease commitments (continued)

Minimum lease payments under non-cancellable short-term and low-value leases not recognised in the financial statements are as follows:

	2023	2022
No later than one year	2,953	1,644
Later than one year and no later than five years	730	941
Later than five years	606	–
	<b>4,289</b>	2,585

#### (c) Operating lease rentals receivable

Minimum lease payments receivable on leases of investment properties are as follows:

	2023	2022
No later than one year	80,443	785,269
Later than one year and no later than five years	251,410	1,247,214
Later than five years	112,103	262,169
	<b>443,956</b>	2,294,652

### 40. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 28.97% and 27.77%, respectively as at 31 December 2023, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

#### (a) Key management compensation

	2023	2022
Salaries and welfare benefits	24,815	22,619



#### 40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

##### (b) Provision of construction and other services

	2023	2022
Joint ventures	771,115	704,818
Associates	1,330	2,910
	<b>772,445</b>	707,728

##### (c) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2023, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

##### (i) Bank borrowings

	2023	2022
Joint ventures	8,695,194	8,583,282
An associate	178,800	186,000
	<b>8,873,994</b>	8,769,282

##### (ii) Other borrowings

	2023	2022
Joint ventures	1,613,568	2,586,306
An associate	913,420	977,970
	<b>2,526,988</b>	3,564,276





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

#### (d) Interest income on loans to related parties

	2023	2022
Joint ventures	57,183	85,529
An associate	–	32,632
	57,183	118,161

#### (e) Interest expense on borrowings from related parties

	2023	2022
A joint venture	37,813	42,357
Major shareholders	83,494	83,509
	121,307	125,866



**40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)**

**(f) Balances with related parties**

As at 31 December 2023, the Group had the following significant balances with related parties:

	<b>2023</b>	2022
Due from:		
Joint ventures		
– Non-trade balances (Note (i))	4,179,672	4,067,717
– Trade balances	483,508	335,268
	<b>4,663,180</b>	4,402,985
Associates		
– Non-trade balances (Note (i))	1,915,591	1,904,137
– Trade balances	10,103	10,337
	<b>1,925,694</b>	1,914,474
	<b>6,588,874</b>	6,317,459
Due to:		
Joint ventures		
– Non-trade balances (Note (ii))	9,451,685	9,475,292
Associates		
– Non-trade balances (Note (ii))	401,069	541,336
– Trade balances	60	443
	<b>401,129</b>	541,779
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (ii))	415,696	2,205,663
– Trade balances	793	743
	<b>416,489</b>	2,206,406
Major shareholders		
– Non-trade balances (Note (ii))	369,389	176,576
– Entrusted loans classified as borrowings (Note (iii))	915,000	915,000
	<b>1,284,389</b>	1,091,576
	<b>11,553,692</b>	13,315,053

(i) The non-trade balances due from related parties are interest free except for the balances with certain joint ventures and an associate amounting to RMB1,990,794,000 (2022: RMB1,992,979,000), which bear interest from 2.25% to 8.00% (2022: 2.25% to 8.00%) per annum.

The non-trade balances due from related parties are unsecured and have no fix repayment terms.

(ii) The non-trade balances due to related parties are interest free except for the balance with a joint venture amounting to RMB1,079,095,000 (2022: RMB1,041,282,000), which bears interest of 4.31% (2022: 4.31%) per annum.

The non-trade balances due to related parties are unsecured and have no fix repayment terms.

(iii) During the year ended 31 December 2023 and 31 December 2022, the entrusted loans provided by the major shareholders with interest rate of 9% per annum and unsecured.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

### 41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

#### Balance sheet of the Company

	As at 31 December	
	2023	2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	14,943	23,349
Property, plant and equipment	229,019	246,787
Investment properties	301,700	316,900
Intangible assets	158,255	179,571
Investments in subsidiaries	31,935,464	31,679,832
Interests in joint ventures	1,364,119	1,934,300
Interests in associates	153,689	167,028
Deferred income tax assets	977,295	1,861,234
	<b>35,134,484</b>	<b>36,409,001</b>
<b>Current assets</b>		
Properties under development	892,922	677,579
Completed properties held for sale	824,894	1,119,230
Trade and other receivables and prepayments	88,146,895	74,138,847
Restricted cash	184,325	1,829,770
Cash and cash equivalents	570	3,679
	<b>90,049,606</b>	<b>77,769,105</b>
<b>Total assets</b>	<b>125,184,090</b>	<b>114,178,106</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,752,367	3,752,367
Other reserves	7,013,096	7,013,096
Retained earnings	1,122,542	2,506,208
	<b>11,888,005</b>	<b>13,271,671</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	17,137,092	20,954,574
Lease liabilities	-	5,394
	<b>17,137,092</b>	<b>20,959,968</b>
<b>Current liabilities</b>		
Accruals and other payables	88,898,766	76,422,583
Contract liabilities	3,424	3,424
Current income tax liabilities	845,872	839,347
Dividend payable	369,981	369,981
Lease liabilities	-	2,820
Derivative financial instruments	13,500	14,000
Current portion of long-term borrowings	6,027,450	2,294,312
	<b>96,158,993</b>	<b>79,946,467</b>
<b>Total liabilities</b>	<b>113,296,085</b>	<b>100,906,435</b>
<b>Total equity and liabilities</b>	<b>125,184,090</b>	<b>114,178,106</b>

The balance sheet of the Company was approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

\_\_\_\_\_  
Li Sze Lim  
Director

\_\_\_\_\_  
Zhang Hui  
Director



#### 41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

##### (a) Reserve movement of the Company

	Retained earnings	Other reserves
<b>Balance as at 1 January 2022</b>	2,403,199	7,013,096
Profit for the year	103,009	–
<b>Balance as at 31 December 2022</b>	2,506,208	7,013,096
<b>Balance as at 1 January 2023</b>	<b>2,506,208</b>	<b>7,013,096</b>
Loss for the year	<b>(1,383,666)</b>	–
<b>Balance as at 31 December 2023</b>	<b>1,122,542</b>	<b>7,013,096</b>



**42. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS**

**(a) Directors' and chief executive's emoluments**

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2023:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	3,481	–	3,481
Mr. Zhang Li (Note (i))	–	3,481	–	3,481
Mr. Zhang Hui	–	1,140	–	1,140
Mr. Xiang Lijun	–	1,200	–	1,200
Non-executive Directors:				
Ms. Zhang Lin	443	–	–	443
Ms. Li Helen	443	–	–	443
Independent non-executive Directors:				
Mr. Ng Yau Wah Daniel	335	–	–	335
Mr. Wong Chun Bong	357	–	–	357
Mr. Zheng Ercheng	335	–	–	335

For the year ended 31 December 2022:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	3,627	–	3,627
Mr. Zhang Li (Note (i))	–	3,627	–	3,627
Mr. Zhang Hui	–	1,300	–	1,300
Mr. Xiang Lijun	–	1,300	–	1,300
Non-executive Directors:				
Ms. Zhang Lin	421	–	–	421
Ms. Li Helen	421	–	–	421
Independent non-executive Directors:				
Mr. Ng Yau Wah Daniel	318	–	–	318
Mr. Wong Chun Bong	339	–	–	339
Mr. Zheng Ercheng	318	–	–	318



## 42. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

### (b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2023 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Mr. Zhang Yucong	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2022 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Mr. Zhang Yucong	72
Mr. Zhao Xianglin	66

Notes:

- (i) During the year ended 31 December 2022, Mr. Zhang Li is also the Chief Executive of the Company. On 29 December 2023, Mr. Zhang Li has resigned as a director and the chief executive officer of the Company (the "CEO") due to his other commitments which require more of his time and dedication.
- (ii) During the year 2023, no directors waived or has agreed to waive any emoluments (2022: nil).
- (iii) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2022: nil).

### (c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2023 (2022: nil).

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

For the year ended 31 December 2023, the Group did not pay consideration to any third parties for making available directors' services (2022: nil).

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

As at 31 December 2023, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2022: nil).

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

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 (2022: nil).



### 43. LITIGATIONS

As at the reporting date, the Group has the following significant litigations with its business partners which remain outstanding:

- (a) A real estate company as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB1.711 billion. According to the agreement, the Group, as guarantor, assumes 60% of the liability. Such lawsuit has been accepted by 河南省高級人民法院 (Henan High People's Court). As at the reporting date, the lawsuit is still in progress.
- (b) 國興環球土地整理開發有限公司 (Guoxing Global Land Reclamation and Development Co., Ltd.\*) ("Guoxing Global") as claimant filed a lawsuit against 富力(北京)地產開發有限公司 (R&F (Beijing) Property Development Co., Ltd.\*) ("R&F Beijing"), a subsidiary of the Company, for adjudication by 河北省高級人民法院 (The High People's Court of Hebei Province) (the "Hebei High People's Court") in relation to a contractual dispute over a land development project, in respect of which Guoxing Global claimed against R&F Beijing for land consolidation costs of RMB649 million and interest and legal costs incurred thereon, and counterclaims were made by R&F Beijing against Guoxing Global. Such lawsuit was adjudicated by the Hebei High People's Court and a first instance judgement was handed down in December 2018. Subsequently, both R&F Beijing and Guoxing Global sought and obtained a ruling from 中華人民共和國最高人民法院 (The Supreme People's Court of the People's Republic of China) (the "SPC") to overturn the first instance judgement of the Hebei High People's Court and the lawsuit was reverted to the Hebei High People's Court for retrial. The Hebei High People's Court handed down its first instance retrial judgment, pursuant to which all claims and counterclaims by the parties were dismissed. Afterwards, both R&F Beijing and Guoxing Global filed an appeal with the SPC. As at the reporting date, the appeal with the SPC is still in progress.
- (c) A PRC bank as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB628 million. Such lawsuit has been accepted by 廣州市中級人民法院 (Guangzhou Intermediate People's Court). As at the reporting date, the lawsuit is still in progress.
- (d) A property development company as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB523 million. Such lawsuit has been accepted by 上海市第二中級人民法院 (Shanghai No. 2 Intermediate People's Court). As at the reporting date, the lawsuit is still in progress.
- (e) A PRC bank as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB434 million. Such lawsuit has been accepted by 佛山市南海區人民法院 (Foshan Nanhai District People's Court). As at the reporting date, the lawsuit is still in progress.
- (f) An investment management company and a trust company as claimants filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement requiring for the realization of security interests within the scope of RMB375 million. Such lawsuit has been accepted by 南京市中級人民法院 (Nanjing Intermediate People's Court). As at the reporting date, the lawsuit is still in progress.
- (g) A construction company as claimant filed a lawsuit against the Group in relation to a contractual dispute over a land development project with a claimed amount of approximately RMB317 million. Such lawsuit has been accepted by 上海市高級人民法院 (Shanghai High People's Court). As at the reporting date, the lawsuit is still in progress.



#### 44. EVENTS AFTER REPORTING PERIOD

As disclosed in the announcement of the Group dated 6 February 2024, R&F Properties (HK) Company Limited (“R&F Properties (HK)”), a wholly-owned subsidiary of the Company and a potential buyer, which is an independent third party, entered into a letter of intent, under which R&F Properties (HK) and the potential buyer agreed to enter into a definitive share purchase agreement (the “Definitive Agreement”) within 10 business days after obtaining the consent from the lenders under the existing loans of R&F International Real Estate Investment Co. Limited (the “Target Company”), an indirect subsidiary of the Company. Under the Definitive Agreement, R&F Properties (HK) agreed to dispose of the entire issued share capital of the Target Company and assign the entire loan owing by the Target Company to R&F Properties (HK) as at the completion of this Possible Disposal, subject to the conditions set out in the Definitive Agreement. The Possible Disposal was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 18 March 2024. Upon completion of the disposal, the Group will cease to have any interest in the Target Company and its financial results will no longer be consolidated into the Company’s consolidated financial statements. Details of the Possible Disposal was disclosed in the circular which have been published on 28 February 2024.

As at the date of the issuance of these consolidated financial statements, the transaction has yet to be completed.



# SUPPLEMENTARY INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

## RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2023 in accordance with China Accounting Standards for Business Enterprises (“CAS”). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Loss for the year ended 31 December		Total equity as at 31 December	
	2023	2022	2023	2022
As stated in accordance with CAS	<b>(19,732,293)</b>	(15,568,060)	<b>41,821,127</b>	62,173,180
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gains arising from business combinations	<b>(183)</b>	(728)	<b>34,509</b>	34,692
2. Deferred taxation	<b>46</b>	182	<b>(8,628)</b>	(8,676)
3. Revaluation losses on investment properties transferred from property, plant and equipment	<b>–</b>	–	<b>–</b>	–
4. Revaluation (losses)/gains on investment properties transferred from properties under development	<b>(36,237)</b>	(33,316)	<b>3,267</b>	3,267
5. Revaluation model of subsequent measurement for hotel buildings	<b>(178,571)</b>	(177,351)	<b>4,541,887</b>	4,738,558
<b>As stated in accordance with HKFRS</b>	<b>(19,947,238)</b>	(15,779,273)	<b>46,392,162</b>	66,941,021

Notes:

- The Group adopted SSAP27 “Accounting for Group Reconstructions” for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 “Merger Accounting for Common Control Combinations” in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.
- It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.
- Fair value revaluation gains on transfer from property, plant and equipment to investment properties are recognised in other comprehensive income under both HKFRS and CAS. Upon disposal such investment properties, such previously recognised revaluation gains are transferred to retained earnings under HKFRS while released to income statement under CAS respectively.
- The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.
- The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.



(All amounts in RMB Yuan thousands)

## CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2023	2022	2021	2020	2019
Non-current assets	108,534,286	116,914,889	123,346,672	114,409,335	103,608,668
Current assets	226,333,943	252,006,047	275,195,662	327,775,880	323,717,650
Total assets	334,868,229	368,920,936	398,542,334	442,185,215	427,326,318
Non-current liabilities	91,436,722	94,761,191	78,522,225	107,952,433	143,224,090
Current liabilities	197,039,345	207,218,724	237,161,468	242,227,439	204,303,103
Total liabilities	288,476,067	301,979,915	315,683,693	350,179,872	347,527,193
Total equity	46,392,162	66,941,021	82,858,641	92,005,343	79,799,125

## CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2023	2022	2021	2020	2019
Revenue	36,238,835	35,192,599	76,230,335	85,891,778	90,813,970
Cost of sales	(34,319,596)	(31,365,663)	(78,397,540)	(65,503,286)	(61,041,401)
Gross profit/(loss)	1,919,239	3,826,936	(2,167,205)	20,388,492	29,772,569
Other (expense)/income and other (losses)/gains – net	(3,583,699)	(3,067,541)	1,729,284	7,297,802	2,852,130
Selling and marketing costs	(1,465,353)	(1,366,829)	(3,650,053)	(3,258,776)	(3,292,140)
Administrative expenses	(4,486,204)	(4,364,864)	(6,002,200)	(6,226,248)	(6,215,897)
Net impairment losses on financial and contract assets	(232,646)	(54,644)	(147,223)	(172,383)	(67,270)
Gains on bargain purchase	–	760	508,209	66,909	–
Operating (loss)/profit	(7,848,663)	(5,026,182)	(9,729,188)	18,095,796	23,049,392
Finance costs – net	(6,240,462)	(9,727,154)	(4,164,605)	(2,408,771)	(5,599,527)
Share of results of joint ventures	(404,625)	481,633	505,529	292,178	611,191
Share of results of associates	378,240	136,874	26,723	(67,520)	165,208
(Loss)/profit before income tax	(14,115,510)	(14,134,829)	(13,361,541)	15,911,683	18,226,264
Income tax expenses	(5,831,728)	(1,644,444)	(2,991,741)	(6,765,368)	(8,133,054)
(Loss)/profit for the year	(19,947,238)	(15,779,273)	(16,353,282)	9,146,315	10,093,210
Attributable to:					
Owners of the Company	(20,164,485)	(15,736,650)	(16,469,189)	9,004,814	9,672,051
Non-controlling interests	217,247	(42,623)	115,907	141,501	421,159

<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>China</b>					
<b>Guangzhou</b>					
Guangzhou R&F Global Merchandise Center	100%	Office & Retail	198,668	616,000	616,000
Guangzhou Baogang Road Project	100%	Residential & Retail	4,031	43,000	43,000
Guangzhou R&F Sky Apartment (Tangdong Project)	100%	Apartment	72,174	69,000	69,000
Guangzhou R&F Sky Apartment Xueyuan Li (Yushatan Village Project)	100%	Apartment	21,132	65,000	65,000
Guangzhou Zhongshanliu Road Project	100%	Retail	4,627	33,000	33,000
Guangzhou R&F Yuexi City (Bicun Village Project)	65%	Residential	208,482	483,000	314,000
Guangzhou R&F Fuyi Prosperous Palace (Maogang Village Project)	45%	Residential	215,992	630,000	283,000
Guangzhou R&F Peak Of Cloud (Chentian Project)	100%	Residential & Retail	27,564	141,000	141,000
<b>Zhuhai</b>					
Zhuhai R&F Xintiandi (Xiangzhou Hengxin Industry City Project)	68%	Residential, Apartment & Retail	16,813	237,000	160,000
<b>Huizhou</b>					
Huizhou R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Residential & Retail	1,630,681	370,000	370,000
Huizhou R&F Bay Shore (excluding Hilton Hotel)	100%	Residential & Retail	1,318,673	1,010,000	1,010,000
Huizhou R&F Modern Plaza	100%	Residential & Retail	79,167	48,000	48,000
Huizhou R&F Huilin Hot Spring Village	100%	Residential	698,012	15,000	15,000
Huizhou R&F Shangyue Court (Jilong Town Project)	100%	Residential	110,505	44,000	44,000
<b>Meizhou</b>					
Meizhou R&F City	100%	Residential & Retail	832,689	337,000	337,000
Meizhou R&F Yanshan Lake	100%	Residential	218,046	359,000	359,000
<b>Shaoguan</b>					
Shaoguan R&F City (Wanzhiqianhong Project)	65%	Residential	131,419	256,000	166,000
<b>Zhaoqing</b>					
Zhaoqing R&F Shangyue Court (Dinghu New City 46 District Project)	100%	Residential, Apartment & Retail	46,407	68,000	68,000
<b>Yangjiang</b>					
Yangjiang R&F Bay Shore (Shapa Town Project)	100%	Residential	69,466	109,000	109,000
<b>Yingde</b>					
Yingde R&F Golden Jubilee Garden (Yinghong Town Project)	100%	Residential	69,872	151,000	151,000
<b>Lechang</b>					
Lechang R&F Shangyue Court (Lecheng Street Project)	100%	Residential	101,593	349,000	349,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Approximate Total Site Area (sq.m.)	Approximate Uncompleted Total GFA (sq.m.)	Approximate Uncompleted Total GFA held by Group (sq.m.)
<b>Properties for sale</b>					
<b>Qingyuan</b>					
Qingyuan China-Israel Science and Technology Town	100%	Residential & Industrial	195,572	255,000	255,000
<b>Zhongshan</b>					
Zhongshan R&F Center (Shiqi CBD Project)	100%	Retail	19,798	127,000	127,000
<b>Heyuan</b>					
Heyuan R&F Tianxi Garden (Linjiang Industry Park Project)	100%	Residential	125,684	271,000	271,000
<b>Hainan</b>					
Hainan R&F Bay Shore (excluding Marriot Hotel)	100%	Residential & Retail	1,702,993	132,000	132,000
Hainan R&F Mangrove Bay (excluding Hilton Hotel)	100%	Residential & Retail	4,352,042	1,470,000	1,470,000
Hainan R&F Moon Bay Shore (Wenchang Project)	100%	Residential & Retail	277,160	42,000	42,000
Hainan R&F Yuehai Bay Shore (Lingao Project)	100%	Residential & Retail	586,240	250,000	250,000
Hainan Lingshui Ocean Tour and Information Creative Park	100%	Retail	129,445	375,000	375,000
<b>Xiangtan</b>					
Xiangtan Xiangjiang R&F City (Xiangjiang Jiuhua Project)	100%	Residential & Retail	1,325,817	3,051,000	3,051,000
<b>Changsha</b>					
Changsha Xirong Plaza	26%	Residential, Apartment & Office	148,265	58,000	19,000
Changsha Furong Xintiandi	100%	Residential	32,095	340,000	340,000
<b>Hengyang</b>					
Hengyang Chuanshan West Road Project	50%	Residential	59,178	178,000	89,000
<b>Wuhan</b>					
Wuhan Meiqiao R&F Plaza	50%	Office, Apartment & Retail	21,754	239,000	120,000
Wuhan R&F Xixi Yueju (Dongxihu District Project)	100%	Residential	66,940	231,000	231,000
Wuhan R&F Lvdu Central Park	60%	Residential & Retail	107,734	346,000	207,000
Wuhan Jiangxia Technology Innovation Center	100%	Apartment, Office, Retail & Hotel	54,025	189,000	189,000
<b>Tianmen</b>					
Tianmen R&F Cambridge Court (Huiqiao Avenue Project)	100%	Residential	79,395	69,000	69,000
<b>Ezhou</b>					
Ezhou R&F Golden Jubilee Yue City (Wenchang Avenue Project)	100%	Residential	54,676	108,000	108,000

<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>Fuzhou</b>					
Fuzhou R&F Yueshanhu (Jinshui Lake Project)	100%	Residential, Hotel & Retail	147,631	332,000	332,000
<b>Zhangzhou</b>					
Zhangzhou R&F Jinxiutaoyuan	100%	Residential	179,666	142,000	142,000
<b>Nanchang</b>					
Nanchang R&F Prosperous Palace (Honggutan Project)	100%	Residential & Retail	36,351	80,000	80,000
<b>Jiujiang</b>					
Jiujiang R&F Wenlan Residence	33%	Residential	40,061	119,000	40,000
Jiujiang R&F Xunyang Mansion	60%	Residential	48,135	47,000	28,000
<b>Fuzhou</b>					
Fuzhou R&F Shangyue Court (Nanfeng County Project)	100%	Residential	50,103	34,000	34,000
<b>Ganzhou</b>					
Ganzhou R&F Modern City (excluding IP portion)	100%	Residential, Apartment & Office	363,534	641,000	641,000
<b>Chongqing</b>					
Chongqing R&F City	100%	Residential & Retail	1,981,995	2,217,000	2,217,000
Chongqing R&F Nanshan Mansion	100%	Residential & Retail	79,583	31,000	31,000
Chongqing R&F Bay Shore (Yubei Project)	100%	Residential & Retail	173,630	285,000	285,000
Chongqing R&F Shangyue Court (Jiangjin Luohuang Project)	100%	Residential	69,633	104,000	104,000
<b>Meishan</b>					
Meishan R&F Cambridge Court (Mindong New District Project)	100%	Residential	176,841	187,000	187,000
<b>Luzhou</b>					
Luzhou R&F Prosperous Palace (Naxi District Project)	100%	Residential	187,582	623,000	623,000
<b>Guiyang</b>					
Guiyang R&F Shangyue Court ("3535" Factory Project)	100%	Residential	76,178	495,000	495,000
Guiyang R&F Xintiandi (Jinyang Plaza Project)	100%	Apartment & Retail	64,379	83,000	83,000
<b>Kaili</b>					
Kaili R&F Dongnan Residence (Jiaruihe Project)	80%	Residential & Apartment	333,696	177,000	141,000

<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>Guilin</b>					
Guilin R&F City	100%	Residential	161,745	536,000	536,000
<b>Kunming</b>					
Kunming R&F Bay Shore (Yangzonghai Project)	100%	Residential	154,494	55,000	55,000
<b>Lijiang</b>					
Lijiang R&F Xintiandi (Old Town Tiandi Project)	100%	Residential & Retail	63,121	45,000	45,000
<b>Shanghai</b>					
Shanghai Fengxian District Nanqiao New Town Project (excluding Commercial Center)	100%	Retail & Office	51,879	230,000	230,000
<b>Nanjing</b>					
Nanjing R&F City	100%	Residential, Office & Hotel	571,864	151,000	151,000
<b>Fuyang</b>					
Fuyang Dahe Chengzhang (Yingdong Project) (excluding Hotel portion)	50%	Residential	267,608	421,000	211,000
<b>Huaibei</b>					
Huaibei R&F Xiangcheng Residence (Donghu Project)	100%	Residential	94,562	9,000	9,000
<b>Suzhou</b>					
Suzhou R&F City	57%	Residential	86,461	13,000	7,000
<b>Huainan</b>					
Huainan R&F City	100%	Residential & Retail	263,884	635,000	635,000
<b>Hangzhou</b>					
Hangzhou R&F Center (Future Science City Project)	100%	Residential, Retail & Hotel	107,516	491,000	491,000
<b>Suzhou</b>					
Suzhou Swan Harbor Park (Taihu New Town Project) (excluding IP Portion)	50%	Residential, Office, Apartment & Retail	85,284	163,000	82,000
<b>Wuxi</b>					
Wuxi R&F Yunhe No.10 (Mingliya Project) (excluding IP Portion)	100%	Residential, Retail & Hotel	123,392	50,000	50,000
<b>Nantong</b>					
Nantong R&F Cambridge Court (Tonglv River South Project)	100%	Residential & Retail	190,621	180,000	180,000

<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>Zhenjiang</b>					
Zhenjiang R&F Yangtse River Residence	100%	Residential	35,069	27,000	27,000
<b>Yancheng</b>					
Yancheng R&F Science and Technology Innovation City (excluding IP portion)	100%	Residential & Retail	810,451	1,638,000	1,638,000
<b>Wenzhou</b>					
Wenzhou R&F City (Kaifa District Binghai Garden Project)	100%	Residential & Retail	132,312	109,000	109,000
<b>Jinhua</b>					
Jinhua R&F Sanjiang Duhui (Duohu Project)	100%	Residential	74,870	81,000	81,000
<b>Beijing and vicinity</b>					
Beijing Tongzhou R&F Center (No.8-12 land) (excluding IP portion)	100%	Office & Apartment	69,796	57,000	57,000
Beijing R&F New Town	100%	Residential	932,994	394,000	394,000
Beijing Shokai R&F No.10 International (Shunyi District Project)	50%	Retail	170,200	154,000	77,000
Beijing R&F Shoukai Campus One (Gaoliying Residential Project)	50%	Residential	96,885	31,000	16,000
Beijing Shunyi Airport Project	100%	Industrial	54,502	44,000	44,000
<b>Tangshan</b>					
Tangshan R&F No.10 (Gongjianfa Project)	100%	Residential & Retail	22,157	57,000	57,000
Tangshan Caofeidian R&F City	100%	Residential	227,459	150,000	150,000
Tangshan Lutai R&F City	100%	Residential	279,085	279,000	279,000
Tangshan Nanhu CBD Project	50%	Residential, Apartment & Retail	222,593	380,000	190,000
<b>Shijiazhuang</b>					
Shijiazhuang R&F Xibo Water Town (Pingshan Project)	100%	Residential	584,428	553,000	553,000
Shijiazhuang R&F City (Nandou Project)	100%	Residential	94,092	122,000	122,000
Shijiazhuang R&F Plaza (Xiumen Project)	100%	Office & Retail	9,805	198,000	198,000
<b>Qinhuangdao</b>					
Qinhuangdao Beidaihe Songshi Project	100%	Residential	166,855	85,000	85,000
<b>Xingtai</b>					
Xingtai R&F City (International Ecology Village)	100%	Residential	134,403	345,000	345,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Approximate Total Site Area (sq.m.)	Approximate Uncompleted Total GFA (sq.m.)	Approximate Uncompleted Total GFA held by Group (sq.m.)
<b>Properties for sale</b>					
<b>Cangzhou</b>					
Cangzhou R&F Shangyue Court (Yunhe District Project)	100%	Residential	74,155	127,000	127,000
<b>Tianjin</b>					
Tianjin R&F Guangdong Building (Tanggu Project)	100%	Office & Retail	23,070	291,000	291,000
Tianjin CENOZOIC COVER (Jinxi Chentang Project)	25%	Residential, Retail, Office & Hotel	1,289,227	1,034,000	259,000
Tianjin R&F New Town (Tuanbo Lake Project)	100%	Residential & Retail	1,781,702	1,693,000	1,693,000
Tianjin Jinxi Chentang Project	50%	Residential & Retail	38,090	51,000	26,000
<b>Dongying</b>					
Dongying R&F Boyue Residence (14#)	100%	Residential	74,685	32,000	32,000
Dongying R&F Shangyue Court (Kaifa District Guangzhou Road Project)	50%	Residential	60,453	97,000	49,000
<b>Heze</b>					
Heze R&F City (Renminlu Project)	100%	Residential	191,062	298,000	298,000
<b>Zouping</b>					
Zouping R&F City	100%	Residential	93,524	73,000	73,000
Zouping R&F Shengyue Court (Liquan Project)	100%	Residential	41,187	76,000	76,000
<b>Qingdao</b>					
Qingdao Headquarters Base Project	70%	Retail, Office & Hotel	143,739	153,000	107,000
<b>Zibo</b>					
Zibo R&F Wanda Plaza (excluding shopping mall)	100%	Residential & Retail	135,038	98,000	98,000
<b>Dezhou</b>					
Dezhou R&F City (Ningjin County Kangning Lake Project)	100%	Residential	160,367	249,000	249,000
<b>Weihai</b>					
Weihai R&F City	100%	Residential & Retail	183,759	219,000	219,000
Weihai R&F Star World (Wangdao Project)	80%	Residential & Retail	170,286	433,000	346,000
<b>Xian</b>					
Xian R&F Global Merchandise City (Xixian New District Project)	80%	Office & Hotel	94,490	159,000	127,000
Xian R&F Kaiyuan City (Tumen Resettlement Project)	100%	Residential	117,095	927,000	927,000



<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>Taiyuan</b>					
Taiyuan R&F City	100%	Residential & Retail	1,056,200	37,000	37,000
Taiyuan R&F Prosperous Palace	100%	Residential & Retail	237,601	397,000	397,000
Taiyuan R&F Hills (Mengshan Project)	100%	Residential & Retail	281,806	246,000	246,000
Taiyuan R&F City Garden No.8 (Dunhuafang Project)	100%	Residential & Retail	188,744	78,000	78,000
Taiyuan R&F Tianxi City (Daxiao Dongliu Project)	100%	Residential & Retail	512,772	1,331,000	1,331,000
Taiyuan R&F Bay Shore (Xizhai Village Project)	100%	Residential	89,628	113,000	113,000
Taiyuan R&F Golden Jubilee City (Longbao Project)	100%	Residential	197,927	492,000	492,000
Taiyuan R&F Yipin	100%	Residential & Retail	28,455	179,000	179,000
Taiyuan R&F Junyue Residence (Muchangtou Project)	100%	Residential	78,763	336,000	336,000
Taiyuan R&F Yuexi City (Pingban Glass Factory Project)	100%	Residential & Retail	198,352	678,000	678,000
Taiyuan R&F City Jiuyuan (Dunhuafang Renewal Project)	51%	Residential	113,125	618,000	315,000
<b>Datong</b>					
Datong R&F City	100%	Residential & Retail	708,112	1,178,000	1,178,000
<b>Linfen</b>					
Linfen R&F Shangyue Court	100%	Residential, Office & Retail	35,096	94,000	94,000
<b>Changzhi</b>					
Changzhi R&F Shangyue Court	100%	Residential	57,547	519,000	519,000
<b>Weinan</b>					
Weinan R&F City	100%	Residential	257,361	582,000	582,000
<b>Baoji</b>					
Baoji Taibai Mountain Project	68%	Residential & Retail	147,229	177,000	90,000
<b>Harbin</b>					
Harbin R&F City	100%	Residential & Retail	399,198	194,000	194,000
<b>Shenyang</b>					
Shenyang R&F Royal Villa	100%	Residential	373,406	28,000	28,000
Shenyang R&F International Finance Center (Shenhe District Project)	100%	Residential, Office & Retail	29,250	372,000	372,000
Shenyang R&F Xingyue Bay Shore (Shenbei New District Project)	100%	Residential	373,092	176,000	176,000
Shenyang R&F Cambridge Court (Outlets Project)	100%	Residential	193,788	239,000	239,000
Shenyang R&F Shengyue Court	100%	Residential	199,198	295,000	295,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Approximate Total Site Area (sq.m.)	Approximate Uncompleted Total GFA (sq.m.)	Approximate Uncompleted Total GFA held by Group (sq.m.)
<b>Properties for sale</b>					
<b>Anshan</b>					
Anshan R&F Kaixuanmen	100%	Residential	37,766	158,000	158,000
Anshan R&F City (Tiedong Yingzi City Project)	100%	Residential	509,692	804,000	804,000
<b>Tieling</b>					
Tieling New Town Center Project	100%	Retail	255,524	457,000	457,000
Tieling R&F Four Seasons Peninsula (Lianhua Lake Project)	100%	Residential	884,185	712,000	712,000
<b>Dalian</b>					
Dalian Dongdi Wanpan (Xiaoyaowan Project)	100%	Residential & Retail	389,308	654,000	654,000
<b>Baotou</b>					
Baotou R&F City	100%	Residential, Office, Apartment & Retail	426,911	428,000	428,000
Baotou R&F Cambridge Court (Donghe Project)	100%	Residential	288,669	187,000	187,000
Baotou R&F Hills (Shiguai District Project)	100%	Residential	193,460	182,000	182,000
Baotou R&F Xiyue Court (Qingshan District Project)	100%	Residential & Retail	41,924	140,000	140,000
Baotou R&F Shangyue Court (Binhe New District Project)	65%	Residential	176,449	381,000	247,000
<b>Huhhot</b>					
Huhhot R&F Tianxi City (Donger Daohe Project)	100%	Residential	56,008	158,000	158,000
<b>Tongliao</b>					
Tongliao R&F City (Jining Project)	100%	Residential	593,387	1,070,000	1,070,000
<b>Ulanqab</b>					
Ulanqab Jining R&F Bay Shore	100%	Residential	163,744	113,000	113,000
<b>Lanzhou</b>					
Lanzhou R&F CBD Project (Anning CBD Project)	100%	Residential & Retail	105,141	593,000	593,000
<b>Urumqi</b>					
Urumqi R&F City (Shuimohe Project)	100%	Residential	440,895	1,009,000	1,009,000
<b>Zhengzhou</b>					
Zhengzhou Wulong New Town (Wulongkou Project)	35%	Residential	192,165	495,000	173,000
Zhengzhou R&F Jianye Shangyue Court (Huayuankou Project)	35%	Residential & Retail	106,788	493,000	173,000
<b>Puyang</b>					
Puyang R&F Shangyue Court (Puyang County Project)	100%	Residential	132,797	304,000	304,000

<b>DEVELOPMENT PROPERTY</b>	<b>The Group's Interest (%)</b>	<b>Use</b>	<b>Approximate Total Site Area (sq.m.)</b>	<b>Approximate Uncompleted Total GFA (sq.m.)</b>	<b>Approximate Uncompleted Total GFA held by Group (sq.m.)</b>
<b>Properties for sale</b>					
<b>Kaifeng</b>					
Kaifeng R&F Bay Shore (Bianxi Lake Project)	100%	Residential	101,385	213,000	213,000
<b>Malaysia</b>					
<b>Johor Bahru</b>					
Malaysia Johor R&F Princess Bay Shore	100%	Residential, Office & Retail	400,000	2,868,000	2,868,000
<b>Australia</b>					
<b>Melbourne</b>					
Melbourne R&F Kinnears Live City (Footscray Project)	100%	Residential & Retail	33,288	145,000	145,000
<b>Brisbane</b>					
Brisbane West End Project	100%	Residential & Retail	16,800	145,000	145,000
Brisbane Springfield Project	100%	Residential	467,304	1,215,000	1,215,000
<b>United Kingdom</b>					
<b>London</b>					
London R&F Queen Square (Croydon Project)	100%	Residential	22,300	114,000	114,000
London One Project (including Hotel Portion)	100%	Residential, Retail, Office & Hotel	8,400	145,000	145,000
<b>Cambodia</b>					
<b>Phnom Penh</b>					
Phnom Penh R&F Prosperous Residence (Monivong Boulevard Project)	100%	Residential	15,192	212,000	212,000
Phnom Penh R&F City (Hongsen Avenue Project)	100%	Residential	77,243	212,000	212,000

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
<b>Guangzhou</b>				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
International Grand City <sup>#</sup>	Pearl River New Town Liede Village	Shopping mall	89,300	29,800
Shiling Leather and Leather Products Center	Shiling Avenue, Shiling Town, Huadu District	Industry park	104,400	104,400
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road, Tianhe District	Retail	43,000	43,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	19,600	19,600
R&F Modern Plaza Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	34,500	34,500
<b>Foshan</b>				
Foshan R&F International Finance Center	Guicheng Haiwu Road, Nanhai District	Office building	97,700	73,300
<b>Hainan</b>				
Hainan R&F Ocean Paradise	Li 'an Town, Lingshui Li Autonomous County	Theme park	181,700	181,700
<b>Beijing</b>				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	100,300	100,300
<b>Tianjin</b>				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
<b>Chongqing</b>				
R&F Ocean Plaza	R&F Ocean Plaza	Shopping mall	74,300	74,300
<b>Chengdu</b>				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300
<b>Dalian</b>				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District	Office building	93,100	93,100
<b>Zibo</b>				
Zibo R&F Wanda Plaza	Zhongrun Road, Zhongdian District	Shopping mall	150,300	150,300
<b>Taiyuan</b>				
Taiyuan R&F Plaza	Taiyuan R&F City	Shopping mall	49,100	49,100
<b>Harbin</b>				
Harbin R&F Plaza	Youyixi Road, Daoli District	Shopping mall	91,000	91,000
<b>Johor Bahru, Malaysia</b>				
R&F Mall Johor Bahru Malaysia	R&F Princess Cove, Johor Bahru	Shopping mall	80,900	80,900
R&F Xintiandi Johor Bahru Malaysia	R&F Princess Cove, Johor Bahru	Retail	33,200	33,200
Others			162,400	162,400
<b>Total investment projects under operation</b>			<b>1,973,000</b>	<b>1,889,100</b>

# Joint Venture Project

<b>Hotel under operation</b>	<b>Location</b>	<b>No. of Room</b>	<b>Approximate total GFA (sq.m.)</b>
<b>Guangzhou</b>			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,600
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
<b>Beijing</b>			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Beijing Temple Of Heaven	R&F Xinran Plaza	320	16,000
Beijing Marriott Hotel Yanqing*	Xincheng Street, Yanqing District	325	44,100
Element Beijing Yanqing*	Xincheng Street, Yanqing District	252	25,500
<b>Tianjin</b>			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
<b>Huizhou</b>			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Nankunshan	366	56,400
InterContinental Huizhou Resort Hotel	Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	R&F Hot Spring Valley	32	13,800
DoubleTree Resort by Hilton Huizhou	Huizhou R&F Bay Shore	308	48,700
<b>Chongqing</b>			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree By Hilton Chongqing Wanzhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400
<b>Chengdu</b>			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
<b>Hainan</b>			
DoubleTree Resort by Hilton Hainan – Chengmai	R&F Mangrove Bay	305	44,500
Hyatt Regency Hainan Ocean Paradise Resort	Lingshui County	1,000	104,060
<b>Xi'an</b>			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400
<b>Harbin</b>			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
The Ritz-Carlton, Harbin	West Youyi Road, Daoli District	368	66,200

<b>Hotel under operation</b>	<b>Location</b>	<b>No. of Room</b>	<b>Approximate total GFA (sq.m.)</b>
<b>Taiyuan</b>			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
<b>Nanning</b>			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
<b>Shangrao</b>			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
<b>Yiwu</b>			
Wanda Realm Yiwu	Xinke Road	288	37,900
<b>Urumqi</b>			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
<b>Bozhou</b>			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
<b>Xining</b>			
Wanda Vista Xining	Xichuan South Road, Chengxi District	310	42,600
<b>Siping</b>			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
<b>Zhengzhou</b>			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600
<b>Huhhot</b>			
Wanda Vista Huhhot	Xinhua East Street, Saihan District	315	42,900
<b>Liuzhou</b>			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600
<b>Fuyang</b>			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400
<b>Tai'an</b>			
Wanda Realm Taian	Taishan Street	285	41,600
<b>Dongying</b>			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
<b>Anyang</b>			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800

<b>Hotel under operation</b>	<b>Location</b>	<b>No. of Room</b>	<b>Approximate total GFA (sq.m.)</b>
<b>Huangshi</b> Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
<b>Neijiang</b> Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
<b>Guangyuan</b> Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
<b>Bengbu</b> Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
<b>Wuhu</b> Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
<b>Jiangmen</b> Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
<b>Longyan</b> Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
<b>Kunming</b> Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
<b>Lanzhou</b> Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700
<b>Jingzhou</b> Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000
<b>Ma'anshan</b> Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100
<b>Dongguan</b> Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
<b>Changzhou</b> Wanda Realm Changzhou Sheraton Changzhou Xinbei Hotel	Huayuan Street, Wujin District Tongjiang Middle Road, Xinbei District	250 250	34,200 37,800
<b>Jinhua</b> Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
<b>Jining</b> Wanda Realm Jining	Taibai East Road	279	36,500

<b>Hotel under operation</b>	<b>Location</b>	<b>No. of Room</b>	<b>Approximate total GFA (sq.m.)</b>
<b>Chifeng</b>			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
<b>Ningbo</b>			
Hyatt Centric Lakeside Ningbo	Tongyuan Road, Zhenhai District	174	20,300
<b>Qingdao</b>			
Le Meridien Qingdao	Yanji Road, Shibe District	349	51,100
<b>Wuxi</b>			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
<b>Xiangyang</b>			
Crowne Plaza Xiangyang	Changhong North Road	303	43,000
<b>Yichang</b>			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
<b>Hefei</b>			
Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,400
<b>Wuhan</b>			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200
<b>Shijiazhuang</b>			
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800
<b>Jinan</b>			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
<b>Langfang</b>			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900
<b>Daqing</b>			
Sheraton Daqing Hotel	Dongfeng New Village, Sartu District	290	43,000
<b>Taizhou</b>			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
<b>Tangshan</b>			
InterContinental Tangshan	Wenhua Road, Lunnan District	287	47,500
<b>Dalian</b>			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100



<b>Hotel under operation</b>	<b>Location</b>	<b>No. of Room</b>	<b>Approximate total GFA (sq.m.)</b>
<b>Ningde</b>			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
<b>Quanzhou</b>			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
<b>Changsha</b>			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
<b>Huai'an</b>			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
<b>Yixing</b>			
Le Meridien Yixing	Yangxian East Road	280	42,100
<b>Shenyang</b>			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
<b>Fushun</b>			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500
<b>Nanchang</b>			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
<b>Yinchuan</b>			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
<b>Dandong</b>			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
<b>Nanjing</b>			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100
<b>Weifang</b>			
Pullman Weifang	Fushou East Street	271	36,800
<b>Qiqihar</b>			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
<b>Changchun</b>			
Wanda Vista Changchun	Hongqi Street	236	39,900
<b>Total 90 hotels under operation</b>		<b>27,716</b>	<b>3,984,860</b>

\* Joint Venture Project

As of 31 December 2023, the Group currently has 90 hotels under operation.

<b>Executive Directors</b>	Li Sze Lim Zhang Hui Xiang Lijun
<b>Non-executive Directors</b>	Zhang Lin Li Helen
<b>Independent Non-executive Directors</b>	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
<b>Supervisors</b>	Chen Liangnuan Zhao Xianglin Zhang Yucong
<b>Authorized Representatives</b>	Li Sze Lim Lee Michael
<b>Company Secretary</b>	Lee Michael
<b>Registered Office in the PRC</b>	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
<b>Principal Place of Business in the PRC</b>	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
<b>Principal Place of Business in Hong Kong</b>	Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong
<b>Auditor</b>	BDO Limited Certified Public Accountants Registered Public Interest Entity Auditors 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
<b>Legal Advisor as to Hong Kong Law</b>	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
<b>Hong Kong H Share Registrar</b>	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
<b>Website</b>	<a href="http://www.rfchina.com">www.rfchina.com</a>

**SHAREHOLDERS' CALENDAR**

Interim results announcement	28 August 2023
Final results announcement	28 March 2024
Closure of register of members (for the entitlement of attending the annual general meeting)	27 May 2024 to 31 May 2024 (both days inclusive)
Annual general meeting	31 May 2024

**LISTING INFORMATION**

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

**Stock Code**

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

**Board Lot Size**

400 shares



廣州富力地產股份有限公司  
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\* for identification purpose only