

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Gemdale Properties and Investment Corporation Limited
金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2022	2021	Change
	RMB'000	RMB'000	%
Revenue	10,302,492	14,184,795	— 27
Gross profit	2,336,689	2,884,029	— 19
Other income and gains	1,122,608	2,402,813	— 53
Share of results of joint ventures and associates	2,157,500	1,881,201	+ 15
Profit after tax	2,353,488	4,328,934	— 46
Profit attributable to owners of the Company	2,310,630	4,014,231	— 42
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	0.1392	0.2425	— 43
- Diluted (RMB)	0.1390	0.2413	— 42
	31 December	31 December	Change
	2022	2021	%
	RMB'000	RMB'000	
Deposits, bank and cash balances	6,053,156	8,771,882	— 31
Total assets	85,986,705	77,078,635	+ 12
Net assets	26,973,855	24,589,608	+ 10

ANNUAL RESULTS

The board of directors (the “Directors”) of Gemdale Properties and Investment Corporation Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with the relevant comparative figures.

* For identification purpose only

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

		2022 RMB'000	2021 RMB'000
	<i>Notes</i>		
Revenue	3	10,302,492	14,184,795
Cost		<u>(7,965,803)</u>	<u>(11,300,766)</u>
Gross profit		2,336,689	2,884,029
Direct operating expenses		(1,693,638)	(2,032,637)
Other income and gains	3	1,122,608	2,402,813
Changes in fair values of investment properties		1,436,986	1,464,248
Changes in fair values of financial assets at fair value		40,847	165,319
Administrative expenses		(200,381)	(172,938)
Other charge		(598,125)	-
Finance costs	4	(1,116,494)	(868,578)
Share of profits and losses of:			
Joint ventures		1,600,549	1,197,829
Associates		<u>556,951</u>	<u>683,372</u>
Profit before tax	5	3,485,992	5,723,457
Tax	6	<u>(1,132,504)</u>	<u>(1,394,523)</u>
Profit for the year		<u>2,353,488</u>	<u>4,328,934</u>
Attributable to:			
Owners of the Company		2,310,630	4,014,231
Non-controlling interests		<u>42,858</u>	<u>314,703</u>
		<u>2,353,488</u>	<u>4,328,934</u>
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	7	<u>0.1392</u>	0.2425
- Diluted (RMB)	7	<u>0.1390</u>	0.2413

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	<u>2,353,488</u>	<u>4,328,934</u>
Other comprehensive (loss)/income		
- Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(1,313,881)	369,363
Share of exchange differences on translation of foreign operations of joint ventures	257,728	(35,014)
	<u>(1,056,153)</u>	<u>334,349</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		
- Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	573,666	(205,591)
	<u>573,666</u>	<u>(205,591)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		
Other comprehensive (loss)/income for the year, net of tax	<u>(482,487)</u>	<u>128,758</u>
Total comprehensive income for the year	<u>1,871,001</u>	<u>4,457,692</u>
Attributable to:		
Owners of the Company	1,821,855	4,141,326
Non-controlling interests	49,146	316,366
	<u>1,871,001</u>	<u>4,457,692</u>

Consolidated Statement of Financial Position

31 December 2022

	<i>Note</i>	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		83,657	61,803
Investment properties		16,218,372	14,096,568
Intangible assets		6,936	15,164
Right-of-use assets		17,154	21,168
Prepayments, deposits and other receivables		208,001	582,392
Investments in joint ventures		19,358,364	18,159,288
Investments in associates		6,464,201	4,901,001
Amount due from a related company		1,233,465	-
Financial assets at fair value		1,261,779	1,050,847
Deferred tax assets		1,128,826	989,486
Total non-current assets		45,980,755	39,877,717
CURRENT ASSETS			
Properties held for sale		5,097,106	3,511,440
Properties under development		13,413,636	12,090,972
Trade receivables	9	40,256	36,022
Prepayments, deposits and other receivables		5,284,025	4,327,845
Amounts due from group companies		19,259	30,562
Amounts due from joint ventures and associates		5,791,346	5,401,009
Amounts due from non-controlling shareholders		2,877,287	1,599,916
Prepaid tax		635,793	577,207
Restricted cash		794,086	854,063
Deposits, bank and cash balances		6,053,156	8,771,882
Total current assets		40,005,950	37,200,918

Consolidated Statement of Financial Position (continued)

31 December 2022

		2022	2021
		RMB'000	RMB'000
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and bills payables	10	4,479,705	4,567,428
Advanced receipts, accruals and other payables		12,191,951	9,233,526
Interest-bearing bank and other borrowings		3,203,482	4,902,939
Lease liabilities		99,395	85,949
Amounts due to group companies		2,850,497	566,930
Amounts due to joint ventures and associates		8,176,163	9,841,556
Amounts due to non-controlling shareholders		1,193,949	308,487
Amount due to a related company		-	2,984
Tax payable		2,580,838	2,328,564
Total current liabilities		34,775,980	31,838,363
NET CURRENT ASSETS		5,229,970	5,362,555
TOTAL ASSETS LESS CURRENT LIABILITIES		51,210,725	45,240,272
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		2,794,742	284,387
Lease liabilities		936,157	920,908
Amounts due to group companies		18,365,838	17,766,545
Deferred tax liabilities		2,140,133	1,678,824
Total non-current liabilities		24,236,870	20,650,664
NET ASSETS		26,973,855	24,589,608
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,504,813	1,502,930
Reserves		20,890,164	20,236,193
		22,394,977	21,739,123
Non-controlling interests		4,578,878	2,850,485
TOTAL EQUITY		26,973,855	24,589,608

Notes:

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds Before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

Change in accounting policies

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g. allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs relate directly to a contract are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
 - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the property development segment – development and sale of residential and commercial properties, and fitting-out works;
- (b) the property investment and management segment – investment and management of business parks and commercial properties;
- (c) the micro-finance segment – provision of financial services to property buyers and small businesses; and
- (d) the corporate segment – the Group’s corporate management services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit before tax except that bank interest income, non-lease-related finance costs, changes in fair value of financial assets at fair value, other income from financial assets at fair value as well as head office and corporate expenses are excluded from such measurement.

Segment information is presented by way of the Group’s primary segment reporting basis, by business segment. No geographical segment information is presented as over 90% (2021: over 90%) of the Group’s revenue is derived from customers based in Mainland China, and over 90% (2021: over 90%) of the Group’s assets are located in Mainland China.

Segment assets exclude deferred tax assets, certain deposits, bank and cash balances, prepaid tax, and financial assets at fair value as these assets are managed on a group basis. Segment liabilities exclude certain interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, and amounts due to group companies, non-controlling shareholders and a related company as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

	Property development RMB'000	Property investment and management RMB'000	Micro- finance RMB'000	Corporate RMB'000	Total RMB'000
Year ended 31 December 2022					
Segment revenue:					
Sales to external customers	8,907,147	1,128,646	266,699	-	10,302,492
Segment cost	(7,419,576)	(529,852)	(16,375)	-	(7,965,803)
Segment gross profit	1,487,571	598,794	250,324	-	2,336,689
Segment results:	2,313,992	2,151,368	144,400	(153,966)	4,455,794
<i>Reconciliation</i>					
Bank interest income					32,311
Finance costs (other than interest on lease liabilities)					(1,066,731)
Changes in fair values of financial assets at fair value					40,847
Other income from financial assets at fair value					23,771
Profit before tax					3,485,992
Segment assets:	56,361,365	24,008,673	2,541,082	26,649	82,937,769
<i>Reconciliation</i>					
Other unallocated assets					3,048,936
Total assets					85,986,705
Segment liabilities:	32,083,659	8,367,737	211,518	68,142	40,731,056
<i>Reconciliation</i>					
Other unallocated liabilities					18,281,794
Total liabilities					59,012,850
Other segment information:					
Share of profits and losses of joint ventures	(1,287,114)	(313,435)	-	-	(1,600,549)
Share of profits and losses of associates	(544,256)	(12,695)	-	-	(556,951)
Changes in fair value of investment properties	-	(1,436,986)	-	-	(1,436,986)
Changes in fair values of investment properties – right-of-use assets	-	164,553	-	-	164,553
Impairment of properties	598,125	-	-	-	598,125
Net gain on disposal/deemed disposal of subsidiaries	(20,617)	-	-	-	(20,617)
Net gain on disposal/deemed disposal of joint ventures	(34,043)	-	-	-	(34,043)
Remeasurement gains on interests previously held in joint ventures	(240,345)	-	-	-	(240,345)
Gain on bargain purchase	(4,061)	-	-	-	(4,061)
Depreciation of property, plant and equipment	7,464	13,275	921	1,901	23,561
Depreciation of right-of-use assets	8,266	724	-	7,367	16,357
Amortisation	-	8,228	-	-	8,228
Impairment of receivables, net	(17,335)	485	71,189	12	54,351
Capital expenditure*	15,272	774,893	846	5,786	796,797
Investments in joint ventures	16,354,708	3,003,656	-	-	19,358,364
Investments in associates	6,430,082	34,119	-	-	6,464,201

	Property development RMB'000 (restated)	Property investment and management RMB'000 (restated)	Micro- finance RMB'000	Corporate RMB'000 (restated)	Total RMB'000 (restated)
Year ended 31 December 2021					
Segment revenue:					
Sales to external customers	13,019,697	868,576	296,522	-	14,184,795
Segment cost	(10,867,345)	(410,810)	(22,611)	-	(11,300,766)
Segment gross profit	2,152,352	457,766	273,911	-	2,884,029
Segment results	4,076,793	2,202,406	195,729	(157,769)	6,317,159
<i>Reconciliation</i>					
Bank interest income					26,431
Finance costs (other than interest on lease liabilities)					(806,852)
Changes in fair values of financial assets at fair value					165,319
Other income from financial assets at fair value					21,400
Profit before tax					<u>5,723,457</u>
Segment assets:	49,977,576	21,611,472	2,683,497	28,837	74,301,382
<i>Reconciliation</i>					
Other unallocated assets					<u>2,777,253</u>
Total assets					<u>77,078,635</u>
Segment liabilities:	33,766,915	7,884,015	419,132	58,794	42,128,856
<i>Reconciliation</i>					
Other unallocated liabilities					<u>10,360,171</u>
Total liabilities					<u>52,489,027</u>
Other segment information:					
Share of profits and losses of joint ventures	(729,191)	(468,638)	-	-	(1,197,829)
Share of profits and losses of associates	(681,506)	(1,866)	-	-	(683,372)
Changes in fair value of investment properties	-	(1,464,248)	-	-	(1,464,248)
Changes in fair values of investment properties – right-of-use assets	-	78,696	-	-	78,696
Net gains on disposal of investment properties	-	(42,493)	-	-	(42,493)
Gains on disposal/deemed disposal of subsidiaries	(123,904)	-	-	-	(123,904)
Gains on bargain purchase	(1,157,931)	-	-	-	(1,157,931)
Government grants	(86,934)	(7,829)	(101)	-	(94,864)
Depreciation of property, plant and equipment	19,105	4,321	662	3,336	27,424
Depreciation of right-of-use assets	21,999	252	-	9,188	31,439
Amortisation	-	8,228	-	-	8,228
Impairment of receivables, net	22,936	673	30,520	-	54,129
Capital expenditure*	57,964	1,400,793	1,958	2,514	1,463,229
Investments in joint ventures	16,155,985	2,003,303	-	-	18,159,288
Investments in associates	4,860,322	40,679	-	-	4,901,001

* Capital expenditure consists of additions to property, plant and equipment, investment properties and right-of-use assets.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains recognised during the year is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers		
Sale of properties	8,907,147	12,222,107
Property management fee income from:		
- fellow subsidiaries	2,106	1,800
- third parties	313,266	236,218
Utility income	20,395	12,878
Entrusted management fee income from a fellow subsidiary	24,906	24,906
Fitting-out works income from:		
- fellow subsidiaries	-	265,872
- joint ventures	-	27,539
- an associate	-	4,414
- third parties	-	499,765
Revenue from other sources		
Gross rental income from operating leases of investment properties:		
- fellow subsidiaries	17,496	14,393
- third parties	750,477	578,381
Interest income on loans receivable	266,699	296,522
	10,302,492	14,184,795
Other income and gains		
Bank interest income	32,311	26,431
Interest income from a related company	51,486	66,674
Interest income from joint ventures and associates	255,596	255,723
Interest income from third parties	23,487	32,531
Interest income from financial assets at fair value	21,545	14,695
Gain on disposal of financial assets at fair value	2,226	6,705
Consulting services income from:		
- joint ventures	280,681	291,744
- associates	36,166	71,955
- third parties	37,956	54,419
Net gain on disposal of investment properties	-	42,493
Net gains on disposal/deemed disposal of subsidiaries (Note 13)	20,617	123,904
Net gains on disposal/deemed disposal of joint ventures	34,043	7,823
Fair value gain on properties held for sales transferred to investment properties	-	10,798
Remeasurement gains on interests previously held in joint ventures	240,345	-
Gains on bargain purchase (Note 11)	4,061	1,157,931
Government grants*	28,452	94,864
Others	53,636	144,123
	1,122,608	2,402,813

* Various government subsidies have been received from local government. They mainly represented financial assistance for sub-leasing business (2021: for public facilities) in the Mainland China. As at 31 December 2022 and 2021, there was no unfulfilled conditions and other contingencies attaching to the government grants that had been recognised by the Group.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	162,920	68,228
Interest expenses to group companies	1,083,717	807,886
Interest expenses to non-controlling shareholders	26,995	12,313
Interest expenses to joint ventures and an associate	62,426	65,092
Interest on other borrowings	15,231	74,338
	<hr/>	<hr/>
Interest on lease liabilities	1,351,289	1,027,857
Other finance costs	49,763	61,726
	14,752	15,274
	<hr/>	<hr/>
Total finance costs incurred	1,415,804	1,104,857
Less: Interest capitalised in		
- investment properties under construction	(5,685)	(4,968)
- properties under development	(293,625)	(231,311)
	<hr/>	<hr/>
	1,116,494	868,578
	<hr/>	<hr/>

5. PROFIT BEFORE TAX

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

	2022 RMB'000	2021 RMB'000
Cost of properties sold	7,419,576	10,200,301
Depreciation of property, plant and equipment	25,572	27,725
Less: Amounts capitalised in property development projects	<u>(2,011)</u>	<u>(301)</u>
	<u>23,561</u>	<u>27,424</u>
Depreciation of right-of-use assets	176,868	193,553
Less: Amounts capitalised in property development projects	<u>(160,511)</u>	<u>(162,114)</u>
	<u>16,357</u>	<u>31,439</u>
Amortisation of intangible assets*	8,228	8,228
Outgoings (including repairs and maintenance) arising on rental-earning investment properties	71,199	64,298
Net gains on disposal of items of property, plant and equipment	(43)	(70)
Gains on lease termination	-	(2,835)
Net gain on disposal of investment properties	-	(42,493)
Net gains on disposal/deemed disposal of subsidiaries (<i>Note 13</i>)	(20,617)	(123,904)
Net gains on disposal/deemed disposal of joint ventures	(34,043)	(7,823)
Changes in fair values of investment properties	(1,436,986)	(1,464,248)
Changes in fair values of investment properties - right-of-use assets**	164,553	78,696
Fair value gain on properties held for sale transferred to investment properties	-	(10,798)
Changes in fair values of financial assets at fair value	(40,847)	(165,319)
Gains on bargain purchase (<i>Note 11</i>)	(4,061)	(1,157,931)
Remeasurement gains on interests previously held in joint ventures	(240,345)	-
Impairment of receivables, net	54,351	54,129
Impairment of properties	598,125	-
Lease payments not included in the measurement of lease liabilities	427	208
Employee benefit expenses (including directors' emoluments):		
Wages and salaries	1,036,916	1,192,643
Pension schemes contributions	<u>64,922</u>	<u>51,719</u>
Total employee benefit expenses	<u>1,101,838</u>	<u>1,244,362</u>
Auditor's remuneration	5,852	5,193
Foreign exchange differences, net	<u>9,737</u>	<u>45,723</u>

* *The amortisation of intangible assets is included in "Direct operating expenses" in the consolidated statement of profit or loss.*

** *The changes in fair values of investment properties – right-of-use assets is included in "Cost" in the consolidated statement of profit or loss.*

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2021: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the year at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision for land appreciation tax (“LAT”) has been estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The amount of tax charge in the consolidated statement of profit or loss represents:

	2022	2021
	RMB'000	RMB'000
Income tax in Hong Kong	-	-
Corporate income tax in Mainland China		
- Charge for the year	360,273	987,479
- Underprovision in prior years	3,494	666
LAT in Mainland China	545,071	618,448
Deferred	223,666	(212,070)
	1,132,504	1,394,523

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of 16,600,544,443 (2021: 16,552,827,457) in issue during the year.

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	2022	2021
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	2,310,630	4,014,231
	2,310,630	4,014,231
	No. of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	16,600,544,443	16,552,827,457
Effect of dilution – weighted average number of ordinary shares:		
Share options	16,733,188	81,464,030
	16,617,277,631	16,634,291,487

8. DIVIDENDS

	2022	2021
	RMB'000	RMB'000
Proposed final dividend – RMB0.007 (2021: RMB0.06) per ordinary share	116,268	995,211

At the Board meeting held on 28 March 2023, the Board resolved to recommend the payment of a final dividend of RMB0.007 per share for the year ended 31 December 2022. The proposed final dividend is not reflected as dividend payable in the consolidated financial statements until it is approved by the shareholders at the forthcoming annual general meeting of the Company.

9. TRADE RECEIVABLES

	2022	2021
	RMB'000	RMB'000
Trade receivables	40,256	36,022

Trade receivables represent rental and property management fee receivables. Rental and property management fee receivables are billed in advance and are payable by tenants/residents upon receipts of billings within an average credit term of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

An aging analysis of the trade receivables as at the reporting date, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	RMB'000
Within 1 month	23,459	31,176
1 to 3 months	13,052	4,183
Over 3 months	3,745	663
	40,256	36,022

10. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	RMB'000
Trade and bills payables	4,479,705	4,567,428

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

	2022	2021
	RMB'000	RMB'000
Within 1 month	2,359,438	2,799,293
1 to 3 months	648,211	670,617
Over 3 months	1,472,056	1,097,518
	4,479,705	4,567,428

Trade and bills payables are non-interest-bearing and are normally settled within an average term of one month.

11. BUSINESS COMBINATION

During the year, the Group and two joint venture partners agreed to amend the Articles and Association of a joint venture, 徐州威發企業管理諮詢有限公司 (Xuzhou Weifa Corporation Management Consultation Company Limited*) ("Weifa"), in which the Group and the two joint venture partners hold 49.25%, 49% and 1.75% interests respectively. Weifa has a non-wholly-owned subsidiary 徐州威盛房地產開發有限公司 (Xuzhou Weisheng Property Development Company Limited*). Weifa and its subsidiary ("Weifa Group") is engaged in property development in Mainland China. The Group obtained control over Weifa after the amendment of the Articles of Association. The change was accounted for as business combination.

During the year, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a joint venture partner of the Group to acquire a 72% equity interest in a joint venture, 武漢金悅鑫漢和置業有限公司 (Wuhan Jinyue Xinhanhe Real Estate Company Limited*) ("Jinyue") at a cash consideration of RMB27,200,000. Jinyue is engaged in property development in Mainland China. After the acquisition, the Group has control over Jinyue. The acquisition was accounted for as business combination.

In prior year, the Group and a joint venture partner agreed to amend the Articles and Association of a joint venture, 杭州龍合實業有限公司 (Hangzhou Longhe Real Estate Company Limited*) ("Longhe"), in which the Group and the joint venture partner held 60% and 40% interests respectively. Longhe is engaged in property development in Mainland China. The Group obtained control over Longhe after the amendment of the Articles and Association. The change was accounted for as business combination.

In prior year, a wholly-owned subsidiary of the Company acquired a 94.475% equity interest in a subsidiary of a joint venture of the Group, 太原穎沅房地產開發有限公司 (Taiyuan Yingyuan Property Development Company Limited*) ("Yingyuan"), by capital injection of RMB188,950,000 in Yingyuan. Yingyuan is engaged in property development in Mainland China. The acquisition was accounted for as business combination.

In prior year, the Group and two joint venture partners agreed to amend the Articles and Association of a joint venture, 青島安培投資開發有限公司 (Qingdao Anpei Investment and Development Company Limited*) ("Anpei"), in which the Group and the joint venture partners hold 43.59% and 56.41% interests respectively. Anpei has a wholly-owned subsidiary, 青島安海投資開發有限公司 (Qingdao Anhai Investment and Development Company Limited*). Anpei and its subsidiary ("Anpei Group") is engaged in property development in Mainland China. The Group obtained control over Anpei after the amendment of the Articles and Association. The change was accounted for as business combination.

In prior year, a wholly-owned subsidiary of the Company acquired a 95% equity interest in a subsidiary of a joint venture of the Group, 武漢威子博房地產開發有限公司 (Wuhan Weizibo Property Development Company Limited*) ("Weizibo"), by capital injection of RMB19,000,000 in Weizibo. Weizibo is engaged in property development in Mainland China. The acquisition was accounted for as business combination.

** For identification purpose only*

The fair values of the identifiable assets and liabilities of the acquired companies as at the dates of acquisitions are as follows:

	2022			2021		
	Weifa Group RMB'000	Jinyue RMB'000	Longhe RMB'000	Yingyuan RMB'000	Anpei Group RMB'000	Weizibo RMB'000
Property, plant and equipment	88	4	96	2,203	321	188
Investment properties	112,098	-	-	-	-	-
Properties held for sale	-	1,245,174	2,876,109	-	-	3,111,625
Properties under development	2,938,880	-	-	2,147,252	1,837,900	-
Prepayments, deposits and other receivables	651,557	79,945	115,225	1,201,568	104,073	934,371
Due from shareholders	73,933	-	-	-	1,108,807	-
Prepaid taxes	44,786	37,112	89,404	122,913	108,370	-
Bank balances	31,510	2,060	50,259	26,620	269,128	609,678
Trade payables	-	-	(133,090)	-	-	-
Advanced receipts, accruals and other payables	(3,418,097)	(177,991)	(2,912,986)	(3,005,935)	(2,386,620)	(3,583,770)
Loans from shareholders	-	(814,640)	-	-	-	-
Due to shareholders	(35,269)	(320,851)	-	-	-	-
Tax payables	-	-	-	-	-	(151,295)
Deferred tax liabilities	(103,051)	(7,395)	(21,547)	(114,713)	(45,687)	(182,324)
Total identifiable net assets at fair value	296,435	43,418	63,470	379,908	996,292	738,473
Capital contribution	-	-	-	188,950	-	19,000
Non-controlling interests	(150,441)	(1,216)	(25,388)	(31,429)	(561,970)	(37,874)
Transferred from investment in joint ventures	145,994	42,202	38,082	537,429	434,322	719,599
Capital contribution	(145,994)	(10,941)	-	-	(363,551)	-
Capital contribution	-	-	-	(188,950)	-	(19,000)
Gains on bargain purchase	-	(4,061)	(38,082)	(348,479)	(70,771)	(700,599)
Total consideration	-	27,200	-	-	-	-
Satisfied by:						
Cash	-	27,200	-	-	-	-

The fair values and gross contractual amounts of deposits and other receivables of Weifa Group as at the date of acquisition amounted to RMB511,191,000. No receivables are expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Jinyue as at the date of acquisition amounted to RMB27,370,000. No receivables are expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Longhe as at the date of acquisition amounted to RMB24,338,000. No receivables are expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Yingyuan as at the date of acquisition amounted to RMB1,040,734,000. No receivables was expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Anpei Group as at the date of acquisition amounted to RMB5,800,000. No receivables was expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Weizibo as at the date of acquisition amounted to RMB702,819,000. No receivables was expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	2022			2021		
	Weifa Group RMB'000	Jinyue RMB'000	Longhe RMB'000	Yingyuan RMB'000	Anpei Group RMB'000	Weizibo RMB'000
Cash consideration	-	(27,200)	-	-	-	-
Bank balances acquired	31,510	2,060	50,259	26,620	269,128	609,678
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	31,510	(25,140)	50,259	26,620	269,128	609,678

Since the acquisition, Weifa Group contributed RMB1,864,901,000 to the Group's revenue and RMB344,935,000 to the consolidated profit for the year ended 31 December 2022. Had the combination taken place at the beginning of the year, the revenue and the consolidated profit of the Group for the year would have been RMB10,302,492,000 and RMB2,341,529,000 respectively.

Since the acquisition, Jinyue contributed RMB106,591,000 to the Group's revenue and loss of RMB15,346,000 to the consolidated profit for the year ended 31 December 2022. Had the combination taken place at the beginning of the year, the revenue and the consolidated profit of the Group for the year would have been RMB10,478,489,000 and RMB2,440,412,000 respectively.

Since the acquisition, Longhe contributed RMB2,656,655,000 to the Group's revenue and RMB190,242,000 to the consolidated profit for the year ended 31 December 2021. Had the combination taken place at the beginning of the prior year, the revenue and the consolidated profit of the Group for the prior year would have been RMB14,369,380,000 and RMB4,342,270,000 respectively.

Since the acquisition, Yingyuan contributed RMB1,886,670,000 to the Group's revenue and RMB372,907,000 to the consolidated profit for the year ended 31 December 2021. Had the combination taken place at the beginning of the prior year, the revenue and the consolidated profit of the Group for the prior year would have been RMB14,184,795,000 and RMB4,317,121,000 respectively.

Since the acquisition, Anpei Group contributed RMB1,567,577,000 to the Group's revenue and RMB147,345,000 to the consolidated profit for the year ended 31 December 2021. Had the combination taken place at the beginning of the prior year, the revenue and the consolidated profit of the Group for the prior year would have been RMB14,185,102,000 and RMB4,316,298,000 respectively.

Since the acquisition, Weizibo contributed RMB3,147,017,000 to the Group's revenue and RMB693,200,000 to the consolidated profit for the year ended 31 December 2021. Had the combination taken place at the beginning of the prior year, the revenue and the consolidated profit of the Group for the prior year would have been RMB14,741,548,000 and RMB4,406,508,000 respectively.

12. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

In current year, a subsidiary of the Company entered into a sale and purchase agreement with a joint venture partner of the Group to acquire a 50% equity interest in a joint venture, 成都瀚想置業有限公司 (Chengdu Hanxiang Real Estate Company Limited*) ("Hanxiang"), in which the Group and the joint venture partner each hold 50% equity interest, at a cash consideration of RMB7,989,000. Hanxiang is engaged in property development in Mainland China. The Group has control over Hanxiang after completion of the acquisition.

In current year, the Group and a joint venture partner agreed to amend the Articles and Association of a joint venture, 南京金拓房地產開發有限公司 (Nanjing Jintuo Property Development Company Limited*) ("Jintuo") in which the Group and the joint venture partner hold 51% and 49% interests respectively. Jintuo is engaged in property development in Mainland China. The Group obtained control over Jintuo after the amendment of the Articles of Association.

In current year, the Group and a joint venture partner agreed to amend the Articles and Association of a joint venture, 徐州鴻迪房地產開發有限公司 (Xuzhou Hongdi Property Development Company Limited*) ("Hongdi"), in which the Group and the joint venture partner hold 35% and 65% interests respectively. Hongdi is engaged in property development in Mainland China. The Group obtained control over Hongdi after the amendment of the Articles of Association.

In prior year, a wholly-owned subsidiary of the Company acquired 96% equity interest in 深圳市和正灩城投資發展有限公司 (Shenzhen Hezheng Lancheng Investment Development Company Limited*) ("Hezheng Lancheng") from an independent third party at a cash consideration of RMB4,800,000. Hezheng Lancheng has a wholly-owned subsidiary 深圳市華厚投資發展有限公司 (Shenzhen Huahou Investment and Development Company Limited*). Hezheng Lancheng and its subsidiary ("Hezheng Lancheng Group") are engaged in property development in Mainland China.

The above transactions were accounted for as acquisition of assets rather than business combination because the acquired subsidiaries had not carried out any significant business transactions prior to the dates of acquisitions. The net (outflow) /inflow of cash and cash equivalents from the acquisitions have been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

** For identification purpose only*

The net assets acquired in the above acquisitions are as follows:

	2022			2021
	Hanxiang	Jintuo	Hongdi	Hezheng Lancheng Group
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	-	-	52	7
Deferred tax assets	-	-	16,060	-
Properties held for sale	-	141,815	1,971,782	-
Properties under development	148,027	-	-	406,551
Prepayments, deposits and other receivables	17,441	1,231,247	479,338	13,864
Due from shareholders	-	-	168,000	-
Prepaid taxes	-	1,481	67,793	-
Bank balances	77	245,214	221,249	44
Advanced receipts, accruals and the payables	(4,823)	(162,893)	(2,654,702)	(4)
Loans from shareholders	(92,733)	-	-	(415,462)
Net assets	67,989	1,456,864	269,572	5,000
Non-controlling interests	-	(713,863)	(175,222)	(200)
Transferred from investments in joint ventures	(60,000)	(743,001)	(94,350)	-
Total consideration	7,989	-	-	4,800
Satisfied by:				
Cash	7,989	-	-	-
Other payables	-	-	-	4,800

An analysis of the cash flows in respect of the acquisition of assets through acquisition of subsidiaries is as follows:

	2022			2021
	Hanxiang	Jintuo	Hongdi	Hezheng Lancheng Group
	RMB'000	RMB'000	RMB'000	RMB'000
Cash consideration	(7,989)	-	-	-
Bank balances acquired	77	245,214	221,249	44
Net (outflow)/inflow of cash and cash equivalents	(7,912)	245,214	221,249	44

13. DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES

In current year, the Group entered into an agreement with a joint venture partner. Pursuant to the agreement, the Group disposed of 20% equity interest in a subsidiary of the Company, Gemdale 85 Cleaveland Road, LLC ("85 Cleaveland"), to the joint venture partner at a consideration of US\$3,800,000 (equivalent to RMB25,311,000). 85 Cleaveland is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over 85 Cleaveland after completion of the transaction. The Group has lost control over 85 Cleaveland after the completion of the disposal and the remaining equity investment in 85 Cleaveland was accounted for as an investment in a joint venture.

In current year, the Group entered into an agreement with a joint venture partner. Pursuant to the agreement, the Group disposed of 20% equity in a subsidiary of the Company, Philomena Street Investor, LLC ("Philomena"), to the joint venture partner at a consideration of US\$3,350,000 (equivalent to RMB23,784,000). Philomena is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over Philomena after completion of the transaction. The Group has lost control over Philomena after completion of the disposal. The remaining equity investment in Philomena was accounted for as an investment in a joint venture.

In prior year, the Group entered into an agreement with a joint venture partner. Pursuant to the agreement, the joint venture partner agreed to participate in capital injection in a non-wholly-owned subsidiary of the Company, 222 Dexter Ave North, LLC ("222 Dexter"). The equity interest held by the Group was reduced to 92.73% accordingly. 222 Dexter is engaged in property development. The Group and the joint venture partner agreed to exercise joint control over 222 Dexter after completion of the transaction. The Group has lost control over 222 Dexter and the equity investment in 222 Dexter was accounted for as an investment in a joint venture.

In prior year, the Group disposed of its 100% equity interest in a wholly-owned subsidiary, 深圳新誠天建築工程有限公司 (Shenzhen Xinchengtian Construction Co., Ltd.*) ("Xinchengtian"), and its subsidiaries ("Xinchengtian Group") to a fellow subsidiary of the Group for a cash consideration of RMB13,350,000. Xinchengtian Group was engaged in fitting-out services.

** For identification purpose only*

Details of the net assets disposed of are as follows:

	2022		2021	
	85 Cleaveland RMB'000	Philomena RMB'000	222 Dexter RMB'000	Xinchengtian Group RMB'000
Property, plant and equipment	-	-	-	30,223
Right-of-use assets	-	-	-	48,695
Deferred tax assets	-	-	-	73,163
Investments in joint ventures	-	-	-	250
Properties under development	90,913	221,244	199,384	-
Due from fellow subsidiaries	-	-	-	100,687
Trade receivables	-	-	-	73,109
Prepayments, deposits and other receivables	-	-	-	60,945
Bank balances	4,744	646	123,509	29,184
Trade and bills payables	-	(15,975)	-	(153,093)
Lease liabilities	-	-	-	(50,980)
Advanced receipts, accruals, and other payables	-	-	(3,036)	(160,752)
Interest-bearing bank and other borrowings	-	(74,197)	(19,456)	-
Loans from the ultimate holding company	-	-	-	(150,442)
Due to fellow subsidiaries	-	-	-	(9)
Net assets/(liabilities)	95,657	131,718	300,401	(99,020)
Non-controlling interests	(3,022)	(1,129)	(7,639)	-
	92,635	130,589	292,762	(99,020)
Fair value of investments retained as investments in joint ventures upon disposal/deemed disposal	(92,765)	(101,981)	(291,456)	-
Gain/(loss) on disposal/deemed disposal of subsidiaries	25,441	(4,824)	11,534	112,370
Total consideration	25,311	23,784	12,840	13,350
Satisfied by:				
Cash	25,311	23,784	12,840	-
Due from a fellow subsidiary	-	-	-	13,350

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal and deemed of subsidiaries is as follows:

	2022		2021	
	85 Cleaveland RMB'000	Philomena RMB'000	222 Dexter RMB'000	Xinchengtian Group RMB'000
Cash consideration	25,311	23,784	12,840	-
Bank balances disposed of	(4,744)	(646)	(123,509)	(29,184)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal and deemed disposal of subsidiaries	20,567	23,138	(110,669)	(29,184)

14. COMPARATIVE AMOUNTS

Comparative amounts of certain operating segment information have been re-presented in order to better reflect the financial performance of the Group.

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2022 were consistent with those used in the last financial year ended 31 December 2021, except that the Group has applied, for the first time, the revised Hong Kong Financial Reporting Standards (“HKFRSs”, which included all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute Certified Public Accountants which are effective for the Group’s financial year beginning on or after 1 January 2022.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The revenue of the Group for the year ended 31 December 2022 decreased to RMB10,302.5 million from RMB14,184.8 million for the year ended 31 December 2021. The decrease was primarily due to the reduction in revenue recognised from sales of properties by RMB3,315.0 million.

Other income and gains decreased to RMB1,122.6 million for the year ended 31 December 2022 from RMB2,402.8 million for the year ended 31 December 2021. The decrease was mainly due to reduction in gains on bargain purchase arising from acquisition of subsidiaries during the year.

As the leasing business of investment properties such as Shenzhen Business Park was operated better than expected, a fair value gain of investment properties of RMB1,437.0 million was reported for the year ended in 31 December 2022, against RMB1,464.2 million for the year ended 31 December 2021. Furthermore, the Group’s financial assets at fair value recorded a fair value gain of RMB40.8 million for the year ended in 31 December 2022, against fair value gain of RMB165.3 million for the year ended 31 December 2021.

The Group’s direct operating expenses for the year ended 31 December 2022 decreased to RMB1,693.6 million from RMB2,032.6 million for the year ended 31 December 2021. In the end of last year, the Group disposed of a wholly-owned subsidiary which is engaged in fitting-out works business. Expenses of RMB216.5 million incurred by that subsidiary was included in the direct operating expenses for the year ended 31 December 2021. In addition, the Group strictly control various expenditure such as marketing expenses to cope with the market downturn, resulting in the reduction in direct operating expenses.

The finance costs went up to RMB1,116.5 million for the year ended 31 December 2022 from RMB868.6 million for the year ended 31 December 2021, increased by RMB247.9 million. It is mainly due to the payments of remaining land premiums for the projects acquired in previous years and acquisitions of partners’ interests, resulting in an increase in the loan balance in the year.

Due to the unfavourable changes in the real estate market of the Mainland China, the Group made an aggregate impairment loss of RMB598.1 million for the properties of its certain subsidiaries during the year.

Share of results of joint ventures and associates of the Group reported an aggregate profit of RMB2,157.5 million for the year ended 31 December 2022, against RMB1,881.2 million for the year ended 31 December 2021, representing increase of RMB276.3 million. The increase was due to increase in sales revenue recognition from property development of joint ventures and associates in Beijing, Chengdu, Nanjing, Wuhan and Kunming.

Overall, the Group’s profit attributable to owners of the Company decreased from RMB4,014.2 million for the year ended 31 December 2021 to RMB2,310.6 million for the year ended 31 December 2022. The decrease was mainly due to decrease in property sales recognition and the provision of impairment for property development projects of certain subsidiaries.

The Group recorded basic earnings per share of RMB0.1392 for the year ended 31 December 2022, against basic earnings per share of RMB0.2425 for the year ended 31 December 2021, representing a decrease of 43%. The diluted earnings per share for the current year and prior year were RMB0.1390 and RMB0.2413 respectively.

BUSINESS SEGMENTS

Property development

For the year ended 31 December 2022, the revenue of property development segment decreased to RMB8,907.1 million, representing 86% of the total revenue, compared with RMB13,019.7 million, representing 92% of the total revenue for the year ended 31 December 2021. The decrease in the segment revenue was primarily due to decrease in the areas delivery of the sales properties. Further, revenue of RMB797.6 million from fitting-out work business was included in the last year, while no revenue from such business was recorded in the current year as the fitting-out work business was disposed of in the end of last year. The segment result for the current year reported a profit of RMB2,314.0 million, against RMB4,076.8 million for the last year, decreased by RMB1,762.8 million. The decrease in segment result was mainly due to decrease in sales recognition and the provision of impairment for property development projects of certain subsidiaries in the year.

Property investment and management

The revenue earned by the property investment and management segment for the year ended 31 December 2022 increased from RMB868.6 million, representing 6% of the total revenue for the year ended 31 December 2021, to RMB1,128.6 million, representing 11% of the total revenue. Shenzhen Business Park Phase III was commenced operation at the beginning of this year with an occupancy rate of about 80% at the end of the year, and contributed RMB271.6 million to the segment revenue for the current year. The segment results for the year ended 31 December 2022 reported a profit of RMB2,151.4 million, against a profit of RMB2,202.4 million for the year ended 31 December 2021, a decrease of RMB51.0 million. The performance of shopping centres held by certain joint ventures of the Group was adversely affected by the COVID-19 and the implementation of related prevention and control measures. Followed by the withdrawal of the prevention and control measures by the end of this year, it is expected that the performance of those shopping centres will be recovered gradually.

Microfinance

During the current year, the revenue earned by the microfinance segment decreased from RMB296.5 million, representing 2% of the total revenue for the year ended 31 December 2021, to RMB266.7 million, representing 3% of the total revenue for the year ended 31 December 2022. The microfinance segment recorded a profit of RMB144.4 million during the current year, compared with the segment profit of RMB195.7 million for the last year. Due to macroeconomic downturn, the loan scale of microfinance segment of this year was reduced, resulting in a decrease in interest income and net profit.

SHAREHOLDERS' EQUITY

The Group's total shareholders' equity increased from RMB21,739.1 million as at 31 December 2021 to RMB22,395.0 million as at 31 December 2022. The increase was contributed by profit attributable to owners of the Company for the current year of RMB2,310.6 million which was partially offset by the final dividend of RMB996.6 million declared for the year ended 31 December 2021.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances decreased by 31% to RMB6,053.2 million as at 31 December 2022 from RMB8,771.9 million as at 31 December 2021. The decrease was mainly due to payments of property development costs, the remaining land premiums for the projects acquired in previous years, final dividend and, investments/advances to joint ventures and associates.

Borrowings

During the year, the Group has arranged several bank borrowings amounting to RMB4,882.9 million of which RMB2,430.0 million are secured and expired within 8 years to 15 years. Meanwhile, the Group has also repaid bank and other borrowings amounting to RMB4,415.9 million. As at 31 December 2022, total bank and other borrowings of the Group amounted to RMB5,998.2 million with interest rates ranging from 3.8% to 6.6% per annum.

The net debt (measured by total borrowings minus cash and bank deposits (including restricted cash) increased by RMB4,188.9 million to RMB17,516.8 million as at 31 December 2022 from RMB13,327.9 million as at 31 December 2021. The increase of net debt was mainly due to cash applied to development cost and the remaining land premiums of PRC projects, dividend payment and investments/advances to joint ventures and associates. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 65% as at 31 December 2022, from 54% as at 31 December 2021. The Group's "three red lines" (net debt ratio, asset to liability ratio (excluding contract liabilities) and cash to short-term borrowings ratio) are all at the "green light" level, providing adequate margin of safety for the stable and sound operations in future.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2022 and 31 December 2021 are summarised as below:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Short-term and long-term bank and other borrowings:		
Within the first year or on demand	3,203,482	4,902,939
In the second year	594,845	30,825
In the third to fifth years, inclusive	891,574	111,073
Over five years	1,308,323	142,489
	<hr/> 5,998,224 <hr/>	<hr/> 5,187,326 <hr/>
Loans from related parties:		
Within the first year or on demand	-	-
In second year	3,617,591	17,269,240
In the third to fifth years, inclusive	14,748,247	497,305
	<hr/> 18,365,838 <hr/>	<hr/> 17,766,545 <hr/>
Total borrowings	<hr/> 24,364,062 <hr/>	<hr/> 22,953,871 <hr/>

FINANCIAL MANAGEMENT

Foreign exchange risk

As at 31 December 2022, borrowings were denominated in United States dollar ("US\$"), Renminbi ("RMB") and Hong Kong dollars ("HK\$"). The Group mainly operates in the Mainland China and most of the transactions, assets and liabilities are denominated in RMB, thus the Group is exposed to foreign currency risk. Moderate fluctuation of RMB against HK\$ and US\$ was expected, the Group considered the foreign currency risk exposure is acceptable. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2022 and 31 December 2021 are summarised below:

	31 December 2022 RMB'000	31 December 2021 RMB'000
HK\$	1,443,633	2,918,258
RMB	13,101,537	12,601,034
US\$	9,818,892	7,434,579
	<hr/> 24,364,062 <hr/>	<hr/> 22,953,871 <hr/>
Total	<hr/> 24,364,062 <hr/>	<hr/> 22,953,871 <hr/>

Interest rate risk

As at 31 December 2022, 66% of borrowings of the Group were on a floating rate basis (31 December 2021: 65%). However, the interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risk.

PLEDGE OF ASSETS

At 31 December 2022, investment properties of the Group with an aggregate carrying value of RMB1,665,680,000 (31 December 2021: Nil) was pledged to secure bank borrowings granted to the Group.

CONTINGENT LIABILITIES

- (a) As at 31 December 2022, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates or completion of mortgage registration. As at 31 December 2022, the Group's outstanding guarantees in connection with the arrangement amounted to RMB4,199,480,000 (31 December 2021: RMB3,263,233,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the year ended 31 December 2022 (31 December 2021: Nil) for these guarantees.

- (b) At the end of the reporting period, the Group provided an aggregate maximum guarantees of US\$152,376,000 (equivalent to RMB1,061,240,000) (31 December 2021: US\$103,500,000 (equivalent to RMB659,885,000)) to financial institutions for facilities granted to joint ventures of the Group. As at 31 December 2022, the facilities guaranteed by the Group to the joint ventures were utilised to the extent of approximately RMB933,272,000 (31 December 2021: RMB659,885,000).

REVIEW OF OPERATIONS

Land Bank

Our management believes that a sizable and quality land bank is the key for a property developer to succeed in a competitive property market in the PRC. Our core competitive edge includes good timing for land acquisition at competitive pricing as well as professional projects cashflow management.

As at 31 December 2022, the Group's land bank totalled 19.34 million square meters. Under the Group's land bank, there were approximately 20% were located in the four first-tier cities, which were Beijing, Shanghai, Guangzhou and Shenzhen; 59% were located in the second-tier cities, including Nanjing, Suzhou, Hangzhou, Qingdao, Wuhan, Changsha, Chengdu, Xuzhou, Nanchang, Kunming, Jinan, Tianjin, etc.; and the remaining 21% were located in the third-tier and other cities.

Land acquisitions in 2022

During 2022, the Group acquired 5 land projects in the PRC, with total planned GFA of approximately 377,000 square meters. The attributable consideration paid by the Group amounted to approximately RMB957 million and the average land acquisition cost of which was approximately RMB3,400 per square meter.

Segment Information

Properties sales and development

As the overall sales of property in the PRC slowdown rapidly, the Group achieved an aggregated contracted sales of RMB61,773 million in 2022, with a total contracted sales area of 2,967,200 square meters, both fell by about 21% compared to 2021, and the average selling price was approximately RMB20,800 per square meter in 2022, representing a slightly drop of 0.5% compared to 2021.

Commercial properties and business parks

As at 31 December 2022, the occupancy rate of Phases 1 and 2 of Vision Shenzhen Business Park in Nanshan District, Shenzhen reached 95%. Meanwhile, the occupancy rate of Phase 3 of Vision Shenzhen Business Park, which commenced operation this year, was approximately 80%. The enterprises settled in Phase 1, 2 and 3 of Vision Shenzhen Business Park include large listed companies such as Intel, Nvidia, BASF, Tencent and Flextronics. The occupancy rate of other commercial projects of which Nanjing Yuhua Innovation Centre, Nanjing Hexi Gemdale Plaza, Shanghai Minxing Science and Technology Park, Shanghai Jiading Zhizaoyuan, Chengdu Kelu, etc., has reached over 90%.

The major commercial projects that will commence operation in 2023 include 8 commercial/office projects situated at Beijing, Shanghai, Suzhou, Hangzhou and Nanchang, with a GFA of about 400,000 square meters.

As at 31 December 2022, the Group, including associates and joint ventures, held commercial projects in operation with a total GFA of approximately 920,000 square meters. For the year ended 31 December 2022, a total revenue from rental and related services recorded from commercial projects was approximately RMB1,017 million, representing a year-on-year increase of approximately 50%.

Meanwhile, the Group, including associates and joint ventures, held industrial park projects with a total GFA of approximately 2,270,000 square meters, of which 1,380,000 square meters were held in operation. For the year ended 31 December 2022, a total revenue from rental and related services recorded from industrial park sector was approximately RMB670 million, representing a year-on-year increase of approximately 42%.

During the year, benefited from the increase in the rental rate and more new commercial projects commencing business, the Group recorded a total revenue from rental and related services of approximately RMB1,687 million from commercial and industrial park projects for the year ended 31 December 2022, representing an increase of 47% compared to the corresponding period in 2021.

OUTLOOK

Looking forward to 2023, China's economy should record a substantial boost and demand for housing should resume. We are optimistic that the real estate market has bottomed out in the second half of 2022 and it should rebound at a gradual pace in 2023. As one of the most well-managed real estate enterprises with good financial discipline, the Group should be able to seize the opportunities of resumed demand in real estate market and deliver satisfactory operating results to our shareholders in 2023.

CORPORATE GOVERNANCE

The Company has taken steps to adopt the principles and comply with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board has reviewed periodically the compliance of the CG Code and is of the view that throughout the year ended 31 December 2022, the Company has complied with all the applicable code provisions of the CG Code, except for the following deviations:

1. Under the code provision C.1.6, generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the outbreak of COVID-19 pandemic in the community, Mr. Loh Lian Huat, Ms. Zhang Feiyun and Mr. Xia Xinping were not able to come to Hong Kong to attend the annual general meeting of the Company on 25 May 2022.
2. Under the code provision F.2.2, the chairman of the board should attend the annual general meeting. Due to the outbreak of COVID-19 pandemic in the community, Mr. Huang Juncan, the chairman of the board, was not able to come to Hong Kong to attend the annual general meeting of the Company on 25 May 2022.
3. Under the code provision C.5.1, board meetings should be held at least four times a year at approximately quarterly intervals. During the year, only two regular board meetings were held to review and approve the annual and interim results of the Company. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary. Management supplied adequate and timely information to the board and the directors can make further enquiries to the senior management from time to time to ensure that they are provided with sufficient information to fulfill their directors' duties.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors had complied with the required standards set out in the Model Code throughout the year. The Model Code also applies to other specified senior management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had approximately 3,300 (2021: 3,900) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the Group’s performance as well as the individual’s performance. Other employee benefits include mandatory provident fund, housing provident fund, insurance and medical cover insurance, subsidised educational and training programmes as well as employee share option schemes.

The emoluments of the Directors are determined by the Remuneration Committee and the Board with reference to the Directors’ duties and responsibilities as well as the Company’s remuneration policy.

SHARE OPTION SCHEMES

A share option scheme was adopted by the Company on 20 May 2003 (the “Share Option Scheme 2003”) which expired on 20 May 2013 and another share option scheme was adopted by the Company on 15 May 2013 (the “Share Option Scheme 2013”) for the purpose of continuing to give incentive to, rewarding, remunerating, compensating and/or providing benefits to the Qualifying Grantees (as defined in the Share Option Scheme 2013) of the Company. Any share options which were granted under the Share Option Scheme 2003 prior to its expiry shall continue to be valid and exercisable in accordance with the terms as set out therein.

During the year, the subscription rights attaching to 15,130,000 and 7,700,000 share options were exercised at an exercise price of HK\$0.55 and HK\$0.44 per share, respectively. They involved the issuance of a total of 22,830,000 new ordinary shares of the Company at a nominal value of HK\$0.1 each for a total cash consideration, before expenses, of HK\$11,709,500. The proceeds from these exercises of share options would be applied for general working capital of the Group.

As at the date of this announcement, the total number of shares which may be issued upon exercise of all share options granted and yet to be exercised under the Share Option Scheme 2013 amounted to 183,587,000. There were no outstanding share options granted and yet to be exercised under the Share Option Scheme 2003.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company and Ernst & Young, the Company's auditor, the accounting principles and practices adopted by the Group and has discussed auditing, risk management and internal control as well as financial reporting matters, including the review of the annual results and annual report of the Company for the year ended 31 December 2022.

SCOPE OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this announcement.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of RMB0.007 (2021: RMB0.06, equivalent to HK\$0.0703 per share) per share for the year ended 31 December 2022, subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.gemdalepi.com). The 2022 annual report and the notice of the 2023 AGM, together with the relevant closure of register of members of the Company, will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun; two non-executive Directors, namely Mr. Loh Lian Huat and Ms. Zhang Feiyun and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Xia Xinping.