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## 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 2023

#### FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023	2022	Change
	RMB'000	RMB'000	%
Revenue	<b>17,452,374</b>	10,302,492	+ 69
Gross profit	<b>3,612,905</b>	2,336,689	+ 55
Other income and gains	<b>1,604,120</b>	1,122,608	+ 43
Share of results of joint ventures and associates	<b>(356,313)</b>	2,159,676	N/A
Profit after tax	<b>832,752</b>	2,366,764	— 65
Profit attributable to owners of the Company	<b>342,718</b>	2,323,906	— 85
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	<b>0.0206</b>	0.1400	— 85
- Diluted (RMB)	<b>0.0206</b>	0.1398	— 85
	<b>31 December</b>	31 December	
	<b>2023</b>	2022	Change
	<b>RMB'000</b>	RMB'000	%
		(Restated)	
Deposits, bank and cash balances (including restricted cash)	<b>5,161,269</b>	6,847,242	— 25
Total assets	<b>91,098,407</b>	86,034,492	+ 6
Net assets	<b>26,348,402</b>	27,021,642	— 2

#### 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 2023 together with the relevant comparative figures.

\* For identification purpose only

## Consolidated Statement of Profit or Loss

Year ended 31 December 2023

		2023 RMB'000	2022 RMB'000 (Restated)
	<i>Notes</i>		
Revenue	3	<b>17,452,374</b>	10,302,492
Cost		<b>(13,839,469)</b>	(7,965,803)
Gross profit		<b>3,612,905</b>	2,336,689
Direct operating expenses		<b>(1,479,764)</b>	(1,639,287)
Other income and gains	3	<b>1,604,120</b>	1,122,608
Changes in fair values of investment properties		<b>611,420</b>	1,436,986
Changes in fair values of financial assets at fair value		<b>(879)</b>	40,847
Administrative expenses		<b>(127,599)</b>	(200,381)
Impairment losses of receivables	5	<b>(325,856)</b>	(54,351)
Impairment losses of inventory of properties		<b>(407,558)</b>	(598,125)
Finance costs	4	<b>(1,345,442)</b>	(1,116,494)
Share of profits and losses of:			
Joint ventures		<b>(125,750)</b>	1,602,725
Associates		<b>(230,563)</b>	556,951
Profit before tax	6	<b>1,785,034</b>	3,488,168
Tax	7	<b>(952,282)</b>	(1,121,404)
Profit for the year		<b>832,752</b>	2,366,764
Attributable to:			
Owners of the Company		<b>342,718</b>	2,323,906
Non-controlling interests		<b>490,034</b>	42,858
		<b>832,752</b>	2,366,764
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	8	<b>0.0206</b>	0.1400
- Diluted (RMB)	8	<b>0.0206</b>	0.1398

## Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000 (Restated)
Profit for the year	<u>832,752</u>	<u>2,366,764</u>
Other comprehensive income/(loss)		
- Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(208,250)	(1,313,881)
Share of exchange differences on translation of foreign operations of joint ventures and associates	49,026	257,728
Release upon deregistration of subsidiaries	<u>12</u>	<u>-</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(159,212)</u>	<u>(1,056,153)</u>
- Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of financial statements	<u>90,482</u>	<u>573,666</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>90,482</u>	<u>573,666</u>
Other comprehensive loss for the year, net of tax	<u>(68,730)</u>	<u>(482,487)</u>
Total comprehensive income for the year	<u><u>764,022</u></u>	<u><u>1,884,277</u></u>
Attributable to:		
Owners of the Company	274,325	1,835,131
Non-controlling interests	<u>489,697</u>	<u>49,146</u>
	<u><u>764,022</u></u>	<u><u>1,884,277</u></u>

## Consolidated Statement of Financial Position

31 December 2023

	<b>31 December 2023</b>	31 December 2022	1 January 2022
	<b>RMB'000</b>	RMB'000	RMB'000
		(Restated)	(Restated)
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>135,413</b>	83,657	61,803
Investment properties	<b>18,390,578</b>	16,218,372	14,096,568
Intangible assets	-	6,936	15,164
Right-of-use assets	<b>5,517</b>	17,154	21,168
Prepayments, deposits and other receivables	<b>28,778</b>	208,001	582,392
Investments in joint ventures	<b>16,160,837</b>	19,381,319	18,180,067
Investments in associates	<b>6,265,631</b>	6,464,201	4,901,001
Amount due from a related company	<b>1,109,923</b>	1,233,465	-
Financial assets at fair value	<b>1,255,352</b>	1,261,779	1,050,847
Deferred tax assets	<b>1,424,988</b>	1,153,658	1,003,218
<b>Total non-current assets</b>	<b>44,777,017</b>	46,028,542	39,912,228
<b>CURRENT ASSETS</b>			
Properties held for sale	<b>4,427,830</b>	5,097,106	3,511,440
Properties under development	<b>21,503,248</b>	13,413,636	12,090,972
Trade receivables	<b>65,711</b>	40,256	36,022
Prepayments, deposits and other receivables	<b>5,180,250</b>	5,284,025	4,327,845
Amounts due from group companies	<b>36,952</b>	19,259	30,562
Amounts due from joint ventures and associates	<b>5,942,252</b>	5,791,346	5,401,009
Amounts due from non-controlling shareholders	<b>3,179,017</b>	2,877,287	1,599,916
Amount due from a related company	<b>13,031</b>	-	-
Prepaid tax	<b>811,830</b>	635,793	577,207
Restricted cash	<b>2,706,967</b>	794,086	854,063
Deposits, bank and cash balances	<b>2,454,302</b>	6,053,156	8,771,882
<b>Total current assets</b>	<b>46,321,390</b>	40,005,950	37,200,918

## Consolidated Statement of Financial Position (continued)

31 December 2023

		<b>31 December 2023</b>	31 December 2022	1 January 2022
		<b>RMB'000</b>	RMB'000	RMB'000
	<i>Note</i>		(Restated)	(Restated)
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	11	<b>5,830,528</b>	4,479,705	4,567,428
Advanced receipts, accruals and other payables		<b>18,454,655</b>	12,191,951	9,233,526
Interest-bearing bank and other borrowings		<b>1,211,774</b>	3,203,482	4,902,939
Lease liabilities		<b>77,475</b>	99,395	85,949
Amounts due to group companies		<b>2,918,971</b>	2,850,497	566,930
Amounts due to joint ventures and associates		<b>7,974,591</b>	8,176,163	9,841,556
Amounts due to non-controlling shareholders		<b>1,313,365</b>	1,193,949	308,487
Amount due to a related company		-	-	2,984
Tax payable		<b>2,064,340</b>	2,580,838	2,328,564
<b>Total current liabilities</b>		<b>39,845,699</b>	34,775,980	31,838,363
<b>NET CURRENT ASSETS</b>		<b>6,475,691</b>	5,229,970	5,362,555
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>51,252,708</b>	51,258,512	45,274,783
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank and other borrowings		<b>10,240,974</b>	2,794,742	284,387
Lease liabilities		<b>862,391</b>	936,157	920,908
Amounts due to group companies		<b>11,334,286</b>	18,365,838	17,766,545
Deferred tax liabilities		<b>2,466,655</b>	2,140,133	1,678,824
<b>Total non-current liabilities</b>		<b>24,904,306</b>	24,236,870	20,650,664
<b>NET ASSETS</b>		<b>26,348,402</b>	27,021,642	24,624,119
<b>EQUITY</b>				
<b>Equity attributable to owners of the Company</b>				
Issued capital		<b>1,505,164</b>	1,504,813	1,502,930
Reserves		<b>20,979,353</b>	20,937,951	20,270,704
<b>Non-controlling interests</b>		<b>22,484,517</b>	22,442,764	21,773,634
		<b>3,863,885</b>	4,578,878	2,850,485
<b>TOTAL EQUITY</b>		<b>26,348,402</b>	27,021,642	24,624,119

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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

### ***Change in accounting policies***

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with cumulative effect recognised as an adjustment to the balance of retained profits at that date. The quantitative impact on the financial statements is summarised below.

*Impact on the consolidated statements of financial position:*

	<b>Increase</b>		
	<b>As at</b>	As at	As at
	<b>31 December</b>	31 December	1 January
	<b>2023</b>	2022	2022
	<b>RMB'000</b>	RMB'000	RMB'000
<b>Assets</b>			
Investments in joint ventures	<b>22,590</b>	22,955	20,779
Deferred tax assets (Note)	<b>30,281</b>	24,832	13,732
	<hr/>		
Total non-current assets	<b>52,871</b>	47,787	34,511
	<hr/>		
Total assets	<b>52,871</b>	47,787	34,511
	<hr/>		
Net assets	<b>52,871</b>	47,787	34,511
	<hr/> <hr/>		
<b>Equity</b>			
Retained profits (included in Reserves)	<b>52,871</b>	47,787	34,511
	<hr/> <hr/>		
Equity attributable to owners of the Company	<b>52,871</b>	47,787	34,511
	<hr/> <hr/>		
Total equity	<b>52,871</b>	47,787	34,511
	<hr/> <hr/>		

Note: The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.



Impact on the consolidated statement of profit or loss:

	<b>Increase/(decrease)</b>	
	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Share of profits and losses of joint ventures	<b>(365)</b>	2,176
Tax credit	<b>5,449</b>	11,100
Profit for the year	<b>5,084</b>	13,276
Attributable to:		
Owners of the Company	<b>5,084</b>	13,276
Earnings per share attributable to owners of the Company:		
– Basic (RMB)	<b>0.0003</b>	0.0008
– Diluted (RMB)	<b>0.0003</b>	0.0008
Total comprehensive income for the year	<b>5,084</b>	13,276
Attributable to:		
Owners of the Company	<b>5,084</b>	13,276

The adoption of amendments to HKAS 12 did not have any impact on other comprehensive income for the years ended 31 December 2023 and 2022.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 2. OPERATING SEGMENT INFORMATION

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

- (a) the property development segment – development and sale of residential and commercial properties;
- (b) the property investment and management segment – investment and management of business parks and commercial properties;
- (c) the corporate and others segment – the Group’s corporate management services and others.

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 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.

The corresponding items of segment information for the prior year have been restated following to a change of structure of the Group’s internal organisation that causes a change of the composition of its reportable segments in the current year.

Segment information is presented on the Group’s primary segment reporting basis, by business segment. No geographical segment information is presented as over 90% (2022: over 90%) of the Group’s revenue is derived from customers based in Chinese Mainland, and over 90% (2022: over 90%) of the Group’s assets are located in Chinese Mainland.

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group’s total revenue.

	Property development RMB'000	Property investment and management RMB'000	Corporate and others RMB'000	Total RMB'000
<b>Year ended 31 December 2023</b>				
<b>Segment revenue:</b>				
Sales to external customers	16,263,730	1,188,644	-	17,452,374
Segment cost	(13,295,508)	(543,961)	-	(13,839,469)
<b>Segment gross profit</b>	<b>2,968,222</b>	<b>644,683</b>	<b>-</b>	<b>3,612,905</b>
<b>Segment results:</b>	<b>1,053,620</b>	<b>2,076,526</b>	<b>(117,004)</b>	<b>3,013,142</b>
<i>Reconciliation</i>				
Bank interest income				49,544
Finance costs (other than interest on lease liabilities)				(1,297,768)
Changes in fair values of financial assets at fair value				(879)
Other income from financial assets at fair value				20,995
Profit before tax				1,785,034
<b>Segment assets:</b>	<b>59,806,162</b>	<b>25,491,584</b>	<b>2,074,361</b>	<b>87,372,107</b>
<i>Reconciliation</i>				
Other unallocated assets				3,726,300
Total assets				91,098,407
<b>Segment liabilities:</b>	<b>43,457,751</b>	<b>11,927,739</b>	<b>52,830</b>	<b>55,438,320</b>
<i>Reconciliation</i>				
Other unallocated liabilities				9,311,685
Total liabilities				64,750,005
<b>Other segment information:</b>				
Share of profits and losses of joint ventures	1,069,158	(943,408)	-	125,750
Share of profits and losses of associates	242,369	(11,806)	-	230,563
Changes in fair value of investment properties	-	(611,420)	-	(611,420)
Changes in fair values of investment properties – right-of-use assets	-	119,844	-	119,844
Impairment of inventory of properties	407,558	-	-	407,558
Loss on disposal of a subsidiary	-	3,784	-	3,784
Gain on disposal of a joint venture	-	(1,092)	-	(1,092)
Remeasurement gains on interests previously held in joint ventures	(540,375)	-	-	(540,375)
Depreciation of property, plant and equipment	5,757	38,457	2,485	46,699
Depreciation of right-of-use assets	4,874	576	7,079	12,529
Amortisation	-	6,936	-	6,936
Impairment of receivables, net	256,668	368	68,820	325,856
Capital expenditure*	2,792	615,624	2,336	620,752
Investments in joint ventures	12,434,371	3,726,466	-	16,160,837
Investments in associates	6,223,883	41,748	-	6,265,631

	Property development RMB'000	Property investment and management RMB'000 (Restated)	Corporate and others RMB'000 (Restated)	Total RMB'000 (Restated)
Year ended 31 December 2022				
<b>Segment revenue:</b>				
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)
<b>Segment gross profit</b>	<b>1,487,571</b>	<b>598,794</b>	<b>250,324</b>	<b>2,336,689</b>
<b>Segment results:</b>	<b>2,313,992</b>	<b>2,153,544</b>	<b>(9,566)</b>	<b>4,457,970</b>
<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				<u>3,488,168</u>
<b>Segment assets:</b>	<b>56,361,365</b>	<b>24,031,628</b>	<b>2,567,731</b>	<b>82,960,724</b>
<i>Reconciliation</i>				
Other unallocated assets				<u>3,073,768</u>
Total assets				<u>86,034,492</u>
<b>Segment liabilities:</b>	<b>32,083,659</b>	<b>8,367,737</b>	<b>279,660</b>	<b>40,731,056</b>
<i>Reconciliation</i>				
Other unallocated liabilities				<u>18,281,794</u>
Total liabilities				<u>59,012,850</u>
<b>Other segment information:</b>				
Share of profits and losses of joint ventures	(1,287,114)	(315,611)	-	(1,602,725)
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 inventory of properties	598,125	-	-	598,125
Net gain on disposal of subsidiaries	(20,617)	-	-	(20,617)
Net gain on 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	2,822	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	71,201	54,351
Capital expenditure*	15,220	774,893	6,632	796,745
Investments in joint ventures	16,354,708	3,026,611	-	19,381,319
Investments in associates	6,430,082	34,119	-	6,464,201

\* 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:

	2023 RMB'000	2022 RMB'000
<b>Revenue from contracts with customers</b>		
Sale of properties	16,263,730	8,907,147
Property management fee income from:		
- fellow subsidiaries	2,089	2,106
- third parties	287,498	313,266
Utility income	-	20,395
Entrusted management fee income from a fellow subsidiary	24,906	24,906
<b>Revenue from other sources</b>		
Gross rental income from operating leases of investment properties:		
- fellow subsidiaries	17,454	17,496
- third parties	856,697	750,477
Others	-	266,699
	<b>17,452,374</b>	<b>10,302,492</b>
<b>Other income and gains</b>		
Bank interest income	49,544	32,311
Interest income on loans receivable	117,612	-
Interest income from a related company	52,147	51,486
Interest income from joint ventures and associates	265,206	255,596
Interest income from third parties	19,792	23,487
Interest income from financial assets at fair value	18,958	21,545
Gains on disposal of financial assets at fair value	2,037	2,226
Consulting services income from:		
- fellow subsidiaries	1,840	-
- joint ventures	331,229	280,681
- associates	36,651	36,166
- third parties	81,723	37,956
Net gains on disposal of subsidiaries ( <i>Note 14</i> )	-	20,617
Net gains on disposal of joint ventures	1,092	34,043
Remeasurement gains on interests previously held in joint ventures	540,375	240,345
Gain on bargain purchase ( <i>Note 12</i> )	-	4,061
Gain on acquisition of interest in a joint venture	10,779	-
Government grants	7,150	28,452
Others	67,985	53,636
	<b>1,604,120</b>	<b>1,122,608</b>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings	589,934	162,920
Interest expenses to group companies	1,028,238	1,083,717
Interest expenses to non-controlling shareholders	15,938	26,995
Interest expenses to joint ventures and an associate	8,380	62,426
Interest on other borrowings	10,803	15,231
	<hr/>	
	1,653,293	1,351,289
Interest on lease liabilities	47,674	49,763
Other finance costs	9,306	14,752
	<hr/>	
Total finance costs incurred	1,710,273	1,415,804
Less: Interest capitalised in		
- investment properties under construction	(54,074)	(5,685)
- properties under development	(310,757)	(293,625)
	<hr/>	
	1,345,442	1,116,494
	<hr/>	

#### 5. IMPAIRMENT LOSSES OF RECEIVABLES

During the year, the Group made the impairment losses of receivables as follows:

	2023 RMB'000	2022 RMB'000
Loans and other receivables, net	75,204	54,351
Amounts due from joint ventures ( <i>Note</i> )	250,652	-
	<hr/>	
	325,856	54,351
	<hr/>	

*Note: Amount represented provisions made for the receivables from certain joint ventures where there were large impairment losses on the inventory of properties held by these joint ventures.*

## 6. PROFIT BEFORE TAX

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

	2023 RMB'000	2022 RMB'000
Cost of properties sold	13,295,508	7,419,576
Depreciation of property, plant and equipment	47,212	25,572
Less: Amounts capitalised in property development projects	(513)	(2,011)
	<u>46,699</u>	<u>23,561</u>
Depreciation of right-of-use assets	278,070	176,868
Less: Amounts capitalised in property development projects	(265,541)	(160,511)
	<u>12,529</u>	<u>16,357</u>
Amortisation of intangible assets*	6,936	8,228
Outgoings (including repairs and maintenance) arising on rental-earning investment properties	55,842	71,199
Net gains on disposal of items of property, plant and equipment	(140)	(43)
Gain on lease termination	4	-
Net loss/(gain) on disposal of subsidiaries ( <i>Note 14</i> )	3,784	(20,617)
Net gains on disposal of joint ventures	(1,092)	(34,043)
Changes in fair values of investment properties	(611,420)	(1,436,986)
Changes in fair values of investment properties - right-of-use assets**	119,844	164,553
Changes in fair values of financial assets at fair value	879	(40,847)
Gain on bargain purchase ( <i>Note 12</i> )	-	(4,061)
Remeasurement gains on interests previously held in joint ventures	(540,375)	(240,345)
Impairment losses of receivables ( <i>Note 5</i> )	325,856	54,351
Impairment losses of inventory of properties	407,558	598,125
Lease payments not included in the measurement of lease liabilities	253	427
Employee benefit expenses (including directors' emoluments):		
Wages and salaries	808,914	1,036,916
Pension schemes contributions	87,905	64,922
Total employee benefit expenses	<u>896,819</u>	<u>1,101,838</u>
Auditor's remuneration	5,307	5,852
Foreign exchange differences, net	<u>43,611</u>	<u>9,737</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.*

## 7. 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 (2022: Nil). Taxation on Chinese Mainland 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:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000 (Restated)
Income tax in Hong Kong	-	-
Corporate income tax in Chinese Mainland		
- Charge for the year	<b>903,276</b>	360,273
- (Over)/under provision in prior years	<b>(191,925)</b>	3,494
LAT in Chinese Mainland	<b>409,121</b>	545,071
Deferred	<b>(168,190)</b>	212,566
	<b>952,282</b>	1,121,404

## 8. 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 16,612,678,608 (2022: 16,600,544,443) 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:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000 (Restated)
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<b>342,718</b>	2,323,906
	<b>342,718</b>	2,323,906
	<b>No. of shares</b>	
	<b>2023</b>	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>16,612,678,608</b>	16,600,544,443
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>4,079,432</b>	16,733,188
	<b>16,616,758,040</b>	16,617,277,631

## 9. DIVIDENDS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Proposed final dividend – RMB0.00103 (2022: RMB0.007) per ordinary share	<b>17,112</b>	116,268

At the Board meeting held on 12 March 2024, the Board resolved to recommend the payment of a final dividend of RMB0.00103 per share for the year ended 31 December 2023. 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.

## 10. TRADE RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	<u>65,711</u>	<u>40,256</u>

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:

	2023 RMB'000	2022 RMB'000
Within 1 month	29,627	23,459
1 to 3 months	21,616	13,052
Over 3 months	<u>14,468</u>	<u>3,745</u>
	<u>65,711</u>	<u>40,256</u>

## 11. TRADE AND BILLS PAYABLES

	2023 RMB'000	2022 RMB'000
Trade and bills payables	<u>5,830,528</u>	<u>4,479,705</u>

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

	2023 RMB'000	2022 RMB'000
Within 1 month	3,888,362	2,359,438
1 to 3 months	553,897	648,211
Over 3 months	<u>1,388,269</u>	<u>1,472,056</u>
	<u>5,830,528</u>	<u>4,479,705</u>

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

## 12. BUSINESS COMBINATION

In March 2023, the Group and a joint venture partner agreed to amend the Articles and Association of 南京威磐房地產開發有限公司 (Nanjing Weipan Real Estate Development Co. Ltd\*) (“Weipan”). Weipan is engaged in property development in Chinese Mainland. The Group obtained control over Weipan after the amendment of the Articles of Association. The acquisition is accounted for as a business combination. The Group holds 86.93% interests in Weipan after completion of the acquisition.

In June 2023, the Group and two joint venture partners entered into an agreement pursuant to which the Group obtained control over the joint venture, 南京威景房地產開發有限公司 (Nanjing Weijing Real Estate Development Co. Ltd\*) (“Weijing”). Weipan is engaged in property development in Chinese Mainland. The acquisition is accounted for as a business combination. The Group holds 42% interests in Weijing after completion of the acquisition.

In the prior 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 Chinese Mainland. The Group obtained control over Weifa after the amendment of the Articles of Association. The change was accounted for as a business combination.

In the prior 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 Xinhanye Real Estate Company Limited\*) (“Jinyue”) at a cash consideration of RMB27,200,000. Jinyue is engaged in property development in Chinese Mainland. After the acquisition, the Group has control over Jinyue. The acquisition was accounted for as a 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:

	2023		2022	
	Weipan RMB'000	Weijing RMB'000	Weifa Group RMB'000	Jinyue RMB'000
Property, plant and equipment	94	51	88	4
Investment properties	596,018	451,196	112,098	-
Properties held for sale	-	-	-	1,245,174
Properties under development	9,533,399	3,610,223	2,938,880	-
Prepayments, deposits and other receivables	540,374	509,275	651,557	79,945
Due from shareholders	1,182,429	591,014	73,933	-
Prepaid taxes	378,197	125,327	44,786	37,112
Restricted cash	981,927	760,949	-	-
Bank balances	52,317	70,124	31,510	2,060
Interest-bearing bank borrowings	(881,700)	(383,400)	-	-
Advanced receipts, accruals and other payables	(11,106,134)	(3,957,017)	(3,418,097)	(177,991)
Loans from shareholders	(40,614)	(34,649)	-	(814,640)
Due to shareholders	-	(582,165)	(35,269)	(320,851)
Deferred tax liabilities	(152,332)	(47,412)	(103,051)	(7,395)
Total identifiable net assets at fair value	1,083,975	1,113,516	296,435	43,418
Non-controlling interests	(49,620)	(82,490)	(150,441)	(1,216)
	1,034,355	1,031,026	145,994	42,202
Transferred from investments in joint ventures	(1,034,355)	(1,031,026)	(145,994)	(10,941)
Gains on bargain purchase	-	-	-	(4,061)
Total consideration	-	-	-	27,200
Satisfied by:				
Cash	-	-	-	27,200

The fair values and gross contractual amounts of deposits and other receivables of Weipan as at the date of acquisition amounted to RMB123,138,000. No receivables are expected to be uncollectible.

The fair values and gross contractual amounts of deposits and other receivables of Weijing as at the date of acquisition amounted to RMB330,834,000. No receivables are expected to be uncollectible.

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.

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

	2023		2022	
	Weipan RMB'000	Weijing RMB'000	Weifa Group RMB'000	Jinyue RMB'000
Cash consideration	-	-	-	(27,200)
Bank balances acquired	<b>52,317</b>	<b>70,124</b>	31,510	2,060
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	<b>52,317</b>	<b>70,124</b>	31,510	(25,140)

Since the acquisition, Weipan contributed RMB5,654,046,000 to the Group's revenue and RMB649,484,000 to the consolidated profit for the year ended 31 December 2023. 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 RMB17,452,374,000 and RMB830,826,000.

Since the acquisition, Weijing contributed no revenue to the Group's revenue and a loss of RMB1,599,000 to the consolidated profit for the year ended 31 December 2023. 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 RMB17,452,374,000 and RMB842,403,000.

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 prior year, the revenue and the consolidated profit of the Group for the prior 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 a 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 prior year, the revenue and the consolidated profit of the Group for the prior year would have been RMB10,478,489,000 and RMB2,440,412,000 respectively.

### 13. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year, a subsidiary of the Company acquired a 51% equity interest in a joint venture, 上海奧匯置業有限公司 (Shanghai Aohui Real Estate Company Limited\*) (“Aohui”) from a joint venture partner at a cash consideration of RMB84,000,000. Aohui is engaged in property development in Chinese Mainland. The Group held 49% equity interest in Aohui before the acquisition and has control over Aohui after completion of the acquisition.

In prior 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 Chinese Mainland. The Group has control over Hanxiang after completion of the acquisition.

In the prior 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 Chinese Mainland. The Group obtained control over Jintuo after the amendment of the Articles of Association.

In the prior 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 Chinese Mainland. The Group obtained control over Hongdi after the amendment of the Articles of Association.

The above transactions were accounted for as acquisition of assets rather than business combination because the acquired set of assets and activities from the related entities do not included inputs and substantive processes that together significantly contributed to the ability to create outputs. The net (outflow)/inflow of cash and cash equivalents from the acquisitions has been reflected under cash flows from investing activities in the consolidated statement of cash flows.

*\* For identification purpose only*

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

	<b>2023</b>		2022	
	<b>Aohui</b>	Hanxiang	Jintuo	Hongdi
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000
Property, plant and equipment	15	-	-	52
Deferred tax assets	-	-	-	16,060
Properties held for sale	-	-	141,815	1,971,782
Properties under development	2,670,561	148,027	-	-
Investment property	112,755	-	-	-
Prepayments, deposits and other receivables	146,154	17,441	1,231,247	479,338
Due from shareholders	-	-	-	168,000
Prepaid taxes	24,618	-	1,481	67,793
Restricted cash	674,921	-	-	-
Bank balances	13,202	77	245,214	221,249
Advanced receipts, accruals and other payables	(3,286,751)	(4,823)	(162,893)	(2,654,702)
Loans from shareholders	-	(92,733)	-	-
Deferred tax liabilities	(23,814)	-	-	-
Net assets	331,661	67,989	1,456,864	269,572
Non-controlling interests	-	-	(713,863)	(175,222)
Transferred from investments in joint ventures	(247,661)	(60,000)	(743,001)	(94,350)
Total consideration	84,000	7,989	-	-
Satisfied by:				
Cash	84,000	7,989	-	-

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

	<b>2023</b>		2022	
	<b>Aohui</b>	Hanxiang	Jintuo	Hongdi
	<b>RMB'000</b>	RMB'000	RMB'000	RMB'000
Cash consideration	(84,000)	(7,989)	-	-
Bank balances acquired	13,202	77	245,214	221,249
Net (outflow)/inflow of cash and cash equivalents	(70,798)	(7,912)	245,214	221,249

#### 14. DISPOSAL OF SUBSIDIARIES

During the year, the Group entered into an agreement with two independent third parties. Pursuant to the agreement, the Group disposed of 100% equity interest in a subsidiary of the Company, 上海威恒實業有限公司 (Shanghai Weiheng Real Estate Company Limited\*) (“Weiheng”) to the two independent third parties for a consideration of RMB156,600,000. Weiheng has a joint venture, 南京宇龍威新信息科技有限公司 (Nanjing Yulong Weixin Information Technology Company Limited\*). The joint venture is engaged in property investment in Chinese Mainland.

In prior 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 prior 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, 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.

*\* For identification purpose only*



Details of the net assets disposed of are as follows:

	2023	2022	
	Weiheng RMB'000	85 Cleaveland RMB'000	Philomena RMB'000
Deferred tax assets	3	-	-
Investments in joint ventures	315,937	-	-
Properties under development	-	90,913	221,244
Bank balances	1,845	4,744	646
Trade and bills payables	-	-	(15,975)
Interest-bearing bank and other borrowings	-	-	(74,197)
Due to an intermediate holding company	(157,401)	-	-
Net assets	160,384	95,657	131,718
Non-controlling interests	-	(3,022)	(1,129)
	160,384	92,635	130,589
Fair value of investments retained as investments in joint ventures upon disposal	-	(92,765)	(101,981)
(Loss)/gain on disposal of subsidiaries	(3,784)	25,441	(4,824)
Total consideration	156,600	25,311	23,784
Satisfied by:			
Cash	156,600	25,311	23,784

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2023	2022	
	Weiheng RMB'000	85 Cleaveland RMB'000	Philomena RMB'000
Cash consideration	156,600	25,311	23,784
Bank balances disposed of	(1,845)	(4,744)	(646)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	154,755	20,567	23,138

## 15. COMPARATIVE AMOUNTS

As further explained in note 1.2, due to the adoption of the new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2022 has been presented.

## FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2023 were consistent with those used in the last financial year ended 31 December 2022, except that the Group has applied, for the first time, the new and 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 2023.

### RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The revenue of the Group for the year ended 31 December 2023 increased to RMB17,452.4 million from RMB10,302.5 million for the year ended 31 December 2022. The increase was primarily due to the increase in revenue recognised from sales of properties by RMB7,356.6 million.

Other income and gains increased to RMB1,604.1 million for the year ended 31 December 2023 from RMB1,122.6 million for the year ended 31 December 2022. The increase was mainly due to increase in remeasurement gain of RMB300.0 million arising from acquisition of subsidiaries. Further, interest income and consultancy fee income were also increased by RMB235.5 million in total.

The fair value gain of investment properties of RMB611.4 million was reported for the year ended 31 December 2023, against RMB1,437.0 million for the year ended 31 December 2022. Furthermore, the Group’s financial assets at fair value recorded a fair value loss of RMB0.9 million for the year ended 31 December 2023, against fair value gain of RMB40.8 million for the year ended 31 December 2022.

The Group’s direct operating expenses and administrative expenses for the year ended 31 December 2023 decreased to RMB1,479.8 million and RMB127.6 million from RMB1,639.3 million and RMB200.4 million for the year ended 31 December 2022, respectively. The decrease is mainly due to reduction in salaries and wages and control of various expenses incurred during the year.

The finance costs went up to RMB1,345.4 million for the year ended 31 December 2023 from RMB1,116.5 million for the year ended 31 December 2022, increased by RMB228.9 million. It is mainly due to increase in financing for the investment properties in operation and the rise in interest rates on HK\$ and US\$ bank borrowings.

Due to the unfavourable changes in the real estate market of Chinese Mainland, the Group made further impairment losses of RMB407.6 million for the inventory of properties of certain subsidiaries for the year ended 31 December 2023, against impairment losses of RMB598.1 million for the year ended 31 December 2022. In addition, the Group made impairment losses of RMB325.9 million for the receivables for the year, against RMB54.4 million for the prior year. The increase in impairment of receivables was mainly due to impairment losses of RMB250.7 million provided for the receivables from certain joint ventures in respect of the impairment made for the inventory of properties held by these joint ventures.

Share of results of joint ventures and associates of the Group reported an aggregate loss of RMB356.3 million for the year ended 31 December 2023, against an aggregate profit of RMB2,159.7 million for the year ended 31 December 2022, representing decrease of RMB2,516.0 million. During the year, the Group made impairment losses for the inventory of properties held by certain joint ventures and associates and resulted in large losses incurred by joint ventures and associates.

Overall, the Group’s profit attributable to owners of the Company decreased from RMB2,323.9 million for the year ended 31 December 2022 to RMB342.7 million for the year ended 31 December 2023. The decrease was mainly due to large impairment losses made for inventory of properties during the year.

The Group recorded basic earnings per share of RMB0.0206 for the year ended 31 December 2023, against basic earnings per share of RMB0.1400 for the year ended 31 December 2022, representing a decrease of 85%. The diluted earnings per share for the current year and prior year were RMB0.0206 and RMB0.1398, respectively.

## **BUSINESS SEGMENTS**

### **Property development**

For the year ended 31 December 2023, the revenue of property development segment increased to RMB16,263.7 million, representing 93% of the total revenue, compared with RMB8,907.1 million, representing 86% of the total revenue for the year ended 31 December 2022. The increase in the segment revenue was primarily due to increase in the areas delivery of the sales properties. The segment result for the current year reported a profit of RMB1,053.6 million, against RMB2,314.0 million for the last year, decreased by RMB1,260.4 million. The decrease in segment result was mainly due to large impairment losses made for the inventory of properties during the year.

### **Property investment and management**

The revenue earned by the property investment and management segment for the year ended 31 December 2023 increased from RMB1,128.6 million, representing 11% of the total revenue for the year ended 31 December 2022, to RMB1,188.6 million, representing 7% of the total revenue. The increase was mainly contributed by Shenzhen Business Park Phase III with higher occupancy rate as compared with prior year. The segment results for the year ended 31 December 2023 reported a profit of RMB2,076.5 million, against a profit of RMB2,153.5 million for the year ended 31 December 2022, a decrease of RMB77.0 million. It was mainly due to a decrease in fair value gain on investment properties.

## **SHAREHOLDERS' EQUITY**

The Group's attributable to shareholders' equity slightly increased from RMB22,442.8 million as at 31 December 2022 to RMB22,484.5 million as at 31 December 2023.

## **FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE**

### **Liquidity and capital resources**

The Group's deposits, bank and cash balances (including restricted cash) decreased by 25% to RMB5,161.3 million as at 31 December 2023 from RMB6,847.2 million as at 31 December 2022. The decrease was mainly due to payments of property development costs and PRC taxes and repayment of debts.

### **Borrowings**

During the year, the Group has arranged several bank borrowings amounting to RMB10,266.8 million of which RMB9,055.4 million were secured long-term bank borrowings. Meanwhile, the Group has also repaid bank and other borrowings amounting to RMB6,124.3 million. As at 31 December 2023, total bank and other borrowings of the Group amounted to RMB11,452.7 million with interest rates ranging from 3.15% to 7.36% per annum.

The net debt (measured by total borrowings minus cash and bank deposits (including restricted cash)) increased by RMB172.6 million to RMB17,689.4 million as at 31 December 2023 from RMB17,516.8 million as at 31 December 2022. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 67% as at 31 December 2023, from 65% as at 31 December 2022. The Group's net debt ratio is at a reasonable level with healthy debt structure and high proportion of long-term borrowings. The safety margin is considered relatively sufficient.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2023 and 31 December 2022 are summarised as below:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Short-term and long-term bank and other borrowings:</b>		
Within the first year or on demand	1,211,774	3,203,482
In the second year	1,541,583	594,845
In the third to fifth years, inclusive	2,717,447	891,574
Over five years	5,981,944	1,308,323
	<hr/> <b>11,452,748</b>	<hr/> 5,998,224
<b>Loans from related parties:</b>		
Within the first year or on demand	63,626	-
In second year	-	3,617,591
In the third to fifth years, inclusive	4,714,602	14,748,247
Over five years	6,619,684	-
	<hr/> <b>11,397,912</b>	<hr/> 18,365,838
Total borrowings	<hr/> <b>22,850,660</b>	<hr/> 24,364,062

## FINANCIAL MANAGEMENT

### Foreign exchange risk

As at 31 December 2023, borrowings were denominated in United States dollar (“US\$”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”). The Group mainly operates in Chinese Mainland 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 2023 and 31 December 2022 are summarised below:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
HK\$	<b>362,288</b>	1,443,633
RMB	<b>13,898,511</b>	13,101,537
US\$	<b>8,589,861</b>	9,818,892
Total	<b>22,850,660</b>	24,364,062

### Interest rate risk

As at 31 December 2023, 61% of borrowings of the Group were on a floating rate basis (31 December 2022: 66%) where 97% (31 December 2022: 82%) of floating rate loans were denominated in RMB. While low fluctuation of RMB interest rate was expected, 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

The Group had the following pledged assets to secure bank borrowings granted to the Group as at 31 December 2023 and 31 December 2022.

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Investment properties	<b>14,641,920</b>	1,665,680
Properties under development	<b>3,190,026</b>	-
Properties held for sale	<b>200,560</b>	-
Restricted cash	<b>240,603</b>	-
Total	<b>18,273,109</b>	1,665,680

## CONTINGENT LIABILITIES

- (a) As at 31 December 2023, 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 2023, the Group's outstanding guarantees in connection with the arrangement amounted to RMB4,313,704,000 (31 December 2022: RMB4,199,480,000).

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 2023 (31 December 2022: Nil) for these guarantees.

- (b) At the end of the reporting period, the Group provided an aggregate maximum guarantees of US\$125,956,000 (equivalent to RMB892,110,000) (31 December 2022: US\$152,376,000 (equivalent to RMB1,061,240,000)) to financial institutions for facilities granted to joint ventures of the Group. As at 31 December 2023, the facilities guaranteed by the Group to the joint ventures were utilised to the extent of approximately RMB753,271,000 (31 December 2022: RMB933,272,000).

The Directors consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of properties under development owned by these joint ventures 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 2023 (2022: Nil) for these guarantees.

## **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 2023, the Group's land bank totalled 16.07 million square meters. Under the Group's land bank, approximately 27% were located in first-tier cities, which included Beijing, Shanghai, Guangzhou and Shenzhen; 56% were located in the second-tier cities, including Nanjing, Suzhou, Hangzhou, Qingdao, Wuhan, Changsha, Chengdu, Kunming, Jinan, Nanchang, Xuzhou and Wenzhou, etc.; and the remaining 17% were located in the third-tier and other cities.

### **Land acquisitions in 2023**

During 2023, the Group acquired two land projects in the PRC, with attributable total planned GFA of approximately 109,100 square meters. The attributable consideration paid by the Group amounted to approximately RMB508 million and the average land acquisition cost of which was approximately RMB4,700 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 approximately RMB35,578 million in 2023 with a total contracted sales area of approximately 2,522,000 square meters, representing a decrease of 42% and 15% compared to 2022, respectively. The average selling price was approximately RMB14,100 per square meter in 2023, representing a decrease of 32% compared to 2022.

#### ***Property investment and management***

The Group is committed to acquiring investment properties in prime locations situated in economically developed cities. At present, the Group's property investments mainly include commercial/office projects, business parks and rental housing, etc.

As of 31 December 2023, the Group (including those under associates and joint ventures) had a GFA of approximately 3.35 million square meters of investment properties (including sub-leasing properties) in operation in China, representing a year-on-year growth of 32%. Total revenue (after tax) from rental and related services generated from these properties was approximately RMB2.17 billion during the year, representing a year-on-year growth of 14%.

The Group (including those under associates and joint ventures) held operating commercial/office projects with a total GFA of approximately 1.07 million square meters, and generated total revenue from rental and related services of approximately RMB1,110 million, representing a year-on-year growth of approximately 9%. Among them, the annual average occupancy rate of Phases 1 and 2 of Vision Shenzhen Business Park in Nanshan District, Shenzhen reached 94%. And the occupancy rate of Phase 3 of Vision Shenzhen Business Park reached 83%. Its tenants in Phases 1, 2 and 3 of Vision Shenzhen Business Park include large listed companies such as Intel, Nvidia, BASF, Tencent and Flextronics.

Meanwhile, the Group (including those under associates and joint ventures) held the business parks in operation with a total GFA of approximately 2 million square meters, and recorded a total revenue from rental and related services of approximately RMB830 million in 2023, representing a year-on-year growth of 24%. The average occupancy rate of the business park projects during the stable operation period reached 95% or above. The business park operations have been ranked the Top 3 in the authoritative list of the industry for two consecutive years, and projects such as Chengdu Chenghua Innovation Base, Guangzhou Huangpu Science and Technology Innovation Park and Shanghai Dadai Artificial Intelligence Innovation Park have won the industry's excellent business park awards.

Our rental housing brand "Gemdale Strongberry" aims to provide high-quality and affordable rental apartments to youths. The rental housing business recorded revenue of approximately RMB230 million for the year, representing a year-on-year growth of 5%. Our rental housing business has entered the Top 10 of the authoritative list of the industry, and won the honor of the most influential housing rental brand in 2023. Our Shanghai Baoshan Nanda subsidized rental housing project is under construction and it progressed smoothly. It set an example for heavy asset investment in rental housing and promoting the long-term development of the rental housing business.

The investment properties held by the Group under proposed construction and under construction will also be put into operation successively, which will continue to generate stable revenue and cash inflow to the Group.

## **OUTLOOK**

Looking forward to 2024, China's economy should record a relatively rapid growth of 4-6%. Its property market is expected to bottom out in second half of 2024 and then recover at a gradual pace from 2025 onwards. 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 2024.

## **CORPORATE GOVERNANCE**

The Company has adopted and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code as set out in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2023 with the exception of code provisions C.1.6, C.5.1 and F.2.2.

Under the code provision C.1.6, independent non-executive directors and other non-executive directors should generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments, Mr. Loh Lian Huat and Ms. Zhang Feiyun were not able to attend the annual general meeting of the Company held on 29 June 2023.

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 provides adequate and timely information to the board and the directors would 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.



Under the code provision F.2.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged business commitments, Mr. Huang Juncan, the chairman of the board, was not able to attend the annual general meeting of the Company on 29 June 2023.

## **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 (which has been re-numbered as Appendix C3 with effect from 31 December 2023) 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 2023, the Group had approximately 2,700 (2022: 3,300) 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 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. The Share Option Scheme 2013 was also expired on 15 May 2023. Any share options which were granted under the Share Option Scheme 2003 and the Share Option Scheme 2013 prior to their 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 4,000,000 share options were exercised at an exercise price of HK\$0.44 per share and resulting in an issuance of 4,000,000 new ordinary shares of the Company at a nominal value of HK\$0.1 each for a total cash consideration, before expenses, of HK\$1,760,000. The proceeds from the exercise of share options would be applied for general working capital of the Group.

As at the date of this announcement, all share options outstanding under the Share Option Scheme 2003 were lapsed during the year. 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 25,648,000.

## **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 2023.

## **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 2023 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 RMB0.00103 (2022: RMB0.007, equivalent to HK\$0.0076 per share) per share for the year ended 31 December 2023, subject to shareholders' approval at the forthcoming annual general meeting of the Company. The proposed final dividend, if approved, will be paid on or about 23 September 2024 to shareholders whose names appear on the register of members of the Company on 24 July 2024. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from 15 April 2024 to 19 April 2024.

**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](http://www.hkexnews.hk)) and the Company's website ([www.gemdalepi.com](http://www.gemdalepi.com)). The 2023 annual report and the notice of the 2024 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, 12 March 2024

*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 Xiping.*