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合 生 創 展 集 團 有 限 公 司\*

**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*website: <http://www.irasia.com/listco/hk/hopson>*

## **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

### **FINANCIAL HIGHLIGHTS**

*(for the year ended 31 December 2023)*

- Turnover was HK\$34,292 million (2022: HK\$27,252 million).
- Profit attributable to equity holders was HK\$2,922 million (2022: HK\$8,762 million).
- Underlying profit was HK\$2,314 million (2022: HK\$1,081 million).
- Basic and diluted earnings per share was HK\$0.77 per share (2022: HK\$2.31 per share (restated)).

\* *For identification purposes only*

## **BUSINESS REVIEW**

### **Industry Overview**

In 2023, the combined effects of factors such as persistent inflation, rising interest rates and escalating geopolitical conflicts tested the resilience of the global economy and its momentum of recovery. Against a backdrop that the global economic growth was persistently under pressure, China also suffered from the difficulties exaggerated by the “three types of pressure” in China and a number of challenges therefrom at the same time. However, the strong economic resilience in China helped the economy and society fully restore normalcy, and the economy-stabilising policies continued to take effect. The gross domestic product of China for the year realised a year-on-year growth of 5.2%, and the overall economic operation rebounded.

In 2023, the real estate industry continued its downward trend in general after a short-lived resurgence in transactions in the first quarter. Factors such as weak household income expectations, homebuyers’ low confidence and the evolving risks of real estate companies continued to constrain the pace of the real estate market from returning to normal. Significant changes occurred in the market supply and demand, and there were continuous adjustments to the market and the companies in the market. Government departments at various levels introduced a series of favourable regulatory policies to ensure the stable development of the real estate market. After the meeting of the Political Bureau of the Central Committee of the Chinese Communist Party in July, the policies were further relaxed and gradually shifted to “supporting and stimulating to stabilise the supply and demand” with a number of ministries and commissions responding swiftly and issuing substantive and accommodative policies intensively, thus bringing the regulation and control of the real estate market into an easing cycle. Under the continuous positive effect of real estate optimisation policies, the market confidence and home buying expectations gradually picked up. The market has reached the bottom repair, marginal improvement and stabilisation stage.

In the face of the difficulties in the industry, the Group has been committing to long-term benefits and adhering to a prudent approach by implementing a business strategy of “steady development” which integrates innovation thinking with technological empowerment to shape multi-dimensional core competitiveness with parallel development of the five segments, namely, the real estate segment, the commercial segment, the hooplife segment, the investments segment and the infrastructure segment. The Group has overcome the test of the industry cycle and is continuously and steadily moving forward. Having always been guided by a “medium-to-high-end boutique development strategy”, the Group continues to refine its products, rejuvenate its brands and enhance its services, which integrates high-quality products and premium brand services with innovative marketing, and has successfully demonstrated its vigorous corporate vitality. This, coupled with the Group’s abundant and quality core land resources, has helped the Group make solid strides towards high-quality development. In addition, the Group has been adhering to its responsibility and commitment amid the market downturn by actively keeping its credibility of “guaranteeing delivery, quality and people’s livelihood”, which has enabled the Group to gain the confidence of various parties such as home buyers, financial institutions and the governments. Meanwhile, the Group has been able to manage its liabilities well with a low gearing ratio and sufficient cash flows, which further strengthens the market’s recognition of its reputation and sound operation, enables the Group to maintain its comparative advantage in a highly competitive industry and lays a solid foundation for its sustainable development in the future.

## **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in 2023 totalling RMB32,583 million (2022: RMB32,579 million), including contracted sales of properties of RMB31,422 million (2022: RMB30,532 million) and contracted sales of decoration of RMB1,161 million (2022: RMB2,047 million) are as follows:

- In Guangzhou, a total GFA of 236,408 square metres (2022: 377,789 square metres) with a carrying value of RMB6,779 million (2022: RMB7,290 million) was sold. The decrease in sales was mainly attributable to the fact that we focused on selling the existing units and phases during the year.
- In Huizhou, a total GFA of 81,086 square metres (2022: 104,084 square metres) with a carrying value of RMB723 million (2022: RMB1,022 million) was sold. The decrease in sales was mainly attributable to the fact that the units being sold during the year were leftover units.
- In Shanghai, a total GFA of 201,298 square metres (2022: 194,054 square metres) with a carrying value of RMB15,148 million (2022: RMB3,299 million) was sold. The increase in sales was mainly attributable to the robust sales of YUNĒ in Shanghai (縵雲上海), a new project for sale during the year.
- In Beijing and Tianjin, a total GFA of 254,675 square metres (2022: 689,413 square metres) with a carrying value of RMB9,933 million (2022: RMB20,968 million) was sold. The decrease in sales was mainly attributable to the fact that the units being sold during the year were leftover units.

## **Properties sold but yet to be delivered**

As at 31 December 2023, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 1,225,607 square metres (2022: 2,062,426 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$43,691 million will be recognised as revenue in the Group's financial statements in 2024 and thereafter.

## **Delivery of properties**

A total GFA of 1,446,055 square metres (2022: 1,014,411 square metres) was delivered in 2023.

## **Project development progress**

- A total GFA of 2,154,225 square metres (2022: 865,533 square metres) was completed during 2023.
- It is expected that a total GFA of 2,382,389 square metres will be completed in 2024.

## **Landbank**

As at 31 December 2023, the Group had a landbank of 27.62 million square metres (31 December 2022: 28.72 million square metres).

## **Prospects**

Looking ahead to 2024, the external political and economic situation will remain complex and volatile, and the Chinese economy will be full of challenges. However, with a series of the economy-stabilising policies and measures adopted by the Chinese government significantly taking effect, it is expected that the Chinese economic growth will be set to normalise with a gradual recovery. The fundamentals of the Chinese economy will remain steady and is improving in the long run.

For the real estate industry which is a pillar industry of the national economy, it is clearly evident that the central government is determined to stabilise the real estate market. The focus of the work for the real estate market in 2024 has been the continuous prevention of risks, the accelerated construction of the “Three Major Projects” and the accelerated development of a new real estate growth model according to the Central Economic Work Conference held in December 2023. The continuous relaxation of policies and the introduction of relief measures will bring many favourable factors to the real estate market. It is expected that the market confidence and expectations can be rebuilt to promote the steady development of the real estate market.

The operating environment in 2024 will remain full of uncertainties. In the face of new opportunities and challenges, the Group will closely follow the changes of the new growth model in the market, continue to adhere to a prudent and steady development style, and continuously promote a diversified business strategy that emphasizes both investment and operation, so as to continue to improve its profitability on the basis of financial security. As a high-quality lifestyle service operator of the whole industry chain, the Group will also continue to strengthen its products and brand power to help upgrade the city and living life with its superior products and services, adhere to its brand philosophy of “enjoying high-quality lifestyle”, commit to long-term benefits to lead the industry in realizing sustainable high-quality development, and create long-term value for its shareholders.

The board (the “Board”) of directors (the “Directors”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 together with the comparative figures for the previous year.

The 2023 consolidated financial statements of the Group have been reviewed by the Company’s audit committee and the Board.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>For the year ended</b>	
		<b>2023</b>	<b>2022</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
Revenues	4	<b>34,291,809</b>	27,252,008
Cost of sales	6	<b>(24,795,337)</b>	(18,971,204)
<b>Gross profit</b>		<b>9,496,472</b>	8,280,804
Fair value gain on investment properties		<b>2,495,968</b>	10,072,467
Other gains, net	5	<b>31,068</b>	202,468
Selling and marketing expenses	6	<b>(1,905,920)</b>	(1,511,357)
General and administrative expenses	6	<b>(2,289,872)</b>	(2,913,217)
Finance income	7	<b>519,062</b>	563,138
Finance costs	7	<b>(933,794)</b>	(1,515,817)
Share of loss of associates		<b>(115,894)</b>	(211,117)
Share of profit of joint ventures		<b>223,726</b>	173,082
Other expenses		<b>(1,226,714)</b>	(72,934)
Profit before taxation		<b>6,294,102</b>	13,067,517
Taxation	8	<b>(2,889,882)</b>	(3,974,332)
<b>Profit for the year</b>		<b>3,404,220</b>	9,093,185
Attributable to:			
Equity holders of the Company		<b>2,922,321</b>	8,762,461
Non-controlling interests		<b>481,899</b>	330,724
		<b>3,404,220</b>	9,093,185
<b>Earnings per share for profit attributable to equity holders of the Company during the year</b> (in HK\$ per share)			(restated)
— basic and diluted	9	<b>0.77</b>	2.31

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>3,404,220</b>	9,093,185
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Assets revaluation reserve realised upon disposal of completed properties held for sale	(17,173)	(30,980)
Deferred tax	8,349	15,063
Currency translation differences	77,207	(9,618,177)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	(739,291)	(529,336)
Deferred tax	109,541	92,556
Share of other comprehensive loss of an associate	(138,594)	—
Currency translation differences	(78,117)	(969,741)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(778,078)</b>	(11,040,615)
<b>Total comprehensive income/(loss) for the year</b>	<b>2,626,142</b>	(1,947,430)
Attributable to:		
Equity holders of the Company	2,222,360	(1,308,413)
Non-controlling interests	403,782	(639,017)
	<b>2,626,142</b>	(1,947,430)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2023	2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Prepayments for acquisition of land	117,390	119,091
Loan receivables	1,850,077	1,420,936
Properties and equipment	3,269,591	3,550,506
Investment properties	87,275,592	83,834,452
Intangible assets	381,342	417,742
Investments in associates	7,164,615	8,516,836
Investments in joint ventures	8,392,676	8,678,918
Financial assets at fair value through other comprehensive income	2,819,455	3,562,352
Financial assets at fair value through profit or loss	778,802	1,189,119
Finance lease receivables	109,551	113,294
Right-of-use assets	1,613,898	1,768,339
Prepayments, deposits and other non-current assets	468,939	467,805
Deferred tax assets	1,294,019	1,853,410
	115,535,947	115,492,800
<b>Current assets</b>		
Prepayments for acquisition of land	10,448,231	27,416,412
Properties under development for sale	81,644,937	77,711,099
Completed properties for sale	38,111,017	36,501,625
Financial assets at fair value through profit or loss	1,232,335	1,453,398
Accounts receivable	4,129,782	4,622,198
Loan receivables	3,701,045	2,611,858
Prepayments, deposits and other current assets	13,693,259	11,595,603
Due from joint ventures	1,532,384	927,212
Due from associates	345,417	347,043
Due from related companies	13,362	21,402
Due from non-controlling interests	1,513,246	—
Contract acquisition costs	1,424,841	1,619,534
Cash and bank balances	15,368,332	18,394,217
	173,158,188	183,221,601
<b>Total assets</b>	<b>288,694,135</b>	<b>298,714,401</b>

		<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		<b>379,254</b>	287,314
Reserves		<b>94,978,959</b>	92,862,446
		<b>95,358,213</b>	93,149,760
Non-controlling interests		<b>5,626,636</b>	5,228,406
<b>Total equity</b>		<b>100,984,849</b>	98,378,166
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		<b>700,668</b>	531,728
Borrowings	<i>12</i>	<b>49,825,011</b>	71,607,058
Lease liabilities		<b>697,939</b>	587,005
Due to non-controlling interests		<b>1,339,339</b>	1,905,747
Deferred tax liabilities		<b>14,307,544</b>	14,045,565
		<b>66,870,501</b>	88,677,103
<b>Current liabilities</b>			
Accounts payable, accruals and other payables	<i>13</i>	<b>30,055,180</b>	30,776,328
Borrowings	<i>12</i>	<b>37,029,973</b>	24,920,398
Margin loans		<b>828,853</b>	1,025,082
Contract liabilities		<b>43,690,642</b>	45,175,820
Lease liabilities		<b>92,514</b>	401,869
Due to associates		<b>460,093</b>	540,270
Due to related companies		<b>596,585</b>	473,233
Due to joint ventures		<b>1,375,822</b>	1,520,198
Current tax liabilities		<b>6,709,123</b>	6,825,934
		<b>120,838,785</b>	111,659,132
<b>Total liabilities</b>		<b>187,709,286</b>	200,336,235
<b>Total equity and liabilities</b>		<b>288,694,135</b>	298,714,401
<b>Net assets</b>		<b>100,984,849</b>	98,378,166



*Notes:*

**(1) GENERAL INFORMATION**

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Chinese Mainland, and investments business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2024.

**(2) BASIS OF PREPARATION**

These 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”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

**Going concern basis**

As at 31 December 2023, notwithstanding that the Group had a net current assets of HK\$52,319 million, out of which HK\$130,204 million represented the aggregate amount of prepayments for acquisition of land, properties under development for sale and completed properties for sale and HK\$15,368 million represented its cash and bank balances, the Group has borrowings classified as current portion amounting to HK\$37,030 million.

In view of these circumstances and the current economic environment, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of financing including credit facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company also have implemented various measures to ensure the Group maintains adequate working capital, including:

- (i) to accelerate the pre-sale of properties and to speed up the collection of sales proceeds;
- (ii) to closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule, such that the Group is able to release restricted pre-sale proceeds as planned;
- (iii) to continue to seek for re-financing of existing borrowings as well as new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (iv) not to commit on significant capital expenditures and land acquisitions before securing the necessary funding.

Taking into account (i) the Group's net current assets position of HK\$52,319 million; (ii) the cash flow projection including the Group's ability to obtain new financing, to renew or refinance the existing credit facilities before maturity; (iii) the Group has successfully extended the repayment of current portion of borrowings of approximately HK\$4,553 million after the end of the reporting period and up to the date of this announcement; and (iv) the availability of unpledged assets that are immediately available for sales, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period. Accordingly, these consolidated financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

### (3) ACCOUNTING POLICIES

#### (a) Amendments to standard adopted by the Group

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>

The nature and the 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 Group has disclosed the material accounting policy information in note 2 to the financial statements. 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. The amendments did not have material impact on the financial position or performance of the Group.

- (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 not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

**(b) Issue but not yet effective Hong Kong Financial Reporting Standards**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Agreements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

#### (4) OPERATING SEGMENT INFORMATION

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

- (a) the property development segment engages in the development and sale of properties;
- (b) the commercial properties investment segment engages in the investments in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the infrastructure segment engages in construction, design and renovation services in Chinese Mainland; and
- (e) the investments segment engages in the investments in private equity investments and listed equity investments relating to high-and-new technology and medical science.

Geographically, the property development segment and the commercial properties investment segment are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan, Langfang and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 finance income and costs, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The segment results by business lines and, where applicable, by geographical areas for the year ended 31 December 2023 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC HK\$'000	EC HK\$'000	NC HK\$'000	SC HK\$'000	EC HK\$'000	NC HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31 December 2023</b>										
Total revenues	4,986,716	14,127,876	8,368,152	735,357	1,403,052	2,805,039	1,697,239	8,114,263	(136,717)	42,100,977
Intra/inter-segment revenues	(874,287)	(47,238)	(61,682)	(96,352)	(75,376)	(532,449)	(302,046)	(5,805,462)	(14,276)	(7,809,168)
Revenues	<u>4,112,429</u>	<u>14,080,638</u>	<u>8,306,470</u>	<u>639,005</u>	<u>1,327,676</u>	<u>2,272,590</u>	<u>1,395,193</u>	<u>2,308,801</u>	<u>(150,993)</u>	<u>34,291,809</u>
Segment results	281,238	1,259,934	384,561	520,013	3,357,766	1,015,162	21,862	455,046	(424,062)	6,871,520
Unallocated corporate expenses (including exchange loss), net										(162,686)
Finance income										519,062
Finance costs										(933,794)
Profit before taxation										6,294,102
Taxation										(2,889,882)
Profit for the year										<u>3,404,220</u>
Depreciation of properties and equipment	(50,533)	(37,900)	(14,259)	(3,476)	(38,113)	(74,354)	(2,942)	(1,944)	(15)	(223,536)
Depreciation of right-of-use assets	(132,116)	(4,513)	(4,657)	(3,839)	(16,552)	(9,670)	(3,322)	(5,546)	—	(180,215)
Provision for impairment of investment in an associate	—	—	—	—	—	—	—	—	(159,887)	(159,887)
Provision for impairment of financial assets	(14,086)	—	—	—	—	—	(22,260)	—	—	(36,346)
Provision for impairment of properties under development for sale and completed properties for sale	(404,265)	(311,130)	(315,086)	—	—	—	—	—	—	(1,030,481)
Fair value (loss)/gain on investment properties	—	—	—	(338,775)	2,573,358	261,385	—	—	—	2,495,968
Share of loss of associates	(2,776)	—	(17,048)	—	—	—	(44,833)	—	(51,237)	(115,894)
Share of (loss)/profit of joint ventures	(203,203)	—	(674)	427,603	—	—	—	—	—	223,726

The segment results by business lines and, where applicable, by geographical areas for the year ended 31 December 2022 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2022										
Total revenues	3,461,491	6,704,872	9,228,218	857,972	1,464,451	2,072,910	3,433,589	9,228,707	(2,207,987)	34,244,223
Intra/inter-segment revenues	(153,524)	(38,831)	(120,827)	(134,044)	(103,947)	(204,826)	(444,348)	(5,789,686)	(2,182)	(6,992,215)
Revenues	<u>3,307,967</u>	<u>6,666,041</u>	<u>9,107,391</u>	<u>723,928</u>	<u>1,360,504</u>	<u>1,868,084</u>	<u>2,989,241</u>	<u>3,439,021</u>	<u>(2,210,169)</u>	<u>27,252,008</u>
Segment results	84,269	1,352,595	1,812,834	1,010,587	8,706,232	2,604,163	55,083	715,951	(2,281,636)	14,060,078
Unallocated corporate expenses (including exchange loss), net										(39,882)
Finance income										563,138
Finance costs										(1,515,817)
Profit before taxation										13,067,517
Taxation										(3,974,332)
Profit for the year										<u>9,093,185</u>
Depreciation of properties and equipment	(26,644)	(1,560)	(17,209)	(5,866)	(42,433)	(73,182)	(3,796)	(1,759)	(16)	(172,465)
Depreciation of right-of-use assets	(91,324)	(5,543)	(4,696)	(4,038)	(17,409)	(9,625)	(2,749)	(9,803)	—	(145,187)
Provision for impairment of financial assets	—	—	—	—	—	—	(72,927)	—	—	(72,927)
Provision for impairment of properties under development for sale and completed properties for sale	—	—	(7)	—	—	—	—	—	—	(7)
Fair value gain on investment properties	—	—	—	325,305	7,967,010	1,780,152	—	—	—	10,072,467
Share of loss of associates	(3,096)	—	(55,443)	—	—	—	(49,491)	—	(103,087)	(211,117)
Share of (loss)/profit of joint ventures	(125,895)	(68)	(488)	299,533	—	—	—	—	—	173,082

The segment assets by business lines and, where applicable, by geographical areas as at 31 December 2023 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2023	48,331,223	39,122,983	77,538,375	24,098,442	34,230,754	40,456,740	4,008,544	4,195,222	15,417,833	287,400,116
Deferred tax assets										1,294,019
Total assets										288,694,135
Segment assets include:										
Investments in associates	269,599	—	1,019,032	—	—	—	1,013,030	—	4,862,954	7,164,615
Investments in joint ventures	1,668,616	—	11,484	6,712,576	—	—	—	—	—	8,392,676
Additions to non-current assets (other than financial instruments and deferred tax assets)	49,002	99	1,838	40,798	1,950,449	123,214	42,206	642	—	2,208,248

The segment assets by business lines and, where applicable, by geographical areas as at 31 December 2022 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2022	51,711,292	49,063,030	76,899,205	23,489,184	28,930,309	42,477,879	4,295,194	4,447,123	15,547,775	296,860,991
Deferred tax assets										1,853,410
Total assets										298,714,401
Segment assets include:										
Investments in associates	22,483	—	2,170,264	—	—	—	1,212,473	—	5,111,616	8,516,836
Investments in joint ventures	2,552,335	—	10,884	6,115,699	—	—	—	—	—	8,678,918
Additions to non-current assets (other than financial instruments and deferred tax assets)	453,262	163	17,859	62,851	234,580	185,947	7,086	4,140	—	965,888



(a) *Revenue from external customers*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from property development	26,499,537	19,081,399
Revenue from commercial properties investment	4,239,271	3,952,516
Property management income	1,395,193	2,989,241
Infrastructure income	2,308,801	3,439,021
Investments losses	(150,993)	(2,210,169)
	<u>34,291,809</u>	<u>27,252,008</u>

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets*

As at 31 December 2023 and 2022, non-current assets were mainly located in Chinese Mainland.

**Information about a major customer**

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.

(5) **OTHER GAINS, NET**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net foreign exchange losses	(14,051)	(17,375)
Changes in fair value of derivative financial instruments	—	144,670
Others	45,119	75,173
	<u>31,068</u>	<u>202,468</u>

(6) EXPENSES BY NATURE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Advertising costs	608,447	444,802
Auditor's remuneration		
— Audit services	15,167	33,185
— Non-audit services	8,653	6,321
Cost of completed properties sold	20,429,133	12,462,835
Cost of property management business	1,224,326	2,678,097
Cost of commercial properties business	1,650,136	1,128,938
Cost of infrastructure business	1,439,578	2,652,321
Depreciation of properties and equipment	223,536	172,465
Depreciation of right-of-use assets	180,215	145,187
Direct operating expenses arising from investment properties	343,978	292,800
Employees' benefits costs (including directors' emoluments)	2,021,623	2,399,121
Loss on disposals of properties and equipment	75,673	18,983
Short-term and low-value assets lease expenses*	3,762	3,577
Provision for impairment of investment in an associate	159,887	—
Provision for impairment of financial assets	36,346	72,927
Provision for impairment of properties under development for sale and completed properties for sale	1,030,481	7
Donation	20,172	18,245

\* These lease payments are directly charged to general and administrative expenses and are not included in the measurement of lease liabilities under HKFRS 16.

**(7) FINANCE INCOME AND COSTS**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Finance income</b>		
Interest income on bank deposits, advance to a joint venture and loan receivables	<u>519,062</u>	<u>563,138</u>
<b>Finance costs</b>		
Interest expenses and other borrowing costs:		
— loans from banks and financial institutions	(4,919,773)	(6,547,046)
— senior notes, convertible bonds, asset-backed securities and commercial mortgage-backed securities	<u>(791,874)</u>	<u>(1,337,092)</u>
Total borrowing costs incurred	(5,711,647)	(7,884,138)
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and construction-in-progress	<u>4,777,853</u>	<u>6,372,149</u>
	(933,794)	(1,511,989)
Cost on early redemption of commercial mortgage-backed securities	<u>—</u>	<u>(3,828)</u>
	<u>(933,794)</u>	<u>(1,515,817)</u>
Net finance costs	<u>(414,732)</u>	<u>(952,679)</u>

**(8) TAXATION**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax	134,951	4,444
Chinese Mainland corporate income tax	573,577	1,738,625
Chinese Mainland land appreciation tax	<u>1,062,911</u>	<u>435,793</u>
	1,771,439	2,178,862
<b>Deferred tax</b>	<u>1,118,443</u>	<u>1,795,470</u>
<b>Taxation</b>	<u>2,889,882</u>	<u>3,974,332</u>

The Company is exempted from taxation in Bermuda until March 2035.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit arising in Hong Kong during the year.

Subsidiaries established and operated in Chinese Mainland are subject to Chinese Mainland corporate income tax at the rate of 25% for the year ended 31 December 2023 (2022: 25%).

Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

Dividend distribution made by Chinese Mainland subsidiaries and joint ventures to shareholders outside of Chinese Mainland in respect of their profits earned after 1 January 2008 is subject to withholding income tax at tax rate of 5% or 10%, where applicable.

## (9) EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares of 3,792,541,000 (2022: 3,792,541,000, as restated) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

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

	2023	2022 (restated)
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>2,922,321</u>	<u>8,762,461</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>3,792,541</u>	<u>3,792,541*</u>
Basic earnings per share ( <i>HK\$ per share</i> )	<u>0.77</u>	<u>2.31**</u>

\* The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the bonus shares issued on 28 July 2023 and 1 December 2023.

\*\* For the year ended 31 December 2022, the calculation of basic and diluted earnings per share does not include contingently issuable ordinary shares from convertible bonds until the end of the contingency period because not all necessary conditions have been satisfied. Therefore, the diluted earnings per share amounts are based on the profit attributable to equity holders of the Company for the year of HK\$8,762,461,000 and the weighted average number of ordinary shares of 3,792,541,000 in issue during the year as adjusted to reflect the bonus issue on 28 July 2023 and 1 December 2023.

## (10) DIVIDEND

No dividend was proposed for the years ended 31 December 2023 and 2022.

## (11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable (including amounts due from related companies of trading in nature) is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 3 months	693,781	687,725
3 to 6 months	236,885	256,087
6 to 9 months	367,692	522,040
9 to 12 months	99,815	109,614
Over 12 months	2,731,609	3,046,732
	<u>4,129,782</u>	<u>4,622,198</u>

The carrying value of accounts receivable approximates their fair values. Accounts receivable relates to a number of independent customers and related parties, and are denominated in Renminbi.

## (12) BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	49,173,293	59,520,917
Commercial mortgage-backed securities ( <i>Note (a)</i> )	651,718	9,760,873
Senior notes ( <i>Note (b)</i> )	—	2,325,268
	<u>49,825,011</u>	<u>71,607,058</u>
Current		
Bank and financial institution borrowings	25,026,024	20,340,493
Commercial mortgage-backed securities ( <i>Note (a)</i> )	9,666,599	784,757
Senior notes ( <i>Note (b)</i> )	2,337,350	1,845,961
Convertible bonds ( <i>Note (c)</i> )	—	1,949,187
	<u>37,029,973</u>	<u>24,920,398</u>
	<u>86,854,984</u>	<u>96,527,456</u>

*Notes:*

- (a) In September 2020, the Group issued 3.85% commercial mortgage-backed securities. The securities will mature in 2041 and are repayable at their nominal value of RMB700,000,000 according to pre-determined schedule from 2020 to 2041. The Group has the right to redeem all the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. The securities were redeemed by the Group in August 2023 in full amount.

In March 2021, the Group issued 4.80% and 5.30% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB1,410,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. As at 31 December 2023, the carrying value of the securities (including arrangement fees) amounted to HK\$1,454,393,000 (31 December 2022: HK\$1,484,993,000), and the securities are secured by an investment property of approximately HK\$1,945,173,000 (31 December 2022: HK\$1,921,809,000) and the rental income/receivables deriving from the investment property.

In July 2021, the Group issued 4.35% commercial mortgage-backed securities. The securities will mature in 2039 and are repayable at their nominal value of RMB8,000,000,000 according to pre-determined schedule from 2021 to 2039. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. As at 31 December 2023, the carrying value of the securities (including arrangement fees) amounted to HK\$8,201,833,000 (31 December 2022: HK\$8,315,621,000), and the securities are secured by an investment property of approximately HK\$13,917,150,000 (31 December 2022: HK\$13,740,526,000) and the rental income and receivables deriving from the investment property.

In November 2023, the Group issued 6.00% commercial mortgage-backed securities. The securities will mature in 2041 and are repayable at their nominal value of RMB635,000,000 according to pre-determined schedule from 2023 to 2041. The Group has the right to redeem all of the securities at pre-determined points in time; the investors are also entitled to sell back the securities to the Group on the same dates. The investor has an option to sell back the securities every 3 years from the date of issue. As at 31 December 2023, the carrying value of the securities (including arrangement fees) amounted to HK\$662,091,000 (31 December 2022: HK\$nil), and the securities are secured by an investment property of approximately HK\$1,305,423,000 (31 December 2022: HK\$nil) and the rental income and receivables deriving from the investment property.

- (b) In May 2021, the Group issued 7.00% senior notes. The notes are unsecured, will mature in May 2024 and are repayable at their nominal value of US\$300,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. As at 31 December 2023, the carrying value of the securities (including arrangement fees) amounted to HK\$2,337,350,000 (31 December 2022: HK\$2,325,268,000).

In June 2021, the Group issued 6.80% senior notes. The notes were unsecured and repayable at their nominal value of US\$200,000,000. In July 2021, the Group entered into a purchase agreement in connection with the additional issue of nominal value of US\$37,500,000 of the 6.80% senior notes due 2023. Upon the completion of the additional issue, the Group had an aggregate outstanding nominal value of US\$237,500,000 of the 6.80% senior note due 2023. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular. The Group partially repurchased the 6.80% senior notes in an aggregate amount of US\$13,000,000 in November 2023, and further repaid the 6.80% senior notes then remained outstanding (i.e. US\$224,500,000 in aggregate principal amount) in full upon maturity in December 2023.

- (c) In January 2022, the Group issued US\$250,000,000 in aggregate principal amount of 8.00% guaranteed convertible bonds due in January 2023. The bond holder had an option to convert the bonds into the shares of the Company between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business of 21 December 2022. Interest on the bonds was paid quarterly at the rate of 8.00% per annum payable in arrear of 6 April 2022, 6 July 2022, 6 October 2022 and 6 January 2023. The convertible bonds were redeemed by the Group upon maturity in January 2023 in full amount.

**(13) ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES**

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 3 months	<b>2,423,590</b>	3,734,864
3 to 6 months	<b>1,986,104</b>	1,792,028
6 to 9 months	<b>2,883,475</b>	1,430,044
9 to 12 months	<b>1,707,578</b>	935,259
Over 12 months	<b>5,666,087</b>	9,210,757
	<b><u>14,666,834</u></b>	<u>17,102,952</u>

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

## DIVIDEND

The Group remains cautiously optimistic about the prospects of the real estate and property development markets in the PRC. The Board considers that it would be prudent to preserve cash and strengthen liquidity position for the Group's upcoming business development and plans under the current market conditions. After careful and thorough consideration, the Board does not recommend the payment of a final dividend for the year ended 31 December 2023. No interim dividend was declared for the half year ended 30 June 2023.

## FINANCIAL REVIEW

### Turnover

#### (i) *Recognised Sales*

In 2023, the Group recorded a turnover of RMB30,854 million (HK\$34,292 million), up 32% (denominated in RMB) and up 26% (denominated in HK\$) when compared with RMB23,312 million (HK\$27,252 million) in 2022.

In respect of property development business, a total GFA of 1,446,055 square metres (2022: 1,014,411 square metres) was delivered in 2023. The major projects delivered include Beijing Jinmao Palace Phase II (北京金茂府II期) and MAHÁ Beijing (縵合北京) in Northern China, Hesong Lanting (合頌蘭亭) and The Town of Hangzhou Bay (合生杭州灣國際新城) in Eastern China, and Hopson Hushan Guoji Villa (合生湖山國際) in Southern China.

#### (ii) *Contracted Sales*

The Group recorded total contracted sales of approximately RMB32,583 million in 2023, which remained relatively stable when compared with approximately RMB32,579 million in 2022.

In 2023, Guangzhou and Huizhou had in total twenty-three projects on sale and the contracted sales amounted to RMB7,502 million, representing 23% of the total contracted sales of the Group in 2023. The major projects were Hopson YUNĒ in Guangzhou (廣州合生縵雲), Hopson Hushan Guoji Villa (合生湖山國際) and Shidai City Project, Huizhou (惠州時代城項目).

There were sixteen property projects on sale in Shanghai, mainly comprising YUNĒ in Shanghai (縵雲上海), Hopson Sheshan Dongziyuan (合生佘山東紫園) and Hopson Dongjiao Villa (合生東郊別墅). Contracted sales of Shanghai amounted to RMB15,148 million, representing 47% of the total contracted sales of the Group in 2023.

Nineteen projects in total were on sale in Beijing and Tianjin, and the combined contracted sales of Beijing and Tianjin were RMB9,933 million, representing 30% of the total contracted sales of the Group in 2023. The major projects were MAHÁ Beijing (縵合北京), Hopson YUNĒ (合生縵雲) and Hopson MIYĀ (合生me悦).



## **Gross Profit**

Gross profit in 2023 amounted to HK\$9,496 million (2022: HK\$8,281 million) with a gross profit margin of 28% (2022: 30%). The decrease in gross profit margin was mainly due to higher cost of projects delivered in the property development segment in 2023.

## **Fair Value Gain on Investment Properties**

Fair value gain on investment properties as at 31 December 2023 amounted to HK\$2,496 million (2022: HK\$10,072 million). As at 31 December 2023, the Group owned 20 (2022: 19) investment properties.

## **Other Gains, Net**

Other gains as at 31 December 2023 amounted to HK\$31 million (2022: HK\$202 million), comprising (1) net exchange losses of HK\$14 million; and (2) other net gains of HK\$45 million.

## **Operating Costs**

The operating costs relating to expenses for selling, marketing, general and administration amounted to HK\$4,196 million in 2023, which remained relatively stable when compared with HK\$4,425 million in 2022.

## **Finance Costs**

Gross interest expenses before capitalisation in 2023 decreased to HK\$5,712 million (2022: HK\$7,884 million), down HK\$2,172 million or 28%. The decrease was primarily attributable to the decrease in borrowings from banks and financial institutions in 2023 as compared to the previous year. The effective interest rate of the Group's borrowings was approximately 6.2% per annum (2022: 6.5%).

## **Taxation**

The effective tax rate was 45.9% in 2023, increased by 15.5 percentage points as compared with last year, which was mainly due to the fact that the land appreciation tax rate applicable to the major projects delivered in 2023 was higher than that for major projects in the previous year.

## **Profit Attributable to Equity Holders of the Company**

Profit attributable to equity holders was HK\$2,922 million in 2023 (2022: HK\$8,762 million). Basic and diluted earnings per share was HK\$0.77. During the period under review, excluding the effect of the net of tax gain from investment property revaluation of HK\$2,047 million, the net of tax gain from disposal of subsidiaries and joint ventures of HK\$1 million and gain on disposal of derivative financial instruments of HK\$3 million, adding back the net of tax from donations of HK\$20 million, withholding tax on dividend income from subsidiaries of HK\$233 million, provision for impairment of investment in an associate of HK\$160 million and provision for impairment of properties under development for sale and completed properties for sale of HK\$1,030 million, the underlying profit amounted to HK\$2,314 million, representing an increase of HK\$1,233 million, or 114.1%, as compared to last year.

## **Segment Information**

Property development continued to be the Group's core business activity (77%). In 2023, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Southern China (including Guangzhou, Huizhou, Zhongshan and Yangshuo) contributed 22% of the total revenues of the Group, 46% from Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) and 32% from Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao).

## **Liquidity and Financial Position**

As at 31 December 2023, total assets of the Group amounted to HK\$288,694 million and total liabilities came to HK\$187,709 million, representing a decrease of 3% and 6% respectively as compared to 31 December 2022. The decrease in total assets was mainly attributable to the decrease in prepayment for acquisition of land. The decrease in total liabilities was mainly attributable to the decrease in borrowings.

The Group's current ratio as at 31 December 2023 was 1.43 (31 December 2022: 1.64). Equity as at 31 December 2023 increased by 3% to HK\$100,985 million from 31 December 2022, mainly due to the increase in retained earnings during the year. The net asset value ("NAV") per share as at 31 December 2023 was HK\$26.63.

As at 31 December 2023, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 65% (31 December 2022: 67%).

As at 31 December 2023, the Group had cash and bank deposits amounting to HK\$15,368 million (31 December 2022: HK\$18,394 million), of which approximately HK\$1 million (31 December 2022: HK\$2 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 97.97% of the cash and bank deposits were denominated in Renminbi, 0.48% in Hong Kong dollars, 1.54% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$74,199 million as at 31 December 2023, representing a decrease of 7% or HK\$5,662 million as compared to those as at 31 December 2022. Gearing ratio, measured by net bank and financial institution borrowings, senior notes and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes, convertible bonds and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 71% as at 31 December 2023 (decreased by 8 percentage points as compared with 79% as at 31 December 2022).

All of the bank and financial institution borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates.

All of the commercial mortgage-backed securities were secured and denominated in Renminbi.

All of the senior notes were unsecured and denominated in United States dollars.

All of the convertible bonds were unsecured and denominated in United States dollars.

All of the other borrowings were unsecured and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31 December 2023 was as follows:

	As at 31 December 2023						As at 31 December 2022						
	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Convertible bonds	Other borrowings	Total	Percentage
<i>(HK\$ million)</i>													
Within one year	25,026	9,667	2,337	2,433	39,463	44%	20,340	785	1,846	1,949	2,534	27,454	(28%)
One to two years	11,083	13	—	—	11,096	13%	14,746	9,761	2,325	—	—	26,832	(27%)
Two to five years	19,835	639	—	—	20,474	23%	21,587	—	—	—	—	21,587	(22%)
After five years	18,255	—	—	—	18,255	20%	23,188	—	—	—	—	23,188	(23%)
Total	74,199	10,319	2,337	2,433	89,288		79,861	10,546	4,171	1,949	2,534	99,061	
Less: Total bank deposits and cash					(15,368)							(18,394)	
Net borrowings					73,920							80,667	

As at 31 December 2023, the Group had banking facilities of approximately HK\$206,322 million (31 December 2022: HK\$217,745 million) for short-term and long-term bank loans, of which HK\$119,467 million (31 December 2022: HK\$121,218 million) were unutilised.

## Charge on Assets

As at 31 December 2023, certain assets of the Group with an aggregate carrying value of HK\$84,775 million (31 December 2022: HK\$80,138 million) and the Group's equity interests in subsidiaries of HK\$8,619 million (31 December 2022: HK\$11,903 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

## Financial Guarantees

As at 31 December 2023, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$18,300 million (31 December 2022: HK\$20,170 million).

## Commitments

The Group's commitments as at 31 December 2023 were as follows:

	<b>As at 31 December 2023 <i>HK\$ million</i></b>	<b>As at 31 December 2022 <i>HK\$ million</i></b>
Capital commitments		
Contracted but not provided for		
— Property construction costs	1,853	2,040
— Capital contribution to associates	301	316
— Capital contribution to joint ventures	101	450
— Acquisition of equity investments	2,345	2,339
	<u>4,600</u>	<u>5,145</u>
Property development commitments		
Contracted but not provided for		
— Property construction costs	28,667	28,363
	<u>28,667</u>	<u>28,363</u>

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	<b>As at 31 December 2023 <i>HK\$ million</i></b>	As at 31 December 2022 <i>HK\$ million</i>
Amounts payable		
— Within one year	<u>1</u>	<u>2</u>
	<u>1</u>	<u>2</u>

#### **EVENT AFTER THE BALANCE SHEET DATE**

Mr. Lucas Ignatius Loh Jen Yuh (“Mr. Loh”) tendered his resignation as the Co-president of the Company with effect from 31 January 2024. Following Mr. Loh’s resignation, he no longer holds any positions in the Group.

With effect from 27 March 2024, (i) Mr. Xie Bao Xin has resigned as an executive Director, the chief financial officer, an authorised representative (for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) and a member of each of the finance committee and the option shares committee of the Company; and (ii) Mr. Luo Taibin has been appointed as an executive Director, the chief financial officer, an authorised representative (for the purpose of Rule 3.05 of the Listing Rules) and a member of each of the finance committee and the option shares committee of the Company.

#### **FOREIGN EXCHANGE FLUCTUATIONS**

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

#### **MANAGEMENT CONTRACT**

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

## **EMPLOYEES**

As at 31 December 2023, the Group, excluding its associates and joint ventures, employed a total of 9,654 (2022: 10,482) staff, the majority of which were employed in Chinese Mainland. Employees' costs (including Directors' emoluments) amounted to HK\$2,022 million for the year ended 31 December 2023 (2022: HK\$2,399 million).

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Corporate Governance Code set out in Appendix C1 to the Listing Rules that is applicable to the corporate governance report for the year ended 31 December 2023 (the "CG Code"), except for the code provision F.2.2 as described below.

Code provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2023 (the "2023 AGM") due to her other business commitment. Mr. Xie Bao Xin, an executive Director who chaired the 2023 AGM, together with other Directors who attended the 2023 AGM were available to answer questions at the meeting to ensure effective communication with the shareholders. Despite her absence at the 2023 AGM, the Chairman of the Board had reviewed all relevant documents of the 2023 AGM before the meeting, and all records and minutes of the 2023 AGM were circulated to her after the meeting for her information.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

## **PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES**

On 28 June 2021, the Company issued 6.80% guaranteed senior notes due 2023 in an aggregate principal amount of US\$200,000,000 (the "Original US\$200 Million Notes"). On 28 July 2021, the Company issued additional 6.80% guaranteed senior notes in an aggregate principal amount of US\$37,500,000, which were consolidated and formed a single series and ranked pari passu with the Original US\$200 Million Notes (collectively, the "June 2021 Notes"). As at 24 November 2023, the Company had partially repurchased the outstanding June 2021 Notes in an aggregate amount of US\$13,000,000 in the open market (the "Repurchased Notes") (the "Repurchase"). The Repurchased Notes represent approximately 5.5% of the aggregate principal amount of the June 2021 Notes then outstanding. Upon completion of the Repurchase, US\$224,500,000 in aggregate principal amount of the June 2021 Notes remained outstanding and matured on 28 December 2023 (the "June 2021 Notes Maturity Date"). The Company further repaid the June 2021 Notes in full at their outstanding principal amount of US\$224,500,000 together with accrued interest on the June 2021 Notes Maturity Date in accordance with the terms of the June 2021 Notes and the indenture (the "Repayment"). Following completion of the Repurchase and the Repayment, the June 2021 Notes were cancelled and delisted from the Singapore Exchange Securities Trading Limited, and no June 2021 Notes remain outstanding.

On 10 January 2022, the Company issued US\$250,000,000 in aggregate principal amount of 8.00% guaranteed convertible bonds due 2023 (the “Bonds”) under specific mandate. The Bonds had been listed on the Stock Exchange since 11 January 2022 (stock code of the Bonds: 04312), and matured on 6 January 2023 (the “Bonds Maturity Date”). On the Bonds Maturity Date, the Company has redeemed the Bonds in full at aggregate principal amount of US\$250,000,000 together with accrued interest in accordance with the terms and conditions of the Bonds (the “Redemption”). Following the Redemption, the Bonds were forthwith cancelled in full and there are no outstanding Bonds in issue. The Company is discharged from all obligations under and in respect of the Bonds.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2023.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Company’s audit committee currently comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the risk management and internal controls and financial reporting matters including a review of the annual results for the year ended 31 December 2023.

## **SCOPE OF WORK OF THE INDEPENDENT AUDITOR**

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 auditors to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Company’s auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company’s auditors on this preliminary announcement.

## **REMUNERATION COMMITTEE**

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 14 June 2024, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 7 June 2024.

## **ANNUAL REPORT**

The 2023 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

## **DIRECTORS**

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin (outgoing Director), Mr. Bao Wenge and Mr. Luo Taibin (incoming Director); and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.

By order of the Board  
**Hopson Development Holdings Limited**  
**Chu Kut Yung**  
*Chairman*

Hong Kong, 27 March 2024

\* *For identification purpose only*

\*\* *For ease of reference, the names of PRC established companies or entities (if any) and PRC laws, regulations and organisations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail*