China Jinmao Holdings Group Limited
中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code: 00817)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the "Board") of China Jinmao Holdings Group Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2023. This announcement, containing the full text of the 2023 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in relation to information to accompany preliminary announcements of the annual results. Printed version of the Company's 2023 Annual Report will be sent to the shareholders of the Company and available for viewing on the HKExnews website at www.hkexnews.hk and the Company's website at www.chinajinmao.cn on or before 30 April 2024.

Contents

Company Overview

China Jinmao Holdings Group Limited ("China Jinmao" or the "Company") is a platform enterprise under the city operation area of Sinochem Holdings Corporation Ltd. ("Sinochem Holdings"). In 2007, China Jinmao was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") (Stock Code: HK.00817), and included in the Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties & Construction, Hang Seng China State-holding Enterprises Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng China High Dividend Yield Index, etc. The Company has been selected as one of the Fortune China 500 for consecutive years and ranked among the Forbes Global 2000. Sinochem Holdings is formed through the restructuring of Sinochem Group Co., Ltd. ("Sinochem Group") and China National Chemical Corporation Ltd. ("ChemChina"), and is an important state-owned backbone enterprise under the supervision of the SASAC of the State Council. With business scope covering the eight major areas of life sciences, materials science, petrochemicals, environmental science, rubber and tire, machinery and equipment, city operation and industrial finance, Sinochem Holdings is the world's leading comprehensive petrochemicals enterprise.

"ONE CORE" • "THREE FOCUSES"

HIGH QUALITY DEVELOPMENT

PREMIUM HOLDING

HIGH-END SERVICE

BUILDING TECHNOLOGY INNOVATION

In adherence to the vision of "Unleashing Future Vitality of the City" and holding on to its positioning as a city operator, China Jinmao endeavours to promote the strategic upgrading of the "ONE CORE" • "THREE FOCUSES" businesses and establishes a multi-dimensional business linkage with high-quality development as the core, while focusing on premium holding and high-end service businesses, and stressing on building technology innovation business, so as to accelerate the creation of a second growth curve.

Based on its foresight on city potentials, China Jinmao integrates the world's leading premium resources and introduces the concept of mutually beneficial city planning to achieve overall enhancement in regional functions and city vitality. In addition, the Company gives full play to the synergy and linkage advantages between segments, and creates a series of high-end products featuring "Jinmao" brand as the core. "Smart technology and green health" has become the unique genetic quality and brand connotation of "Jinmao" series products, and continuously redefines "high-end" and "quality" in the industry. Currently, China Jinmao has succeeded in entering China's rapidly developing regions including the Beijing-Tianjin-Hebei Metropolitan Region, the Yangtze River Delta Region and the Pearl River Delta Region. The Company holds projects in core cities including Beijing, Tianjin, Shanghai and Guangzhou.

While continuously deepening its city operation model, the Company will continue to improve the operational efficiency of its developing and holding core businesses. With high-quality real estate development as the core, the Company focuses on three types of businesses, namely premium holding, high-end services, and construction technology, to support its development and build core competitiveness in the industry.

CITY OPERATIONS AND PROPERTY DEVELOPMENT

During the Year, land reserves were expanded with the successful acquisitions in Shanghai, Tianjin, Suzhou, Qingdao, Ningbo, Taiyuan, Xi'an, Hangzhou, Xiamen and Quzhou.

CONTRACTED SALES AMOUNT
(RMB million)

2023	141,200
2022	155,000

COMMERCIAL LEASING AND RETAIL OPERATIONS

Investment properties with an area of approximately 0.79 million square metres. Both the rental level and occupancy rate of the Group's investment properties outperformed its peers.

RENTAL REVENUE
(RMB million)

2023	1,802.3
2022	1,551.0

HOTEL OPERATIONS

11 luxury hotels offering 3,843 guest rooms

During the Year, under the premise of revenge consumption, the industry showed a boom in the first half of the Year, and the market was booming and basically recovered to the level of 2019. In the second half of the Year, the market was relatively stable, and the commercial property market has not fully recovered.

HOTEL REVENUE
(RMB million)

2023	2,080.4
2022	1,153.9

JINMAO SERVICES

Total contracted GFA reached approximately 106.4 million square metres, covering 70 cities across 24 provinces, municipalities and autonomous regions in China. and 501 property projects were managed in China with a total GFA under management of approximately 84.2 million square metres, comprising 321 residential communities and 180 non-residential properties.

JINMAO SERVICES REVENUE
(RMB million)

2023	2,704.4
2022	2,436.0

Major Events

2023

- Qingdao Shiyuan • Jinmao Palace held its first centralised opening

JANUARY

- The Company acquired Changfeng Jinmao Residence Project

FEBRUARY

- Jinmao North China and the People's Government of Rencheng District, Jining entered into a strategic cooperation framework agreement

APRIL

- The Company successfully acquired Tianjin Tibei Jinmao Palace Project

MAY

Major Events

2023

JULY

- The Company acquired Zhonghuan Jinmao Palace Project and Hangzhou Shangcheng Jinmao Palace Project

OCTOBER

- The Company participated in a seminar on consumer infrastructure REITs
- Shanghai Haiyue Jinmao Residence commenced apartment operation
- The Company acquired Xi'an Keji Road Jinmao Palace Project

NOVEMBER

- The Company acquired Xi'an Jinmao • Puyi Qujiang Project

DECEMBER

- The Company held the Grand Banquet China Ceremony 2023
- Xiong'an Jinmao Palace commenced construction

Corporate Information

COMPANY NAME

China Jinmao Holdings Group Limited

PRINCIPAL OFFICE

Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No.1 Harbour Road
Wan Chai, Hong Kong

EXECUTIVE DIRECTORS

Mr. ZHANG Zenggen (Chairman)
Mr. TAO Tianhai (Chief Executive Officer)
Mr. ZHANG Hui (Senior Vice President)
Ms. QIAO Xiaojie (Chief Financial Officer)

NON-EXECUTIVE DIRECTORS

Mr. CHENG Yong
Ms. CHEN Aihua
Mr. AN Hongjun
Ms. WANG Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

CHIEF FINANCIAL OFFICER

Ms. QIAO Xiaojie

QUALIFIED ACCOUNTANT

Mr. LIAO Chi Chiun

COMPANY SECRETARY

Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES

Mr. ZHANG Zenggen
Ms. QIAO Xiaojie

LEGAL ADVISORS

Latham & Watkins LLP
18/F, One Exchange Square
Central, Hong Kong

Tian Yuan Law Firm
Unit 509, Tower A, Corporate Square
No. 35 Finance Street
Xicheng District
Beijing, People's Republic of China

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

STOCK CODE

00817

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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Wanchai, Hong Kong

INVESTOR ENQUIRY

E-mail: chinajinmao_IR@sinochem.com

WEBSITE

www.chinajinmao.cn

Financial Highlights

	2023 (RMB million)	2022 (RMB million)	Percentage change (%)
Revenue	**72,403.6**	**82,991.4**	**-13**
Gross profit	**9,021.5**	**13,145.6**	**-31**
Loss/profit for the year	**-4,858.3**	**5,220.9**	**-193**
Add: Effects of provision for impairment of properties under development and properties held for sale (Note 1)	6,995.0	6,582.6	6
Profit for the year - excluding provision for impairment of properties	2,136.7	11,803.5	-82
Profit attributable to owners of the parent	-6,896.6	1,984.1	-448
Less: fair value losses/gains on investment properties (net of deferred tax)	-103.1	1,074.0	-110
Profit attributable to owners of the parent – excluding fair value losses/gains on investment properties (net of deferred tax)	-6,793.5	910.1	-846
Total assets	**407,119.2**	**421,895.6**	**-4**
Equity attributable to owners of the parent	**39,291.3**	**47,445.4**	**-17**
Basic earnings per share (RMB cents)	**-51.62**	**15.56**	**-432**
Basic earnings per share – excluding fair value losses/gains on investment properties (net of deferred tax) (RMB cents)	-50.84	7.14	-812
Dividend (HK cents) (Note 2) – final and interim dividend per share	1.5	11	-86
Net debt-to-adjusted capital ratio (%) (Note 3)	73	64	N/A

Note 1: Such effects also include provision for impairment of properties under development and properties held for sale of projects of associates and joint ventures.

Note 2: Interim dividend of HK1.5 cents per share and final dividend of HK0 cent per share (totalling HK1.5 cents per share) for 2023. Interim dividend of HK9 cents per share and final dividend of HK2 cents per share (totalling HK11 cents per share) for 2022.

Note 3: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances – certain other financial assets)/(total equity + the Company's amounts due to the immediate holding company)

Chairman's Statement

We are full of confidence in the future market. The Company will adhere to the strategic direction of "in-depth cultivation and focus, as well as quality and efficiency improvement", and implement "revitalising the existing projects and optimising the additional projects". Moreover, we will implement a new management model as a city operator, make effort to promote the theme of the year "product upgrades", construct good quality housing and provide good services for people, achieving the long-term, stable and high-quality development of the Company.

Chairman

ZHANG Zenggen

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Jinmao, I hereby present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2023 (the "Period under Review", the "Reporting Period", "2023" or the "Year") for your review.

In recent years, China's development has faced complex situations, with increasing unfavourable factors in the international political and economic environment. Coupling with cyclical and structural contradictions domestically, the supply and demand relationship in the real estate market has undergone profound changes, so that the Company is facing increasing external risks and challenges. At the same time, as the people's desire for a better life continues to increase, real estate companies with sound financial positions and leading quality will continue to play an important role in stabilising the economy, and will also welcome a new development window. Facing such new changes, the Board and the management of the Company have carried out in-depth discussions and made adaptive adjustments to the development strategy and core strategy: **The Company has adhered to the direction of differentiation, and established the development purpose of "in-depth cultivation and focus, as well as quality and efficiency improvement" and the development strategy of "One Core" • "Three Focuses". With high-quality development as the core, the Company focuses on the businesses of premium holding, quality services, and construction technology, building China Jinmao into a city operator with excellent efficiency, suitable scale, and leading quality.**

In 2023, China's economy withstood external pressure, comprehensively deepened reform and opening-up, increased macro-control efforts, focused on expanding domestic demand and optimising structure to boost confidence and prevent and mitigate risks, thereby promoting the recovery of China's economy. The real estate industry focused on "ensuring property delivery, stabilising people's livelihood and ensuring stability" to prevent and mitigate major economic and financial risks, while local governments timely adjusted and optimised real estate policies, resulting in narrowing declines in market investments and sales. Actively embracing changes and reform, and thanks to the unremitting efforts and hard work of all colleagues, the Company achieved a contracted sales amount of RMB141.2 billion throughout the Year, consolidating its first-tier position in the industry in terms of sales scale. The Company continued to improve quality and efficiency so as to maintain sound operations and financial position.

Bravely shouldering the mission of the times to implement national strategies. The Company actively took part in the construction of Xiong'an New Area, advanced the agency construction of Sinochem Tower with high standards and guided the development of housing. With a high sense of political mission and responsibility, the Company built landmarks of the times to contribute Jinmao's strength in the progress of such a millennium plan. The Company deeply practiced the responsibilities of the national real estate team by resolutely implementing the national requirements of "ensuring property delivery, stabilising people's livelihood", with the delivery of more than 45,000 residential units all completed in high quality, maintaining a high level of customer satisfaction among the industry. Actively responding to the national "dual carbon" strategy, the Company implemented the concept of "green development", and accelerated the exploration and deployment of ultra-low energy consumption and green buildings, assisting in green and low-carbon transformation and sustainable development of cities. The Company's ESG ratings continued to improve, receiving recognition by the three major international authorities as well as domestic regulatory agencies.

Based on sound operations, striving to improve quality and efficiency. The Company adhered to seeking management efficiency and implementing the strategic execution approach of "revitalising the existing projects and optimising the additional projects". Through re-optimising city operations, revitalising assets, reducing losses and liabilities, the Company optimised the inventory structure, stabilising its basic market. Promoting the focus of business strategy, the Company **maintained moderate scale development**, and focused on the first-tier and second-tier core cities and core regions while improving its products, newly acquiring high-quality projects in cities such as Shanghai, Tianjin and Xi'an valued at nearly RMB68 billion, which would provide a strong guarantee for the Company's future development. **Adhering to premium holding operations**, the Company continuously improved asset operation capabilities. Revenue from hotel operations grew by approximately 80% year-on-year; and revenue from commercial leasing and retail operations grew by approximately 16% year-on-year, which continuously generated stable cash flow. **Focusing on high-end quality services**, revenue from property management services grew by more than 10% year-on-year. The Company ranked 15th in terms of comprehensive strength, further shaping its high-end brand image. **Focusing on building technology innovation**, two "specialised and new" enterprises were added, and a total of 63 patent grants were obtained throughout the Year, helping to improve core competitiveness and product strength.

Comprehensively deepening reform to promote organisational upgrading. The Company smoothly completed the management change, which gained the trust of investors and ensured the orderly production and operation of the Company. Focusing on the needs of strategic development, the Company drove its organisational optimisation by reducing vertical hierarchies, integrating horizontal organisations, and streamlining staffing. With the implementation of business integration and organisational structure adjustment, the number of operating units was reduced from 16 to 11. In accordance with the positioning of operational control for second-tier units, "addition" and "subtraction" were applied in parallel to promote the combination of regional platforms and central cities, so as to establish a flexible organisation taking into account both operational control and practical operations, and adjust the organisational structure of China Jinmao's head office. By means of organisational reform and streamlining staffing, the staff costs and administrative expenses of the Company declined significantly year-on-year, further stimulating corporate vitality.

Chairman's Statement

Serving the overall interests of the country and fulfilling social responsibilities. As a state-owned enterprise and a listed company, China Jinmao also attached great importance to and proactively fulfilled its social responsibilities. We adhered to customer orientation, strengthened technological empowerment, and accelerated product upgrades and service upgrades, showing more possibilities to people to meet their desire for a better life. We actively responded to China's policy of "expanding domestic demand, and promoting consumption" by promoting the issuance of consumer infrastructure public REITs. Changsha Jinmao Mall of Splendor was among the first batch of approved projects in China, continuing to empower the stable development of China's real economy. Fulfilling the social responsibilities of a state-owned enterprise, we actively carried out public welfare assistance to consolidate the results of poverty alleviation, strive to paint a magnificent picture of rural revitalisation, and make solid progress towards the goal of common prosperity.

2024 is a year of continuous recovery, in-depth rejuvenation, and momentum gaining for China's economy. It is also a year for continuous risk releasing and accelerated structural adjustments. The central government has emphasised "to adhere to making progress while maintaining stability, promoting stability through progress, and establishing before breaking", supporting the healthy development of the real estate industry. With a lot of room for improvement in the quantity and quality of urbanisation in China, the industry is transforming towards the direction of "high quality, new technology, and good services", bringing huge potential for building a new model of real estate development. We are full of confidence in the future market. The Company will adhere to the strategic direction of "in-depth cultivation and focus, as well as quality and efficiency improvement", and implement "revitalising the existing projects and optimising the additional projects". Moreover, we will implement a new management model as a city operator, make effort to promote the theme of the year "product upgrades", construct good quality housing and provide good services for people, achieving the long-term, stable and high-quality development of the Company.

Phoenix emerges anew from the ashes. Standing at the new threshold of reform and development, we will embrace the brilliant adventure ahead, despite numerous difficulties in the new journey. All employees of China Jinmao will continue to maintain the spirit of innovation and entrepreneurship to create greater value for all shareholders. On behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers, business partners of the Company and various sectors of the community.

ZHANG Zenggen
Chairman

Hong Kong
27 March 2024

Honours and Awards

MAJOR INTEGRATED AWARDS

JAN

In January, China Jinmao came first at the "2022 Top 10 Competitive Green Real Estate Developers in China" awards at the "2023 China Real Estate Industry Trend Outlook and the 23rd China International Real Estate & Architectural Technology Fair (CIHAF)" hosted by China Real Estate News.

JUN

In June, China Jinmao was awarded "2023 Blue Chip Enterprise", "2023 Quality Enterprise with Comprehensive and Stable Development", "2023 Sustainable Blue Chip Value Enterprise", "2023 Quality Benchmark Enterprise" and "2023 Digital Promotion Leading Enterprise" at the 20th (2023) Blue Chip Annual Conference hosted by the Economic Observer.

In June, China Jinmao ranked No.8 in terms of "Comprehensive Competitiveness of H-share Real Estate Enterprises for 2023" at the 2023 China Listed Real Estate Enterprises High-Quality Development Forum and the Third Conference of China Listed Real Estate Enterprises Comprehensive Competitiveness Report hosted by China Real Estate News.

AUG

In August, China Jinmao was awarded the "2023 China Construction Industry Digital Practice Model Enterprise" by China Real Estate News.

In August, China Jinmao ranked No.9 among the "2023 Top 100 Real Estate Enterprises with Brand Value in China" at the 13th China Real Estate Brand Development Conference 2023 hosted by China Real Estate News.

SEP

In September, China Jinmao was awarded the "Value Real Estate Enterprise of the Year", "Value City Operator of the Year" and "Value Property Management Company of the Year" at the 13th China Value Real Estate Annual Conference 2023 hosted by National Business Daily.

In September, China Jinmao was awarded the "Gold Kunpeng Award" at the 6th Leju Annual Financial Forum 2023 hosted by Leju Finance.

NOV

In November, China Jinmao was awarded the "2023 Outstanding Social Responsibility Enterprise" by investor.org.cn.

DEC

In December, China Jinmao was awarded the "2023 ESG Development Influential Enterprise" at the 2023 Finance China Annual Conference and the 21st Finance Honours List hosted by hexun.com.

MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT AWARDS

APR

In April, the sales office of the Jinan Guoyue City Project was awarded the "2023 TITAN Real Estate Award – Platinum" by the Titans Awards Jury Panel, the United States.

In April, the landscape garden of Jinan Lvyou Road Jinmao Palace Region was awarded "Gold at the 2023 Muse Design Awards" by the International Awards Associates, the United States.

In April, Qingdao Yungu Jinmao Palace Project was awarded "Gold at the Muse Design Awards" and was winner of the "International Property Awards" by the International Awards Associates, the United States.

JUL

In July, Xi'an Daming Palace Demonstration Zone Project was awarded the "Excellence Award at the 9th Real Estate Design Awards" by CREDAWARD.

Hotel Awards

JUL

In July, Jinmao (China) Hotel Investments and Management Limited was awarded the "ABN Index 2022 Influential Real Estate Hotel Group" by ABN Index.

DEC

In December, Jinmao Purelax Mountain Hotel, Lijiang was awarded the "Outstanding Growth Potential Brand in China's Hotel Industry" by CHBA – China Hotel.

In December, Jinmao Purelax Mountain Hotel, Lijiang was awarded the "Luxury Hotel of the Year" by CityTravel.

Honours and Awards

Jinmao Services Awards

APR

In April, Jinmao Property Services Co., Limited ("Jinmao Services") was awarded the "2023 Top 100 Property Service Enterprises in China", the "2023 Excellent Enterprise in Special Property Services in China", the "2023 Leading Enterprise in Property Service Quality in China", the "2023 Leading Enterprise in High-end Property Services in China", the "2023 Leading Enterprise in Smart City Services in China", the "2023 Excellent Enterprise in Investment Value of Listed Property Services in China" and the "2023 Top 10 Property Service Listed Companies with Growth Potential in China" by China Index Academy.

In April, Jinmao Green Building was awarded the "2022 Innovative Enterprise Award for Implementing the Dual Carbon Goals" by the Organizing Committee of China Energy Development and Innovation Conference.

In April, Jinmao Green Building was awarded the "2022 Excellent Energy-saving Service Enterprise in the Construction Industry" by the Energy-saving Service Industry Committee of China Energy Conservation Association.

MAY

In May, Jinmao Services was awarded the "2023 Top 10 Leading Enterprises of Property Management Listed Companies in China – ESG Sustainable Development", "2023 Top 10 State-owned Property Service Enterprises in China in terms of Comprehensive Strength" and "2023 Leading Enterprises of Property Services with Growth Potential in China" by CRIC Property Management.

In May, Jinmao Services was awarded the "2023 China's Fast-growing Listed Property Service Enterprise Top 1", "2023 China's Listed Property Service Enterprises with Investment Potential Top 3", "2023 China's Listed Property Service Enterprises in Property Management Industry Top 20" and "2023 China's State-owned Listed Property Service Enterprises Top 5" by China Logistics Think Tank.

SEP

In September, Jinmao Services was awarded the "2023 China's Top 100 Property Service Enterprises Top 10", "2023 China's Urban Service Enterprises Top 20", "2023 China Leading Property Service Enterprise in terms of Low Carbon", "2023 China's High-end Property Service Capability Enterprises Top 20", "2023 China Leading Property Service Enterprises in terms of Customer Satisfaction" and "2023 China Property Service Capabilities Top 20" by CRIC Property Management.

Honours and Awards

Other Awards

JAN

In January, Jinmao Green Building was awarded the "Huaxia Construction Science and Technology Award" by the Huaxia Construction Science and Technology Award Committee.

In January, Jinmao Retail was awarded the "Leading Group with Innovative Life of the Year" by GOGOshanghai.

FEB

In February, Jinmao Green Building was awarded the "BIPV Technology Breakthrough Award of the Year" and the "Top 10 BIPV Brands of the Year" by the International Energy Network.

MAR

In March, Jinmao Green Building was awarded the "2022 China IDC Industry Green Computing Data Center" by Shenzhen Big Data Research and Development Association.

In March, Jinmao Green Building was awarded the "2022 China IDC Industry Green Computing Data Center" by Shenzhen Big Data Research and Development Association.

In March, Zhangjiagang Jinmao Mall of Splendor, Qingdao Jinmao Mall of Splendor and Tianjin Jinmao Place were awarded the "2023 Golden Light Award for New City Landmark" by mcwzg.com.

JUN

In June, Jinmao Green Building was awarded the "2023 Outstanding Green Quality Award" at the 2023 International Green Zero Carbon Festival and the 2023 ESG Leadership Summit jointly held by syobserve.com and gongyidaily.com.

In June, Jinmao Capital was awarded the "2022 Best Investment Institution in China's Real Estate Industry Top 10" in the 2022 List released by chinaventure.com.cn.

SEP

In September, Ningbo Jinmao Plaza was awarded the "2023 Urban and Social Service Contribution Excellence Award" by Mall China.

NOV

In November, Jinmao Green Building was awarded the "Top 10 Brands of Photovoltaic Building Solutions of the Year" by the International Energy Network.

In November, Changsha Jinmao Mall of Splendor was awarded the "2023 Commercial Real Estate with City Influence" by winshang.com.

In November, Ningbo Jinmao Plaza was awarded the "Most Anticipated Commercial Real Estate Project of the Year" by winshang.com.

DEC

In December, Jinmao Retail was awarded the "2023 Excellent City Commercial Operator" at the "2023 Winshang Conference and Research Achievements of Winshang Top 100 List" hosted by winshang.com.

Management Discussion and Analysis • General Overview

The Group holds 382 projects of city operations, property development, commercial leasing and retail operations and hotel operations, with an area yet to be delivered of approximately 83.60 million square metres.

Region	City	Number of projects(Note 1)	Area yet to be delivered(Note 2)
North China	• Baoding	1	48,779
	• Beijing	30	1,795,427
	• Jinan	8	952,301
	• Langfang	16	23,459,723
	• Qingdao	23	4,148,995
	• Shijiazhuang	1	46,086
	• Tianjin	11	1,149,319
	• Weihai	1	51,153
	• Weifang	1	378,093
	• Yantai	2	524,945
	• Zhangjiakou	3	620,309
	• Chengde	2	228,293
	• Tangshan	2	201,464
	• Xiong'an	1	134,215

Region	City	Number of projects(Note 1)	Area yet to be delivered(Note 2)
East China	• Changzhou	4	852,739
	• Hangzhou	10	535,951
	• Hefei	6	355,805
	• Huzhou	3	1,101,076
	• Jiaxing	8	1,625,352
	• Jinhua	4	2,165,126
	• Nanjing	26	3,480,926
	• Nantong	3	265,307
	• Ningbo	20	3,633,187
	• Shanghai	25	1,144,077
	• Shaoxing	1	250,507
	• Suzhou	11	1,552,819
	• Taizhou (台州)	5	200,875
	• Taizhou (泰州)	1	398,681
	• Wenzhou	18	2,001,063
	• Wuxi	8	850,299
	• Xuzhou	5	177,154
	• Quzhou	1	303,225

Region	City	Number of projects(Note 1)	Area yet to be delivered(Note 2)
South China	• Dongguan	3	54,613
	• Foshan	6	905,541
	• Fuzhou	5	1,633,544
	• Guangzhou	11	1,223,177
	• Sanya	3	195,958
	• Xiamen	4	228,481
	• Shantou	2	246,052
	• Shenzhen	3	23,733
	• Zhuhai	1	293,501

Region	City	Number of projects(Note 1)	Area yet to be delivered(Note 2)
Central China	• Kaifeng	1	35,119
	• Nanchang	10	1,002,108
	• Taiyuan	2	561,077
	• Wuhan	10	2,665,228
	• Yueyang	1	394,617
	• Changsha	15	792,250
	• Zhengzhou	6	2,949,143
	• Zhuzhou	1	262,576
	• Ezhou	2	91,521
	• Ganjiang	1	8,491,449

Region	City	Number of projects(Note 1)	Area yet to be delivered(Note 2)
Southwest China	• Chengdu	6	409,148
	• Guiyang	4	3,347,070
	• Kunming	3	713,858
	• Lijiang	4	65,238
	• Xi'an	7	1,150,975
	• Chongqing	10	1,227,180
Total		382	83,596,428

Note 1: The number of projects covers city operations, property development, commercial leasing and retail operations, hotel operations

Note 2: The area yet to be delivered refers to the saleable/leasable gross floor area of each of such projects, less the area delivered, unit: m^2

Management Discussion and Analysis • General Overview

In 2023, all regions and departments thoroughly implemented the decisions and arrangements of the Party Central Committee and the State Council and adhered to the general tone of making progress while maintaining stability, so that the national economy continued to rebound and improve. Resident income maintained steady growth, while consumer spending accelerated its recovery. GDP for the year, calculated based on constant prices, increased by 5.2% as compared with the previous year, while the disposable income per capita of residents grew by 6.3%. The incremental value created by large-scale industries across China grew by 4.6% when compared with the previous year. Fixed asset investments grew by 3.0% when compared with the previous year.

Since 2023, the real estate market has attracted much attention. A series of real estate adjustment and optimisation measures have been introduced one after another, such as "recognising the house but not the loan", reducing the down payment ratio, and reducing the mortgage loan interest rate. The Ministry of Housing and Urban-Rural Development requires that in terms of housing and real estate, it is necessary to stabilise the real estate market, adhere to city-specific policies, one policy for each city, and precise policies in order to meet rigid and improved housing needs and optimise real estate policies. During the year, area sold of commodity housing decreased by 8.5% as compared with that in the last year; and sales amount of commodity housing decreased by 6.5% as compared with that in the last year.

From the perspective of landscape of the real estate market, top 100 real estate enterprises recorded a year-on-year decline of 16.5% in the cumulative sales operation scale in 2023. The real estate market of China remained under pressure, and the overall situation was still in a downturn adjustment period. The sales threshold of top 100 real estate enterprises continued to decline, and the thresholds for each echelon have dropped to the lowest in recent years. The sales operation threshold amount of TOP10 real estate enterprises decreased by 3.5% year-on-year, whereas the sales operation threshold amounts of TOP20 and TOP30 real estate enterprises decreased by 25.4% and 25.2%, respectively, year-on-year. In 2023, there were only 16 large real estate enterprises each with a total sales scale of more than RMB100 billion, which was further fewer than before.

From the perspective of the hotel market, the hotel industry recovered significantly in 2023. Hotels in tourism destinations recovered better than business hotels in cities as the frequency of travel by individual travellers greatly increased and business meetings were relatively mediocre. With the gradual enhancement of domestic and overseas exchanges and the recovery of the business exhibition market in China, business hotels are expected to have good growth opportunities.

From the perspective of the commercial leasing market, the domestic commercial land market was declining, and commercial housing investment, transaction volume, and construction volume all declined year-on-year. Benchmark commercial enterprises have contemplated seizing first- and second-tier high-potential areas, with the emergence of the asset-light model. Openings of new businesses increased for the Year as compared with the last year, while the average vacancy rate and rent fluctuated for operating shopping malls in key cities such as Beijing, Shanghai, Shenzhen, Nanjing, and Hangzhou with no significant improvement.

From the perspective of city and property development, the Company seized the window period of the market, made every effort to collect proceeds from contracted sales, and ranked 13th in the industry in terms of sales scale. The Company secured contracted sales exceeding tens of billion yuan in Beijing, Shanghai and Qingdao, and such deep cultivation of cities effectively supported the results performance. At the same time, the Company enhanced the proactive risk management of delivery quality to ensure quality delivery of 45,000 property units in 76 batches.

From the perspective of hotel operations, the hotel revenue in 2023 has returned to the level of 2019. Fully grasping the market trend, the Company seized the operating performance of resort hotels, and actively adjusted the operating strategy of its business hotels in cities. While making up for the income gap from business meetings and banquets, the Company focused on improving the operating efficiency of its hotels, exercised cost control, ensured a good profit margin and improved the profit return of owners.

From the perspective of retail operations, under the overall backdrop of the recovery of the domestic economy and the consumer market, residents' consumption habits and consumption structure changed despite overall stability. While closely following the national policies to stimulate consumption and expand domestic demand, the retail segment actively adjusted the business positioning and merchant structure of the projects, closely grasped the new trend of residents' consumption and continuously improved the rental and sales level of projects so as to maintain the fast growth momentum of the year.

In fund acquisition, the Group actively expanded a variety of financing channels since 2023. In February 2023, domestic corporate bonds in the amount of RMB1.7 billion were issued with a coupon rate of 3.8%. In March 2023, inter-bank market medium-term notes of RMB0.5 billion were issued with a coupon rate of 3.7%. In April 2023, inter-bank market medium-term notes of RMB2.5 billion were issued with a coupon rate of 3.6%. In July 2023, inter-bank market medium-term notes of RMB2.5 billion were issued with a coupon rate of 3.53%. At the same time, with Jin Mao Tower as the basic asset, the Group registered carbon neutrality CMBS products with a total shelf-scale of RMB10 billion, which were first issued domestically in March 2023 in the amount of RMB3 billion with a coupon rate of 4.68%. In April 2023, a second tranche in the amount of RMB3.501 billion were again issued with a coupon rate of 3.60%.

Management Discussion and Analysis • Project Overview

MAJOR COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Area held for commercial leasing and retail properties (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	194,530	Office	100%	2006	111,313
Xicheng Jinmao Centre	Xicheng District, Beijing, China	49,066	Office	100%	1995	49,066
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	292,475	Office	100%	1999	216,462
Nanjing Xuanwu Lake Jinmao Plaza Project (including hotel) (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	225,846	Complex	95.78%	2011	139,806
Lijiang J•LIFE	Old Town, Lijiang, Yunnan Province, China	21,893	Commercial	100%	2014	21,369
Commercial portion of Qingdao Jinmao Harbour	Shinan District, Qingdao, Shandong Province, China	61,142	Commercial	100%	2017	61,142
Jiayuan Plaza Hypermarket	High-Tech Industrial Development Zone, Ningbo, Zhejiang Province, China	25,480	Commercial	100%	2013	25,480
Shanghai International Shipping Service Center (16#)	Hongkou District, Shanghai, China	5,222	Commercial	100%	2013	5,222
Wangjing Lvchuang Center	Chaoyang District, Beijing, China	10,931	Office	100%	2020	10,931
Qingdao Jinmao Mall of Splendor	High-tech Zone, Qingdao, Shandong Province, China	121,172	Commercial	100%	2022	65,574
Zhangjiagang Jinmao Mall of Splendor	Zhangjiagang, Suzhou, Jiangsu Province, China	123,227	Commercial	100%	2022	62,303
Tianjin Jinmao Place	Hedong District, Tianjin, China	47,693	Commercial	100%	2022	20,362
Total						**789,030**

HOTEL OPERATION PROJECTS

Name of project	Location	Gross floor area (square metres)	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	44,413	100%	1995	329
Grand Hyatt Shanghai (Note 2)	Pudong New Area, Shanghai, China	76,013	100%	1999	555
Hilton Sanya Yalong Bay Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	75,208	100%	2006	501
The Ritz-Carlton Sanya Yalong Bay	Yalong Bay Resort, Sanya, Hainan Province, China	83,772	100%	2008	450
JW Marriott Hotel Shenzhen	Futian District, Shenzhen, Guangdong Province, China	51,730	100%	2009	411
Westin Nanjing (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	33,698	95.78%	2011	232
Hyatt Regency Chongming	Chongming District, Shanghai, China	48,992	100%	2014	235
Lijiang Jinmao Hotel (Note 3)	Old Town District, Lijiang, Yunnan Province, China	84,384	100%	2014	401
Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Xiangjiang New District, Changsha, Hunan Province, China	62,220	100%	2017	304
Jinmao Hotel Xi’an Central	Beilin District, Xi’an, Shaanxi Province, China	12,998	100%	2007	160
Guangzhou Marriott Hotel Nansha	Nansha District, Guangzhou, Guangdong Province, China	36,904	90%	2022	265
		610,332			**3,843**

MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT PROJECTS ACQUIRED BEFORE 2023

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing International Community Project	Shunyi District, Beijing, China	419,262	Residential	49.00%	2023
Beijing Jinmao Palace Project	Fengtai District, Beijing, China	169,635	Residential	49.00%	2022
Hopson • Jinmao • Poly • Greentown Beijing Jinmao Palace Project	Fengtai District, Beijing, China	76,339	Residential	25.00%	2023
Beijing Hopson • Jinmao Dongsan Jinmao Palace Project	Fengtai District, Beijing, China	159,109	Residential	40.00%	2023
Beijing Xishan Jinmao Palace Project	Fengtai District, Beijing, China	209,849	Residential	75.00%	2023
Beijing Jinmao Chang'an Residence Project	Mentougou District, Beijing, China	73,522	Residential	100.00%	2024
Beijing Jinmao & Greentown Qinyuan Project	Chaoyang District, Beijing, China	311,770	Residential	30.00%	2024
Beijing Yongding Jinmao Palace Project	Fengtai District, Beijing, China	88,455	Residential	70.00%	2025
Beijing Wangjingyue Project	Chaoyang District, Beijing, China	138,223	Residential	49.00%	2025
Shanghai					
Shanghai Nanqiao Jinmao Residence Project	Fengxian District, Shanghai, China	114,273	Residential	38.00%	2022
Shanghai Future City Project	Qingpu District, Shanghai, China	82,900	Residential	49.00%	2022
Shanghai Yinghongqiao Project	Qingpu District, Shanghai, China	183,462	Residential	40.00%	2022
Shanghai Changxing Jinmao Noble Manor Project	Chongming District, Shanghai, China	86,027	Residential	70.00%	2023
Shanghai Fengshengdao Project	Songjiang District, Shanghai, China	254,433	Residential/ Commercial	25.00%	2024
Shanghai Jing'an Tianyue Project	Jing'an District, Shanghai, China	294,353	Residential	35.00%	2025
Shanghai • Hengmian Jiujing Project	Pudong New District, Shanghai, China	143,026	Residential	40.00%	2024
Shanghai • Putuo Jinmao Palace Project	Putuo District, Shanghai, China	99,690	Residential	100.00%	2025

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Guangzhou					
Guangzhou Poly Longyue Mansion Project	Baiyun District, Guangzhou, Guangdong Province, China	429,545	Residential	25.00%	2025
Guangzhou CR Land – Road King – Jinmao | Tong Residence Project	Huadu District, Guangzhou, Guangdong Province, China	178,582	Residential	30.00%	2023
Guangzhou Lingshan Island Jinmao Harbour (Phase II) Project	Nansha District, Guangzhou, Guangdong Province, China	98,799	Residential	100.00%	2022
Guangzhou Yuexiu & Jinmao | Lingshan Island Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	95,392	Residential	49.00%	2022
Guangzhou Cinda & Jinmao | Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	283,732	Residential/ Commercial	40.00%	2022
Guangzhou China Merchants • Jinmao • Poly HEFU Project	Conghua District, Guangzhou, Guangdong Province, China	320,986	Residential	25.00%	2025
Guangzhou Poly Tianjun Project	Liwan District, Guangzhou, Guangdong Province, China	113,599	Residential	25.00%	2024
Guangzhou Jinmao Vanke Metropolis Seasons Project	Zengcheng District, Guangzhou, Guangdong Province, China	511,603	Residential	49.00%	2027
Shenzhen					
Shenzhen Guangming Jinmao Plaza Project	Guangming New District, Shenzhen, Guangdong Province, China	41,793	Residential	49.00%	2023
Changsha					
Changsha International Community Project	Xiangjiang New District, Changsha, Hunan Province, China	405,871	Residential	65.00%	2026
Changsha Yuhua Jinmao Smart Science City Project (First batch of land parcels)	Yuhua District, Changsha, Hunan Province, China	243,404	Residential	50.00%	2026

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanjing					
Nanjing Gucheng Lake • Jinmao Noble Manor Project	Gaochun District, Nanjing, Jiangsu Province, China	221,520	Residential/ Commercial	49.00%	2023
Nanjing CR Land • Rui Palace Project	Jianye District, Nanjing, Jiangsu Province, China	688,592	Complex	27.50%	2031
Nanjing Jiangning Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	300,053	Residential	70.00%	2023
Nanjing Greenland Haiyue Project	Jiangbei New District, Nanjing, Jiangsu Province, China	538,402	Complex	40.00%	2029
Nanjing Yangtze River Jinmao Residence Project	Jiangbei New District, Nanjing, Jiangsu Province, China	454,094	Complex	40.00%	2028
Nanjing Tangshan Spa & Wellness Town Project	Jiangning District, Nanjing, Jiangsu Province, China	343,763	Complex	47.00%	2023
Nanjing Xuanwu Lake Jinmao Plaza Project Phase II	Gulou District, Nanjing, Jiangsu Province, China	203,826	Complex	95.78%	2026
Nanjing Midea•Jinmao	Fangyuan Project	Jiangning District, Nanjing, Jiangsu Province, China	101,808	Residential/ Commercial	50.00%	2023
Nanjing Yuncui Palace Project	Qinhuai District, Nanjing, Jiangsu Province, China	73,235	Residential	20.00%	2023
Nanjing Qinhuai Jinmao Palace Project	Qinhuai District, Nanjing, Jiangsu Province, China	229,890	Complex	36.00%	2030

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Chongqing					
Chongqing Bishan Jinmao Residence Project	Bishan District, Chongqing, China	347,762	Residential	100.00%	2022
Chongqing Longxing International Ecological New City Northern Land Parcel	Liangjiang New Area, Chongqing, China	229,173	Residential	100.00%	2026
Chongqing Longxing International Ecological New City Southern Land Parcel	Yubei District, Chongqing, China	298,169	Residential/ Commercial	100.00%	2025
Chongqing Central Jade Cloud Project	Yubei District, Chongqing, China	372,867	Residential/ Commercial	20.00%	2022
Chongqing Longhu Jinmao Beidao Project	Yubei District, Chongqing, China	102,629	Residential	49.00%	2026
Chongqing Xuetang Jinmao Residence Project	Jiulongpo District, Chongqing, China	273,460	Residential	100.00%	2027
Ningbo					
Ningbo Greentown Jinmao Chunlan Jingyuan Project	Yuyao, Ningbo, Zhejiang Province, China	178,401	Residential/ Commercial	50.00%	2022
Ningbo Fengyue Yinhu Project	Fenghua District, Ningbo, Zhejiang Province, China	143,442	Residential	25.00%	2023
Ningbo Yuyao Qinglandi Project	Yuyao, Ningbo, Zhejiang Province, China	185,021	Residential	30.00%	2024
Ningbo Cixi Jiangshan Yunwang Project	Cixi, Ningbo, Zhejiang Province, China	169,031	Residential	30.00%	2024
Ningbo Jinmao • Huamanli Project	Fenghua District, Ningbo, Zhejiang Province, China	159,446	Commercial/ Residential	100.00%	2024
Ningbo Jinmao • Xinxueli Project	Fenghua District, Ningbo, Zhejiang Province, China	127,832	Commercial/ Residential	100.00%	2024

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Qingdao					
Qingdao Jimo International Smart New City Project (First batch of land parcels)	Jimo District, Qingdao, Shandong Province, China	322,948	Residential/ Commercial	60.00%	2023
Foreign Investment Block (Fourth batch of land parcels) in China-Europe International City, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	705,846	Residential/ Commercial/ Apartment/ Hotel	100.00%	2026
Qingdao West Coast Innovation and Technology City (First batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	195,978	Residential/ Commercial	100.00%	2028
Qingdao Eden Project	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	139,988	Complex	41.67%	2026
Qingdao Dayun Valley Laoshan Jinmao Palace (First batch of land parcels)	Laoshan District, Qingdao, Shandong Province, China	931,702	Complex	60.00%	2026
Qingdao West Coast Innovation and Technology City (Second batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	148,966	Residential	100.00%	2033
Qingdao West Coast Innovation and Technology City (Fifth batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	127,221	Residential	100.00%	2025
Qingdao West Coast Innovation and Technology City (Third batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	104,076	Residential	100.00%	2033
Qingdao West Coast Innovation and Technology City (Fourth batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	74,235	Residential	100.00%	2033
Qingdao Shiyuan • Jinmao Palace Project	Licang District, Qingdao, Shandong Province, China	284,173	Residential	16.00%	2026
Qingdao Jimo International Smart New City Project (Fourth batch of land parcels)	Jimo District, Qingdao, Shandong Province, China	220,900	Commercial/ Residential	60.00%	2024
Hangzhou					
Hangzhou Fuchun Jinmao Xingwaitan Project	Fuyang District, Hangzhou, Zhejiang Province, China	956,826	Complex	60.00%	2026

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Hefei					
Hefei Yunqi Xingchen Project	Xinzhan District, Hefei, Anhui Province, China	108,839	Residential	34.00%	2024
Hefei Yihe Jinmao Xuelin Shiguang Project	Yaohai District, Hefei, Anhui Province, China	117,957	Commercial/ Residential	40.00%	2025
Xuzhou					
Xuzhou Four Seasons Citylink Vanke Gemdale Project	Gulou District, Xuzhou, Jiangsu Province, China	373,389	Residential/ Commercial	25.00%	2023
Kunming					
Kunming Jinmao International New City Project	Chenggong District, Kunming, Yunnan Province, China	779,832	Residential/ Commercial	66.00%	2026
Kunming Longjiang Jinmao Palace Project	Xishan District, Kunming, Yunnan Province, China	310,905	Residential/ Commercial	100.00%	2027
Changzhou					
Changzhou Dongcheng Jinmao Residence Project	Economic Development Zone, Changzhou, Jiangsu Province, China	168,574	Residential	50.00%	2025
Nantong					
Nantong Rugao Longxin Jinmao Ruiyuan Project	Rugao, Nantong, Jiangsu Province, China	138,776	Residential	20.00%	2024
Zhuzhou					
Zhuzhou • Jinmao Residence Project	Shifeng District, Zhuzhou, Hunan Province, China	614,953	Residential	100.00%	2024

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Kaifeng					
Kaifeng • Agile Jinmao Yuetang Project	Bianxi New Area, Kaifeng, Henan Province, China	179,930	Residential	49.00%	2022
Taizhou (台州)					
Taizhou Linhai Linjiang Shangcheng Project	Linhai, Taizhou, Zhejiang Province, China	106,910	Residential	75.00%	2023
Taizhou Wenling Bojun Palace Project	Wenling, Taizhou, Zhejiang Province, China	74,136	Residential	34.00%	2023
Taizhou Yuhuan Jinyu Shangcheng Project	Yuhuan, Taizhou, Zhejiang Province, China	138,157	Residential	55.00%	2023
Guiyang					
Guiyang Ninth Heaven Project	Baiyun District, Guiyang, Guizhou Province, China	243,471	Residential	49.90%	2028
Guiyang Guanshanhu International Community Project	Guanshanhu District, Guiyang, Guizhou Province, China	564,540	Residential	100.00%	2025
Guiyang Jinmao Crystal Smart New City Project (First batch of land parcels)	Chengnan Sub-district, Qingzhen, Guizhou Province, China	109,544	Residential	51.00%	2024
Suzhou					
Suzhou Changshu Jinmao Smart Science City Project	Changshu, Suzhou, Jiangsu Province, China	744,769	Complex	54.1% and 100% (Note 4)	2029
Suzhou Science City Finance Town Project	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	300,519	Residential/ Commercial	24.50%	2024

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wuxi					
Wuxi Jiangyin Chengjiang Jinmao Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	115,269	Residential	100.0%	2022
Wuxi Lihu Jinmao Palace Project	Binhu District, Wuxi, Jiangsu Province, China	427,473	Residential/ Commercial	49.00%	2025
Wuxi Fengyu Shanhe Project	Binhu District, Wuxi, Jiangsu Province, China	184,192	Residential	33.00%	2025
Wuxi Junhe Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	299,667	Residential/ Commercial	36.00%	2027
Foshan					
Foshan Chao'an Jinmao Residence Project	Chancheng District, Foshan, Guangdong Province, China	260,453	Residential	100.00%	2024
Foshan Binjiang Jinmao Residence Project	Nanhai District, Foshan, Guangdong Province, China	564,254	Residential	100.00%	2027
Foshan Qiaoshan Jinmao Residence Project	Nanhai District, Foshan, Guangdong Province, China	80,215	Residential	100.00%	2024
Foshan Zhuoyue • Country Garden • Tianyue Bay Project	Shunde District, Foshan, Guangdong Province, China	171,650	Residential	33.00%	2024
Tianjin					
Tianjin Shangdong Jinmao Smart Science City Project (Second batch of land parcels)	Dongli District, Tianjin, China	82,910	Residential	100.00%	2023
Tianjin Shangdong Jinmao Smart Science City Project (Third batch of land parcels)	Dongli District, Tianjin China,	212,234	Commercial/ Residential	100.00%	2025
Jinan					
Jinan Lushang Jinmao International Community Project	Licheng District, Jinan, Shandong Province, China	641,150	Residential	27.50%	2024
Jinan Shizhong • Guoyue City Project	Shizhong District, Jinan, Shandong Province, China	390,551	Residential	33.00%	2026

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Fuzhou					
Fuzhou Binhai Jinmao Smart Science City Project (First batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	955,308	Complex	100.00%	2030
Fuzhou Binhai Jinmao Smart Science City Project (Second batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	925,421	Complex	90.00%	2030
Wenzhou					
Wenzhou Leqing Lechen Palace Project	Leqing, Wenzhou, Zhejiang Province, China	66,479	Residential	33.00%	2023
Wenzhou Aojiang International New City Project (Land Parcel No. 7)	Pingyang County, Wenzhou, Zhejiang Province, China	171,079	Residential/ Commercial	100.00%	2027
Wenzhou Aojiang International New City Project (Land Parcel No. 3)	Pingyang County, Wenzhou, Zhejiang Province, China	227,158	Residential/ Commercial	100.00%	2028
Wenzhou Aojiang International New City Project (Land Parcel No. 5)	Pingyang County, Wenzhou, Zhejiang Province, China	128,963	Residential/ Commercial	100.00%	2024
Wenzhou Pingyang Xitang Future Community Project	Pingyang County, Wenzhou, Zhejiang Province, China	434,987	Residential/ Commercial	100.00%	2025
Wenzhou Quzhou Luming Future Community Project	Kecheng District, Quzhou, Zhejiang Province, China	336,180	Residential/ Commercial	30.02%	2024
Wenzhou Aojiang International New City Project (Land Parcel No.8)	Pingyang County, Wenzhou, Zhejiang Province, China	315,035	Complex	100.00%	2028
Wenzhou Aojiang International New City Project (Land Parcel No.9)	Pingyang County, Wenzhou, Zhejiang Province, China	117,313	Residential	100.00%	2028
Wenzhou • Aojiang International New City Aojiangfu	Pingyang County, Wenzhou, Zhejiang Province, China	90,044	Residential/ Commercial	100.00%	2024
Wenzhou • Aojiang International New City Wangjiangyue	Pingyang County, Wenzhou, Zhejiang Province, China	184,172	Residential/ Commercial	100.00%	2028

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wuhan					
Wuhan Huafa Yangluo Jinmao Noble Manor Project	Xinzhou District, Wuhan, Hubei Province, China	473,292	Residential/ Hotel	50.00%	2031
Wuhan Jianfa • Jinmao – Royal Residence Project	Jiangxia District, Wuhan, Hubei Province, China	252,452	Residential	49.00%	2021
Wuhan Jinmao • Huafa • Wuhan International Community Project	Jiangxia District, Wuhan, Hubei Province, China	514,134	Residential	50.00%	2023
Wuhan Yangluo Jinmao Noble Manor Project	Xinzhou District, Wuhan, Hubei Province, China	378,101	Residential/ Commercial	100.00%	2031
Wuhan Yangluo • Jinmao Residence Project	Xinzhou District, Wuhan, Hubei Province, China	199,619	Residential	100.00%	2021
Wuhan Fangdao Smart Science City Project	Hanyang District, Wuhan, Hubei Province, China	1,617,054	Complex	100.00%/ 75.00% (Note 5)	2028
Zhengzhou					
Zhengzhou Jinmao Poly • Ruyi Palace Project	Zhengdong New District, Zhengzhou, Henan Province, China	101,716	Residential	49.00%	2023
Zhengzhou Erqi District Mazhai New City Project	Erqi District, Zhengzhou, Henan Province, China	2,301,877	Primary	49.50%	2025
Zhengzhou Poly Jinmao Shiguang Yueyuan Project	Jingkai District, Zhengzhou, Henan Province, China	104,916	Residential/ Commercial	49.00%	2023
Zhengzhou Future Palace Project	Jingkai District, Zhengzhou, Henan Province, China	398,056	Residential	49.00%	2025
Zhengzhou Poly Jinmao CCCG Pu'an Project	Zhengdong New District, Zhengzhou, Henan Province, China	124,764	Residential	34.00%	2024
Chengdu					
Chengdu Dongsan Jinmao Noble Manor Project	Longquanyi District, Chengdu, Sichuan Province, China	79,363	Residential	51.00%	2022
Chengdu Jinjiang Jinmao Palace Project	Jinjiang District, Chengdu, Sichuan Province, China	105,117	Residential	75.48%	2024
Chengdu Yuehu Jinmao Residence Project	Wuhou District, Chengdu, Sichuan Province, China	110,594	Residential	75.50%	2024

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Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanchang					
Nanchang Chennanli Project	Nanchang County, Nanchang, Jiangxi Province, China	201,167	Residential	100.00%	2023
Nanchang Gemdale Jinmao • Jiufeng Palace Project	Honggutan New District, Nanchang, Jiangxi Province, China	177,187	Residential	40.00%	2022
Nanchang Evian Uptown Project	Qingshan Lake District, Nanchang, Jiangxi Province, China	218,551	Residential	33.00%	2025
Nanchang Zhenro Jinmao Midea Yunjing Project	Nanchang County, Nanchang, Jiangxi Province, China	175,252	Residential	33.00%	2023
Jinmao Nanchang International Community Project	Xinjian District, Nanchang, Jiangxi Province, China	532,414	Residential	100.00%	2028
Nanchang Wangyuehu Jinmao Residence Project	Xinjian District, Nanchang, Jiangxi Province, China	130,994	Residential	100.00%	2025
Zhangjiakou					
Zhangjiakou Jingbei Jinmao Residence Project	Xiahuayuan District, Zhangjiakou, Hebei Province, China	131,609	Residential	100.00%	2031
Residential Land Parcel No. A-1-1, Ruanyin Science Park Residence, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	238,019	Residential	100.00%	2026
Zhangjiakou Xiahuayuan Land Parcel K Project	Xiahuayuan District, Zhangjiakou, Hebei Province, China	168,846	Commercial	100.00%	2027
Baoding					
Baoding Jingxiu Jinmao Residence Project	Jingxiu District, Baoding, Hebei Province, China	206,748	Residential	80.00%	2022

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Jinhua					
Jinhua Jinmao Future Science City Project	Jindong District, Jinhua, Zhejiang Province, China	2,165,163	Primary	80.00%	2022
Jinhua Dongmei Future Community Project	Jindong District, Jinhua, Zhejiang Province, China	657,032	Residential	100.00%	2033
Jinhua Chuangzhi Tower Project	Jindong District, Jinhua, Zhejiang Province, China	42,352	Office	100.00%	2027
Sanya					
Sanya Jinmao Harbour Project	Yazhou District, Sanya, Hainan Province, China	388,294	Residential/ Commercial/ Office	70.00%	2024
Shantou					
Shantou Shuangyue Bay Project	Jinping District, Shantou, Guangdong Province, China	252,298	Residential	50.00%	2026
Weihai					
Weihai Fengji • Jinmao Residence Project	Economic and Technological Development Zone, Weihai, Shandong Province, China	222,661	Residential/ Commercial	100.00%	2022
Weifang					
Weifang Taoyuan • Jinmao Residence Project	High-Tech Industrial Development Zone, Weifang, Shandong Province, China	586,253	Residential/ Commercial	100.00%	2026
Yueyang					
Yueyang Jinmao Dongting Ecological Innovation City Project	Dongfeng Lake New District, Yueyang, Hunan Province, China	753,048	Residential	75.00%	2027

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Zhuhai					
Zhuhai Huxin Jinmao Residence Project	Doumen District, Zhuhai, Guangdong Province, China	397,438	Residential	69.99%	2024
Xiamen					
Xiamen International Community Project	Xiang'an District, Xiamen, Fujian Province, China	150,726	Residential	100.00%	2022
Xiamen Huandong Jinmao Residence Project	Xiang'an District, Xiamen, Fujian Province, China	262,543	Residential	100.00%	2025
Jiaxing					
Jiaxing Shanghai Window Smart Science City Project	Jiashan County, Jiaxing, Zhejiang Province, China	1,408,583	Primary	80.00%	2022
Jiashan Jinyue Xuefu Project	Jiashan County, Jiaxing, Zhejiang Province, China	205,511	Residential	30.00%	2023
Jiaxing Xingchenyuen Project	Jiashan County, Jiaxing, Zhejiang Province, China	88,093	Residential	40.00%	2022
Jiaxing Jiashan Future Community Project	Jiashan County, Jiaxing, Zhejiang Province, China	149,989	Residential	51.00%	2025
Xi'an					
Xi'an Weiyang Jinmao Palace Project	Weiyang District, Xi'an, Shaanxi Province, China	155,323	Residential	100.00%	2022
Xi'an High-tech Industrial Development Zone Jinmao Yueyuan Project	High-tech Industrial Development Zone, Xi'an, Shaanxi Province, China	180,829	Residential	100.00%	2034
Xi'an Daming Palace Jinmao Palace Project	Qujiang New District, Xi'an, Shaanxi Province, China	215,830	Residential	80.00%	2034
Xi'an Daming Palace Jinmao Palace Project (Phase II)	Qujiang New District, Xi'an, Shaanxi Province, China	210,313	Residential	70.59%	2026
Taiyuan					
Taiyuan Longcheng Jinmao Palace Project	Xiaodian District, Taiyuan, Shanxi Province, China	378,773	Residential	35.00%	2024
Yantai					
Yantai Lu Shang Jinmao • Impression of Sea View Project	Laishan District, Yantai, Shandong Province, China	557,706	Residential/ Commercial	40.00%	2027
Yantai Happy Jinmao Residence Project	Zhifu District, Yantai, Shandong Province, China	117,234	Residential/ Commercial	58.00%	2023

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Shijiazhuang					
Shijiazhuang Chang'an • Jinmao Residence Project	Chang'an District, Shijiazhuang, Hebei Province, China	148,926	Residential	100.00%	2023
Taizhou (泰州)					
Taizhou Fengcheng Jinmao Palace Project	Medical High-tech Zone, Taizhou, Jiangsu Province, China	615,256	Residential/ Commercial	30.50%	2024
Langfang					
Langfang Longhe New City (First batch of land parcels)	Anci District, Langfang, Hebei Province, China	569,683	Complex	100.00%	2027
Huzhou					
Huzhou Jinmao Nantaihu Future Window Project (First batch of land parcels)	Nantaihu New District, Huzhou, Zhejiang Province, China	565,317	Complex	100.00%	2026
Shaoxing					
Shaoxing Zhuji Jiyang Palace Project	Zhuji, Shaoxing, Zhejiang Province, China	250,507	Residential	100.00%	2024
Danyang					
Danyang Optical City Project	Development Zone, Danyang, Jiangsu Province, China	708,342	Complex	100.00%	2026
Dongguan					
Dongguan Poly • Yuexiu • Jinmao – Songhu Yunxi Project	Liaobu Town, Dongguan, Guangdong Province, China	63,994	Residential/ Commercial	30.00%	2024
Yancheng					
Yancheng Haitang Jinmao Palace Project	High-tech Industrial Development Zone, Yancheng, Jiangsu Province, China	185,735	Residential/ Commercial	70.00%	2026

Management Discussion and Analysis • Project Overview

MAJOR PROJECTS ACQUIRED SINCE 2023

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Shanghai					
Shanghai • Zhonghuan Jinmao Palace Project	Baoshan District, Shanghai, China	115,566	Residential	100.0%	2025
Hengmian Land Parcel 08-02 (Second batch of land parcels)	Pudong New Area, Shanghai, China	115,628	Residential	40.00%	2025
Tianjin					
Land Parcel No.29, Shangdong Jinmao Smart Science City	Dongli District, Tianjin, China	127,605	Residential	100.0%	2026
Tianjin • Tibei Jinmao Palace Project	Hexi District, Tianjin, China	247,469	Residential	100.0%	2026
Qingdao					
Qingdao SCO World Expo Park Intelligent Ecological City (Second batch of land parcels-Land Parcel 26)	Licang District, Qingdao, Shandong Province, China	109,538	Residential	51.00%	2025
Qingdao SCO World Expo Park Intelligent Ecological City (Second batch of land parcels-Land Parcel 27)	Licang District, Qingdao, Shandong Province, China	42,299	Residential	51.00%	2027
Taiyuan					
Taiyuan • Changfeng Jinmao Residence Project	Wanbolin District, Taiyuan, Shanxi Province, China	327,202	Residential	100.0%	2026
Suzhou					
Suzhou • Shishan Jinmao Palace Project	Huqiu District, Suzhou, Jiangsu Province, China	151,631	Residential	51.00%	2026
Xi'an					
Xi'an • Jinmao Puyi Qujiang Project	Yanta District, Xi'an, Shaanxi Province, China	86,575	Residential	30.00%	2026
Xi'an • Keji Road Jinmao Palace Project	Yanta District, Xi'an, Shaanxi Province, China	419,141	Commercial/ Residential	85.00%	2027

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Xiamen					
Xiamen • C&D BCDH Jinmao Yunqi Dongfang Project	Huli District, Xiamen, Fujian Province, China	39,485	Residential	33.00% (Note 6)	2025
Ningbo					
Ningbo Minghu Land Parcel	Yinzhou District, Ningbo, Zhejiang Province, China	152,374	Residential	100.00%	2026
Hangzhou					
Hangzhou Shangcheng Jinmao Palace Project	Shangcheng District, Hangzhou, Zhejiang Province, China	55,043	Residential	51.00%	2025
Quzhou					
Quzhou High-speed Rail New City (First batch of land parcels)	Kecheng District, Quzhou, Zhejiang Province, China	303,225	Residential	100.0%	2027
Xiong'an					
Xiong'an • Xiong'an Jinmao Palace Project	Xiongan New District, Hebei Province, China	134,215	Residential	100.0%	2025

(Note 1) Nanjing Mall of Splendor and Westin Nanjing are located in Nanjing Xuanwu Lake Jinmao Plaza.

(Note 2) Grand Hyatt Shanghai is located in Jin Mao Tower.

(Note 3) Lijiang Jinmao Hotel in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain. Lijiang Jinmao Hotel is held as to 100% interest by the Group.

(Note 4) Changshu Jinmao Smart Science City Project is developed on Changshu Yumao land parcels Nos.2020A-012/013/015/016 and Changshu Pumao land parcel No.2020A-014 respectively. Currently, the Group holds 100% interest in Changshu Pumao land parcel No.2020A-014, and 10% direct interest in Changshu Yumao land parcels Nos.2020A-012/013/015/016, respectively. The Group also holds 44.1% indirect interest in Changshu Yumao land parcels Nos.2020A-012/013/015/016 through Suzhou Maotai Real Estate Co., Ltd., an associate with 49% equity interest.

(Note 5) Wuhan Fangdao Smart Science City Project is developed on Wuhan Ruimao Daonei land parcel No.B1-B9 and Wuhan Yumao Daowai land parcel No.A1-A7, respectively. Currently, the Group holds 100% interest in Wuhan Ruimao Daonei land parcel No.B1-B9 and 75% interest in Wuhan Yumao Daowai land parcel No.A1-A7.

(Note 6) The Company has acquired 33% equity interest in the project through the listing-for-sale process of the Equity Exchange, and has obtained the confirmation letter on 7 March 2024. The relevant signing and change of industrial and commercial registration procedures are well underway.

CITY OPERATIONS

Management Discussion and Analysis • Business Review

City Operations

Tianjin

Shangdong Jinmao Smart Science City

Tianjin Shangdong Jinmao Smart Science City Project is located in the core area in the eastern part of the central urban area of Tianjin. Based on the TOD core business area and the leisure and greening axis, China Jinmao has planned the five major functional areas, namely TOD business area, smart office area, city park area, elite education area and ecological residential area, and intends to create a smart city complex integrating Jinmao Mall of Splendor, Jinmao Hotel, high-end industries, domestic and foreign brand education resources and ecological residence. Adhering to the "one-stop, all-business format, multi-functional and 24/7" business development model, Jinmao Mall of Splendor is planned to be developed into a large-scale city shopping mall integrating functions such as fashion and shopping, leisure and catering, family entertainment, film, and culture and education. In meeting the diversified consumer needs of residents in the eastern area of Tianjin for everyday life and shopping, leisure and entertainment, the Group strives to build Jinmao Mall of Splendor as a new landmark in Dongli District, Tianjin which will offer the best one-stop shopping experience.

In December 2023, China Jinmao successfully won the bid for the fourth batch of land parcel (Jin Dong Li Fang (Gua) no. 2023-035) for the project with a site area of 71.3 mu and a total saleable area of approximately 95,000 sq.m. In 2023, the project recorded the highest sales in Dongli District, Tianjin, ranking No. 1 in online contract signing.

Qingdao

Jinmao China-Europe International City

Qingdao Jinmao China-Europe International City Project is located in the Hi-Tech Industry Development Zone along the north coast of Jiaozhou Bay in Qingdao, which is the core zone of the north coast city area of Qingdao. The project occupies a total site area of approximately 2,500 mu, with a planning GFA of 4 million sq.m., covering high-end residential buildings, elite apartments, large shopping malls, five-star hotels, industrial offices and other businesses. For the first time, it integrates industrial functions, urban functions and ecological functions, and is a genuine city-industry integration project. At the same time, in order to accelerate the development of the area, the project introduces the world-renowned cultural tourism project, Eden Project from the United Kingdom, in the wetland park to the south of the project with an area of approximately 1,000 mu, equipping the area with the key element to develop into a world-class tourism resort destination.

During the Period under Review, the project ranked first in terms of performance of a single project in Qingdao Hi-Tech Zone for the year.

Wenzhou

Aojiang International New City

Wenzhou Aojiang International New City Project, located in the block of Gu'ao Tou, Binjiang Centre, Aojiang, Pingyang, has a total site area of approximately 1,972 mu (equivalent to approximately 1.31 million sq.m.) and a total GFA of approximately 1.05 million sq.m. China Jinmao plans to develop the project into a "3+2" industrial system integrating industries and urban features step by step from the aspects such as residence, culture, commercial office, landmark buildings and supporting facilities with "technology and innovation industries, financial service industry, cultural and creative industry" as the core, and "professional service industry + education and training industry" as the support, striving to forge the project to become a vibrant centre of Pingyang with its advantages such as urban core location, excellent scenery resources, profound cultural heritage and business supporting facilities.

During the Period under Review, Wenzhou Aojiang International New City ranked first in terms of number of units sold, area sold, and transacted amount for the year in the southern sub-centre of Wenzhou (Pingyang, Cangnan, and Longgang). Throughout the year, the community continued to develop and deepen, realising the expansion of community mechanism and scale. The J-PARK headquarters office has been finalised and has signed contracts with a number of premium industrial parties. Living Hub has launched investment promotion and signed contracts with various national chain brands.

Jinhua

Future Science City

Jinhua Future Science City Project is located in Dongmei area of Jinyi New District (Jindong District) in Jinhua, adjacent to Wuyi River. The project occupies a total site area of approximately 2,760 mu (equivalent to approximately 1.84 million sq.m.) with a GFA of approximately 2.25 million sq.m. The project covers core sectors such as provincial future community pilot projects and digital innovation economic parks, integrating functions such as smart residence, quality education, featured business, business office and industrial research and development, creating a provincial-level all-round future community benchmark project with comprehensive functions, rich business forms and smart operation. By exploring the potential value of the city, it sets to build Dongmei area into a benchmark project leading the development of the Jinyi urban area.

During the Period under Review, the project completed two key works of a school and a park. In terms of the school, the project assisted the government in introducing Hanggao Qizheng Education Group, a famous school in the province. The two parties reached an agreement in December 2023, and completed the contract signing ceremony on 24 January 2024. In terms of city interface construction, the Dongmei Park Excellent Bird Paradise won the award of "Jinhua's First Batch of Child Friendly Parks".

Qingdao

Cloud Valley Project

Qingdao Cloud Valley Project, located in the core urban area of Qingdao City, spans three districts namely Laoshan, Shibei and Licang, and is divided into three clusters according to their districts. The project has a total GFA of 4.05 million sq.m. and above ground GFA of 2.81 million sq.m., and consists of three areas: the east park area positioned as an innovative ecological park concentrated with complete industrial chains; the west park area with a land area of approximately 0.52 million sq.m. and positioned as a global innovation centre for IoT; and the Xi Han Economic Development area positioned as a demonstration site for integration of industries and cities. China Jinmao intends to plan the Cloud Valley project to form an overall spatial structure of "one corridor, one belt, two cores, and three centres" and to build a healthy, smart living and fashionable dynamic smart park according to the four planning concepts of industry-city integration, innovation benchmark, sharing and interconnection and low-carbon ecology.

During the Period under Review, the project recorded the highest sales in Qingdao City, ranking No. 1 in online contract signing.

Guiyang

Qingzhen Jinmao Crystal Smart New City

Guiyang Qingzhen Jinmao Crystal Smart New City Project, located in Qingzhen, Guiyang, has a planning area of 4,896 mu, of which Phase I has a planning area of 682 mu and a GFA of 1.24 million sq.m. The project encompasses a variety of city amenities including an industrial heritage park, a cultural creativity base, a cultural display base, a smart energy management centre, a smart health management centre, an outdoor sports park, a family theme park, a star-rated hotel, a high-end commercial complex, a prestigious public school and a public hospital, which will be developed into a smart new city and a green ecological and liveable place boasting green gold technologies such as green energy system and smart system.

During the Period under Review, Jinmao Crystal City Park held its grand opening, becoming a new name card of Qingzhen.

PROPERTY DEVELOPMENT

Management Discussion and Analysis • Business Review

Property Development

Jinhua Dongmei Future Community

Jinhua Dongmei Future Community Project, located within Jinhua Jinmao Future Science City, is equipped with a range of full-dimensional and fully-enjoyed living services distributed in an orderly manner, including community general hospital, happy classroom, the Internet-famous wet market, future kindergarten, elderly care service centre, central future park, etc. Slow-moving life ring resembling the Chinese character of "日" divides the community land parcel into groups of living services with a radius of approximately 1 km, covering delicacies and shopping, ecological landscape, family life, smart street, firework street, all-age friendly, dynamic social networking, humanity and education and other life nodes, so that community residents in each group can enjoy a wonderful urban life within reach.

During the Period under Review, the project ranked No.1 in terms of number of units sold at an average price above RMB20,000 per sq.m. in Jindong District for the year 2023.

Suzhou • Zhangjiagang Smart Science City

Zhangjiagang Smart Science City is located in the key area of Zhangjiagang City's "north expansion". With a planned area of approximately 11.36 sq.km., the industrial city is the city's leading area for innovative development and a gathering place for highend elements. With "one heart and one eye" as the core, "vertical and horizontal axes" as the skeleton, "Shazhou Lake CBD" and "Nanhengtao Ecological Corridor" as the constituents, the project was built as the city's "new centre" integrating business, residence, entertainment, industry, education and research, boosting the further improvement of Zhangjiagang's position in the Yangtze River Delta city agglomeration, and creating Zhangjiagang's next city name card since the reform and opening up and the urban appearance renovation. The first batch of the project acquired approximately 0.34 million sq.m. of land, with a GFA of approximately 1.05 million sq.m. At the same time, Jinmao Mall of Splendor with a GFA of approximately 0.2 million sq.m., a super high-rise landmark building of over 220 metres, and a five-star hotel are all under planning.

During the Period under Review, Zhangjiagang Smart Science City Project ranked first in terms of the number of units sold, area sold and sales amount in the urban area of Zhangjiagang from January to June and in terms of annual sales amount in Zhangjiagang. Moreover, all parking spaces were sold out for H1 Residence Series and K Palace Series. As to F Residence series, the retail portion and parking spaces were underwritten for sales, and the residential units were sold out.

Beijing Jinmao Chang'an Residence

Beijing Jinmao Chang'an Residence Project is located at the bank of Yongding River on West Chang'an Avenue, Beijing, and is part of the Xinshougang business district block, approximately 600 metres away from Sidaoqiao Station of Line S1. With a low plot ratio of 2.0, it is planned to build 10-15 floors featuring two- to four-room integrated Residence series units each with a floor area of approximately 78-140 sq.m. Empowered by smart communities, with exquisite decoration and full-age all-round design, the project pays tribute to the quality improvement of contemporary elite families.

During the Period under Review, the project ranked No.2 in terms of the contracted sales for ordinary housing units in Mentougou District sold online throughout the year.

Taiyuan Longcheng • Jinmao Palace

Taiyuan Longcheng • Jinmao Palace Project is located in Longcheng Street, the metropolitan frontage of Taiyuan, and is at the centre of the central business district, central landscape belt and central park. Surrounded by six major transportation backbones, the project is close to Longcheng Park Station of Metro Line 2. It has thoroughly studied the four seasons of Taiyuan, starting from the six major life elements of "sunshine, temperature, humidity, air, sound and water". By means of the 12 major green and gold technologies that fit the characteristics of the local environment, the project customises the five-comfortable health technology residence for Taiyuan with comfortable temperature, humidity, oxygen, cleanliness and quietness. The project is a customised presentation of the consensus on quality residence among the top-tier urban population in Taiyuan, thus creating an ideal community form that meets the needs of high-end living in depth.

During the Period under Review, Longcheng Jinmao Palace ranked first among the residential projects in Taiyuan in terms of contracts signed throughout the year. With customer satisfaction reaching industry benchmark, the project realised outstanding results in both performance and satisfaction.

Hangzhou Fuchun Jinmao Xingwaitan Project • Qinwang Palace

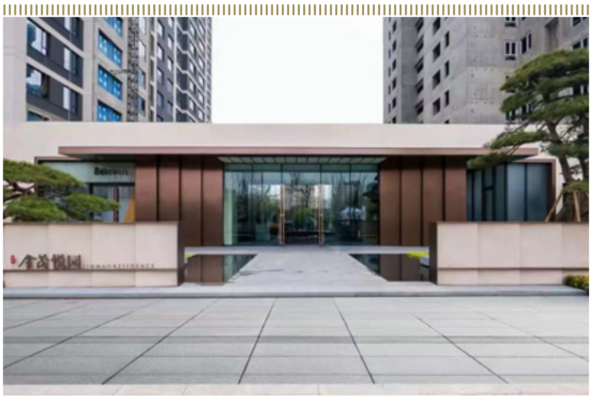
Hangzhou Qinwang Palace Project is located in the "City Eye" block of Qinwang, which is a residential portion of the Qinwang city complex in Fuyang built by China Jinmao. It enjoys a range of supporting facilities for the future planning of the complex, including a commercial complex, boutique residence, TOD three-dimensional transportation, a 221-metre urban landmark office building, a shopping mall, a five-star hotel, a scenic commercial water street and other business segments.

During the Period under Review, the project ranked first in terms of transacted amount in Fuyang District, Hangzhou, and completed the delivery of some of the residential units, earning unanimous praise in Fuyang and becoming a local benchmark property project.

Xi'an Daming Palace Jinmao Palace

Xi'an Daming Palace Jinmao Palace project is located within the North Second Ring on the Qujiang Daming Palace section. Being at the central position of the city, complete living facilities are all around the corner. The transportation and road networks are well developed, with Daming Palace North Station of Metro Line 4 adjacent to the project. The ecological landscape resources are prominent and so is the cultural heritage. Daming Palace National Heritage Park, a 5A-rated tourist attraction covering an area of 4,800 mu, is just some 300 metres west of the plot. To the east is Hongqi Railway Park (under planning and construction). With such outstanding ecological landscape resources, this high-value city plot can meet the needs for supporting facilities of ecologically livable and high-quality residential buildings.

During the Period under Review, the project continued to sell well with excellent quality and price, quickly occupying the first place in Xi'an's high-end market and becoming a quality benchmark project in Daming Palace, Xi'an.



Xi'an • High-tech Industrial Development Zone Jinmao Yueyuan

Xi'an • High-tech Industrial Development Zone Jinmao Yueyuan Project is located in the core area of Phase II of High-tech Industrial Development Zone, and is part of the Yuhuazhai area. Approximately 3 km away from the core area of Phase I and II of High-tech Industrial Development Zone and approximately 2.2 km away from the core area of Software New City, the project has an excellent location. On the north side of the project, 3 km east of Yuhuazhai Street is the core axis of Phase II of High-tech Industrial Development Zone (Tangyan Road – Fenghui South Road), and to the west it is close to West 3rd Ring Road, Ring Expressway and other fast roads, accessible to every area of the city. Rail transportation is concentrated in the surroundings, and the project is only 900 metres away from Yuhuazhai Station of Metro Line 3 which has already been put into operation. Moreover, it is located in the core area of traditional residence for high-tech industry, with mature supporting facilities within 3 km. With three centralised commercial centres, two 3A hospitals, more than 10 primary and secondary schools, there are well-developed commercial, medical and educational resources.

During the Period under Review, the project remained a red-hot commodity with excellent review and market recognition, which became a benchmark for high-end residence in High-tech Zone of Xi'an.

Beijing Yongding Jinmao Palace

The project is located in the core area of the Third Ring Road in the inner city, which embraces topnotch urban resources, namely Capital Business New District and the central-axis museum cluster. At the same time, it has the potential of high-tech industry and the attribute of "Culture Parlor of the Country". In addition to a three-dimensional transportation network of "three horizontal, three vertical and three track" reaching the whole city, the project enjoys very comprehensive surrounding facilities. Being a rare natural oxygen bar in the city, the Temple of Heaven, Nanyuan Forest Wetland Park, Heyi Park and Huaiyin Park are within a 5km radius. The product creates an ultimate improvement of Jinmao Palace with an area ranging from 111 sq.m. to 176 sq.m. The facade of which is in line with the central-axis ambiance, and presents the international and oriental aesthetics. Its landscape follows the example of Prince Gong Mansion, which displays the northern garden making technology and inherits the 12 green gold technologies of Jinmao Palace so as to create a comfortable, warm, moist and oxygen-friendly technology residence.

During the Period under Review, the project ranked No.1 in terms of the number of units sold, contracted sales amount and area sold among the RMB90,000 to 110,000 commodity housing units in Beijing for 2023. As of the end of 2023, more than 80% of the residential units of the entire project were sold online.

Chongqing Xuetang Jinmao Residence

Xuetang Jinmao Residence Project is is located in Huayan New City, Jiulongpo District. It is a bridgehead connecting the east and the west, and an important hub in the old town and high-tech zone of Chongqing, close to Baishiyi in the high-tech zone and Jinfeng Sub-district in. The project is located at the junction of Tianfu Road and Huaqing Road, connecting Jiulong Foreign Language Experimental School to the east. Enjoying one-stop luxury living amenities, the central metropolitan living area is close to Chongqing West Station and Zhongliangshan Station of Metro Line No.5, accessible to every area of the city, and is surrounded by the Huayan tourist scenic area and six community parks.

During the Period under Review, Xuetang Jinmao Residence Project won the recognition of the market and customers for its product quality. In 2023, it ranked No.1 in terms of the number of small high-rise single-format units sold in Chongqing, No.3 in terms of the number of residential units sold in the main town of Chongqing, No. 1 in terms of the number of units sold, contracted sales amount and area sold among small high-rise properties in Jiulongpo District, and No.1 in terms of the number of residential units sold in Jiulongpo District.

Changsha Jinmao International Community

Changsha Jinmao International Community Project is located to the south of Yanghu, Xiangjiang New District, Changsha. It is the first phase of Dongshan Bay International New City project jointly developed by Jinmao and Hunan Zhigu Group after the city operation of Meixi Lake. The project is adjacent to the landscape belt of Jinjiang River in the east, Lianping Road in the south, Muzitang Park built as ancillary construction of the project with an area of approximately 60,000 sq.m. in the west, and a nine-year school as a support facility in the north. It is a high-quality, low-density residential benchmark project integrating educational, environmental, commercial and transportation facilities.

During the Period under Review, the project ranked among the top ten in Changsha in terms of area sold, and remained among the top three in terms of public attention in the region throughout the year.

Taiyuan Changfeng Jinmao Residence

Changfeng Jinmao Residence Project is located at the intersection of Jinci Road and Xiaowanzhong Street in Wanbolin District, Taiyuan as part of the Changfeng Business District in the Inner City. The project is designed to create a five-layer coming-home sequence in accordance with the Palace specifications, boasting ingenious designs such as all-age garden forest, ultra-large sitting room and de-housekeeping, to outline the beauty of the community and life, marking a high-quality improvement among the major players in the contemporary city.

During the Period under Review, Changfeng Jinmao Residence Project was first launched in September 2023, with sales amount from September to December ranking first in the market.

Tianjin Tibei Jinmao Palace

Tianjin Tibei Jinmao Palace Project is located in the north of Tibei, Hexi District within Expressway Heiniucheng Road and adjacent to Weijin South Road, enjoying high accessibility. The project has a site area of 108,000 sq.m., divided into four land parcels A, B, C and D, with an integrated plot ratio of 2.09 and a plot ratio-based GFA of 226,500 sq.m.

During the Period under Review, it ranked No.1 in terms of the number of units sold, area sold and contracted sales amount among the projects with a unit price exceeding RMB50,000 per sq.m. in Tianjin for the recent three years.

Wuxi · Lihu Jinmao Palace

Wuxi · Lihu Jinmao Palace is located in the east of Lihu, the core section of Binhu District, Wuxi, enjoying premium view of Lihu, and the "four major business districts" are within a 4km radius of the project.

During the Period under Review, the project was further launched twice, and all units were sold out during the two launches. The transaction price set a record high among its peers in Wuxi, and the sell-through rate set a new high in the past three years.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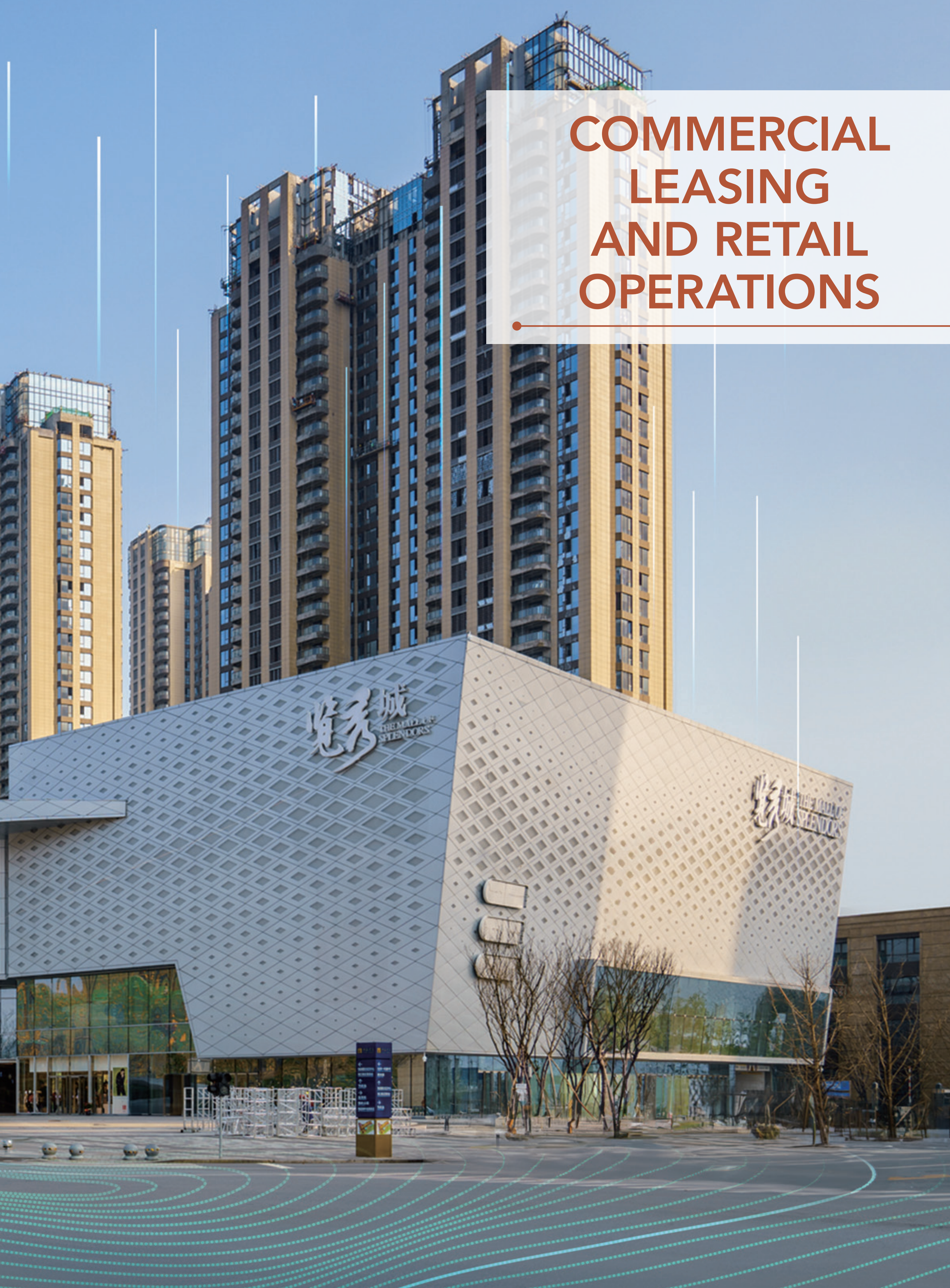
COMMERCIAL LEASING AND RETAIL OPERATIONS



Management Discussion and Analysis • Business Review

Commercial Leasing

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate remained high generally with stable rental levels.

Occupancy rate of major office buildings

	Beijing Chemsunny World Trade Centre	Xicheng Jinmao Centre*	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion
2023	99.2%	85.9%	87.6%	64.8%
2022	100.0%	100.0%	90.9%	89.3%

* The original Sinochem Tower was renamed as Xicheng Jinmao Centre on 23 March 2023 as approved by Xicheng Branch of Beijing Municipal Commission of Planning and Natural Resources.

Beijing Chemsunny World Trade Centre which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Xicheng Jinmao Centre which is situated at the heart of Beijing on Fuxingmen Wai Avenue, Xicheng District, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Shanghai Jin Mao Tower which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its superior landmark effects make the tower one of the first choices as place of business in Shanghai for prestigious domestic and foreign corporations.

Management Discussion and Analysis • Business Review

Retail Operations

Shanghai J•LIFE is located in the core area of the Lujiazui CBD in Shanghai, which commenced operation in 2005. Being the first commercial and retail business centre in the Lujiazui region, the project adhered to the line of portfolio based on experience and quality of commercial and lifestyle services, striving to attempt and explore innovative businesses constantly, and anchored with a variety of famous brands engaging in catering, healthcare and nursing, sports and social networking, and international education services, providing unique and personalised lifestyle services for high-end business customers.

During the Period under Review, the Shanghai J•LIFE Project achieved an occupancy rate of 100%. Making every effort to maintain stable operations and improve quality, the project won the 2023 Annual Gourmet Food Landmark Award and the 2023 City Life Urban Living List · Popular Shopping Mall Award and other honours.

Nanjing Jinmao Mall of Splendor is located in the Hunan Road business district in the main city region of Nanjing, adjacent to the Xuanwu Lake subway station in Nanjing, and occupies the best geographical location alongside the Xuanwu Lake. Since commencement of business at the end of September 2015, it has become one of the dynamic, trendy, energetic and quality shopping mall in the main city region of Nanjing.

During the Period under Review, Nanjing Jinmao Mall of Splendor continued to improve operating quality throughout the year, constantly optimised product portfolio. Various large-scale activities such as Xuanwu Lake Cherry Blossom Season 2.0, Anniversary Celebration, and Summer Market were carried out at various times throughout the year based on the characteristics of the project. Moreover, merchant resources and external resources were fully leveraged to ensure weekly activities, thereby achieving record high in both sales volume and total customer flow. The peak value of single-day customer flow reached record high several times during the year.

Changsha Jinmao Mall of Splendor is the first Mall of Splendor under China Jinmao, which is located in the core region of Meixi Lake, facing an excellent view of Meixi Lake, with Meixi Lake International Culture and Arts Centre to the east, and is seamlessly connected with the Changsha Metro Line No. 2. Since its opening, the project focused on the customer groups of young families and young people in Changsha, collected a variety of famous domestic brands, and presented the innovative and proprietary business forms of Jinmao. It became a gathering place for pioneer experience-based, leisure-based and social-based business lifestyles in central China.

During the Period under Review, Changsha Jinmao Mall of Splendor, with its unique positioning as an "artistic and joyful venue for premium families", attracted a huge consumer base. In 2023, both the sales amount and customer flow of the project hit record high. The core of investment promotion work was to improve product strength, focusing on the water scene street, jewellery, women's clothing, and sports trend group atmosphere of the project, and the rental fees for the recruited brands have increased significantly. The project also won the honorary titles of "National-level Green Shopping Mall", "Changsha Nighttime Consumption Model", and "China's Top 100 Operation Teams (Winshang.com)". In addition, Changsha Mall of Splendor, as the underlying asset, became the first batch of approved consumer infrastructure public REITs in China at the end of 2023, and became one of the first batch of publicly traded consumer infrastructure REITs in China in March 2024.

Qingdao Jinmao Harbour Shopping Mall is located at the harbour front of Jiaozhou, Qingdao, inside the Shinan District, and adjacent to the Qingdao harbour ferry terminal and cross harbour tunnel of Jiaozhou Bay. It is a commercial complex project nearest to the sea in Qingdao region. At present, the project is a gathering place for trendy living and integrated with shopping, catering, entertainment and healthcare services to satisfy the demand for high quality, one-stop and family-based shopping mall from residents in the region. It is a heartwarming harbour built for family leisure living services for 100,000 permanent residents in the surrounding region.

During the Period under Review, Qingdao Jinmao Harbour Shopping Mall continued to promote the improvement of product strength, proactively replace underperforming brands, consolidate the foundation of project operations, and significantly improve operating quality. The project also focused on core customer groups, interpreted its pro-sea theme from three aspects: atmosphere creation, check-in locations, and event marketing, and used the hashtag of #The Most Beautiful Harbour to communicate in multiple channels. The customer flow for the year hit a new high since the opening of the project, and the customer flow for July hit a new high in a single month since the opening.

Zhangjiagang Mall of Splendor is located next to the lake of Shazhou, Zhangjiagang with a total area of approximately 200,000 sq.m. Grandly opened on 23 December 2022 and with the theme of "relaxing life at city centre", the project is set to lead the upgrading of consumer life in Zhangjiagang, creating a cheer-up station, a social gathering place and an entertainment energy field for the locals, as well as a new landmark of quality business in the harbour city.

During the Period under Review, the operating situation of Zhangjiagang Mall of Splendor was stable and improving, and the operating atmosphere continued to improve. The operation work focused on investment promotion by continuing to introduce high-quality retail, Internet celebrity catering, and popular cultural and entertainment ancillary brands, and replace poor-performing merchants, thereby achieving brand upgrades and steady increase in annual revenue. In the meantime, the marketing work was based on the themes of "this is the only harbour city" and "relaxing life at city centre", implementing various key events such as the Spring Festival, JINSPIRE88, and anniversary celebrations. Both the sales volume and customer flow continued to break new highs. The project also introduced the city's first hot-spot activities and achieved the target of weekly activities and monthly surprises throughout the year, reshaping the consumption habits of locals and increasing member stickiness. At the same time, merchant operation and management were strengthened, and SP activity mechanism was improved, so as to effectively improve the operating performance of key brands.

Qingdao Jinmao Mall of Splendor Project is located in the Hi-Tech Industry Development Zone along the north coast of Jiaozhou Bay in Qingdao, which is the core zone of the north coast city area of Qingdao. Being the commercial element of China Jinmao's city operations project Qingdao Jinmao China-Europe International City, it is positioned as the "life exploration centre of future city" with new middle-class families as its core customer group. In the future, the project will cooperate with businesses along the China-Europe's dynamic axis to jointly create an ecological commercial centre integrating ecological leisure and exploration experience, gathering consumption, focusing on experience, and emphasising on innovation. By implementing the concept of city operations, the project is set to help the region transform from a new city area on the north coast of Qingdao into a main city area.

During the Period under Review, Qingdao Jinmao Mall of Splendor quickly realised the transformation of business strategy from the preparation period to the operation period, introduced regional first-in-class activities and IP resources with the promotion theme of "seeing everything new", and implemented city-level promotion activities, further expanding the scope and popularity of the project customer base. At the same time, the project proactively carried out recruitment of low-efficiency brands, and signed contracts to introduce first-store brands of many cities and regions, continuously improving product strength of the project.

HOTEL OPERATIONS

Management Discussion and Analysis • Business Review

Hotel Operations

General Overview

In 2023, in the context of retaliatory rebound in consumption, the industry showed high prosperity in the first half of the year. The market was prosperous and basically recovered to the level of 2019. In the second half of the year, the market stabilised, but the business market has not yet fully recovered. The hotel segment fully grasped the market trend and adopted various operating measures, significantly improving operating performance. The hotel segment has always focused on enhancing operating efficiency and adhered to its differentiated strategy. The segment analysed the customers to grasp the overall demand and the pricing power in the market, thereby generating product premium to maintain its leading position in the market.

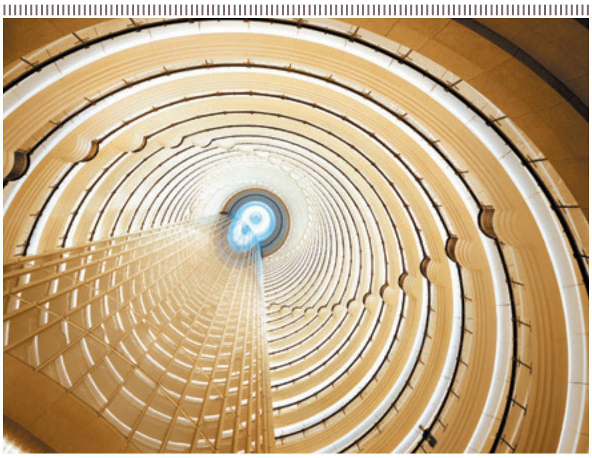
Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2023

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Xi'an Jinmao Hotel	Guangzhou Marriott Hotel Nansha
Average room rate	1,314	1,367	2,338	1,160	811	717	1,274	1,169	790	414	690
Average occupancy rate	82.5%	85.1%	70.9%	83.1%	80.7%	43.0%	82.2%	65.3%	75.6%	73.5%	46.7%
Average revenue per available room	1,084	1,163	1,656	964	654	309	1,048	764	598	304	322

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2022

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Xi'an Jinmao Hotel	Guangzhou Marriott Hotel Nansha
Average room rate	977	1,315	2,233	818	634	921	819	1,131	744	307	630
Average occupancy rate	33.2%	47.1%	47.6%	57.8%	60.8%	58.5%	52.8%	44.1%	54.4%	31.3%	22.8%
Average revenue per available room	324	619	1,063	473	385	539	432	499	405	96	144

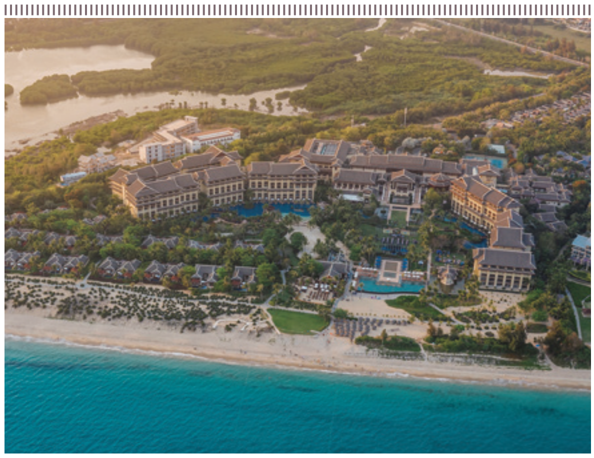
Information of Projects



Grand Hyatt Shanghai Situated on 53rd to 87th floors of Jin Mao Tower, a renowned landmark building in Shanghai, Grand Hyatt Shanghai was opened in 1999. The hotel was named in the Guinness World Record 2000 as the highest hotel in the world. Since its opening, leveraging its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

Hyatt Regency Chongming Located in the east of Chongming Island, the third largest island in the PRC, Hyatt Regency Chongming was opened in 2014. The hotel is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge and is located near Dongtan Wetland Park, which is also a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land.

Hilton Sanya Yalong Bay Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled resort experience", a basic concept embodying strong southern China's characteristics.

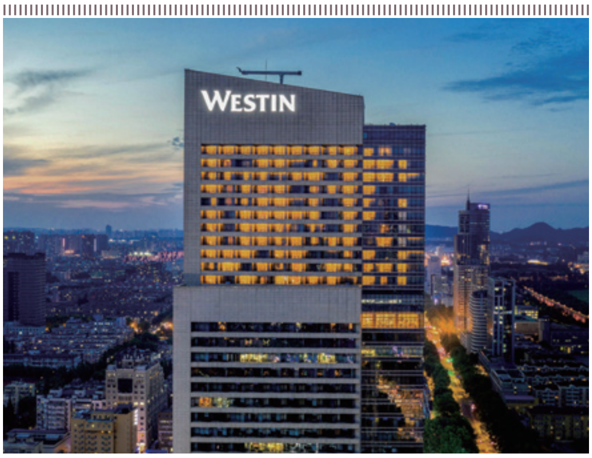


The Ritz-Carlton Sanya, Yalong Bay Situated at the enchanting Yalong Bay in Sanya, the magnificent The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. Since its opening in 2008, the hotel has been well received by affluent global travellers and gained recognition from the tourism industry, and has received many awards worldwide.

Information of Projects

Renaissance Beijing Wangfujing Hotel is situated at Wangfujing Avenue and adjacent to Tian'anmen Square and Palace Museum. Its predecessor is Wangfujing Grand Hotel opened in 1995. The hotel adopts a unique dual-wing architecture design with an endless stream of spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the CBD of Wangfujing to the east, blending the modern and classic into one.

JW Marriott Hotel Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the local seasonal characteristics, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.



Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 234 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

Jinmao Purelax Mountain Hotel, Lijiang, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotel perfectly integrates the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their rooms.

Lijiang Jinmao Hotel • The Unbound Collection by Hyatt, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue, is adjacent to the Old Town of Su River and connects to J • Life's exquisite commercial portion and premium quality villas.

Information of Projects

Meixi Lake Hotel, A Luxury Collection Hotel, Changsha Officially opened in 2016, Meixi Lake Hotel, A Luxury Collection Hotel, Changsha is located at the prime location in the State-level Xiangjiang New District adjacent to Meixi Lake International Cultural & Art Centre. Taking the design of "Exploring the peach garden" and blending the cultural essence of Hu and Xiang, the hotel leads travellers from all over the world to embark on the journey of exploring the peach garden.

Xi'an Jinmao Hotel is located in the most prime and prosperous area of Xi'an, the historic and ancient capital for 13 dynasties, and is within walking distance from Zhonggulou, Huimin Street and the city wall built in the Ming Dynasty. The combination of European industrial style with strong sense of design and Xi'an's profound historical and cultural heritage allows each tourist to travel between ancient and modern, Eastern and Western cultures, and to have a fine taste of their respective history and culture.

Guangzhou Marriott Hotel Nansha Situated at the "heart of the Greater Bay Area", Guangzhou Marriott Hotel Nansha is located next to Pearl Lake of Nansha, close to Shenzhen, Hong Kong and Macau and easily accessible to the core business districts of various cities. Opened in August 2022, the hotel has 260 modern rooms with comfortable, stylish and functional features, overlooking the beautiful scenery of Jiaomen River.

SERVICES AND TECHNOLOGY

Services

Jinmao Services actively built the three core IPs of "quality", "intelligence" and "symbiosis". Adhering to the customer-oriented principle, with excellent scenario design capabilities and stable quality output capabilities, Jinmao Services provided asset management services and quality life solutions that exceeded the expectations of customers. Through the Internet of Everything management equipment and mobile Internet management services, Jinmao Services deeply promoted the digital transformation of enterprises, drove service upgrading with technology, and continuously improved the management service efficiency and user digital experience. At the same time, Jinmao Services actively strengthened the community ecosystem, promoted and expanded city operation services, led the sustainable development concept of low-carbon, environmental protection and green, assumed social responsibilities with services, enhanced people's happiness, and grew and prospered together with communities, cities, environment, and the society.

Technology

In 2023, focusing closely on the field of construction technology, China Jinmao improved the technology system, promoted the 3.0 technology upgrade for the Jinmao Palace series, and built the core competitiveness of China Jinmao's technology IP, thus becoming a leader in specialised and new fields, forming its own unique product and technology advantages, and continuously consolidating the EPC service model of the whole process and integration of scientific and technological human habitat system, vibration and noise reduction. The smart energy segment focused on comprehensive energy services, photovoltaic and zero-carbon construction business, green big data centres and new energy vehicle battery replacement business, with a view to improving operating efficiency, continuously enhancing social environmental protection benefits, and contributing its corporate effort to achieve the goals of "emission peak" and "carbon neutrality".

Management Discussion and Analysis • Financial Review

REVIEW ON OVERALL RESULTS

For the year ended 31 December 2023, profit attributable to owners of the parent amounted to RMB-6,896.6 million, representing a decrease of 448% compared with RMB1,984.1 million in last year. Profit attributable to owners of the parent less fair value losses on investment properties (net of deferred tax) amounted to RMB-6,793.5 million, representing a decrease of 846% compared with RMB910.1 million in last year.

The aforesaid loss and decrease was mainly due to the impact of the downturn in the real estate industry, the provision for impairment of properties under development and properties held for sale of the Group and certain associates and joint ventures of the Group during the Year, the decrease in revenue and gross profit margin of certain property development projects of the Group and the decrease in the amount of land development income, which resulted in the decrease in gross profit, and the significant decrease in one-off gains arising from mergers and acquisitions and disposals as compared with the previous year.

Basic earnings per share, gross profit margin (by business segment) and net debt-to-adjusted capital ratio are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group, and effectively evaluate the management's governance level and whether the goal of maximising shareholders' interests is achieved.

REVENUE

For the year ended 31 December 2023, the revenue of the Group was RMB72,403.6 million, representing a decrease of 13% compared with RMB82,991.4 million in last year.

Revenue by business segments

	For the year ended 31 December				
	2023		2022		
	RMB million	Percentage of the total revenue (%)	RMB million	Percentage of the total revenue (%)	Year-on-year change (%)
City operations and property development	62,781.9	85	74,708.3	88	-16
Commercial leasing and retail operations	1,802.3	2	1,551.0	2	16
Hotel operations	2,080.4	3	1,153.9	1	80
Jinmao Services	2,704.4	4	2,436.0	3	11
Others	4,345.2	6	4,713.7	6	-8
Total	73,714.2	100	84,562.9	100	-13
Among which:					
Intersegment sales	1,310.6	2	1,571.5	2	-17
Sales to external customers	72,403.6	98	82,991.4	98	-13

Since its listing on the Main Board of the Hong Kong Stock Exchange since March 2022, Jinmao Services has been performing well. In 2023, its revenue increased significantly as compared to 2022, and its revenue as a percentage of the total revenue of China Jinmao continued to increase. In 2023, such percentage was 4% (2022: 3%) of total revenue. In order to provide a clearer disclosure of the revenue of each major operating segment of China Jinmao, since 2023, China Jinmao manages Jinmao Services as an independent business unit and a reportable operating segment, and divides the Company into five reportable operating segments, namely city operations and property development segment, commercial leasing and retail operations segment, hotel operations segment, Jinmao Services segment and others segment.

In 2023, revenue from city operations and property development of the Group decreased by 16% over that of last year to approximately RMB62,781.9 million and accounted for 85% of the total revenue, which was mainly attributable to the decrease in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations increased by 16% as compared with that of last year to approximately RMB1,802.3 million and accounted for 2% of the total revenue, which was mainly attributable to the additional revenue from the newly opened properties in 2022. Revenue from hotel operations increased by 80% from last year to approximately RMB2,080.4 million and accounted for 3% of the total revenue, which was mainly attributable to the recovery of consumption after the pandemic. Revenue from Jinmao Services grew by 11% from last year to approximately RMB2,704.4 million and accounted for 4% of the total revenue, which was mainly due to the increase in the area under management of basic property management. Revenue from others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, green buildings technology and building decoration) accounted for 6% of the total revenue, representing a decrease of 8% over that of last year, which was mainly due to the decrease in revenue from building decoration. Details are set out in note 4 and note 5 to the financial statements.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2023 was approximately RMB63,382.1 million (2022: RMB69,845.8 million). The overall gross profit margin of the Group in 2023 was 12%, which decreased by 4 percentage points as compared with 16% of last year, mainly attributable to the decrease in the gross profit margin from the city operations and property development segment.

During the Year, the gross profit margin for commercial leasing and retail operations was basically the same as that of last year. The gross profit margin for hotel operations increased as compared with that of last year, mainly attributable to the easing impact of pandemic. The decrease in the gross profit margin of Jinmao Services was mainly due to the further increase in the proportion of revenue from basic property management services of residential properties. The gross profit margin for others decreased as compared with that of last year, mainly attributable to the decrease in gross profit margin of new businesses such as the business development of building decoration and green buildings technology.

Gross profit margin by business segments

	For the year ended 31 December	
	2023 Gross profit margin (%)	2022 Gross profit margin (%)
Overall	**12**	16
City operations and property development	**9**	13
Commercial leasing and retail operations	**84**	84
Hotel operations	**46**	30
Jinmao Services	**28**	30
Others	**13**	23

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2023 amounted to approximately RMB4,354.5 million, representing a decrease of 63% from RMB11,690.6 million in last year, which was mainly due to the significant decrease in the fair value gains on financial assets, the gains on remeasurement of the existing equity interests in joint ventures and associates held upon business combination, the bargain purchase gain, the fair value gains on the investment properties, etc., as compared with that of last year. Details are set out in note 5 to the financial statements.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2023 increased by 13% to RMB2,962.6 million from RMB2,616.7 million in last year, mainly due to the increase in contracted sales amount of the Company's subsidiaries, resulting in the increase in advertising expenses, etc. during the year. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to relevant sales agencies, staff costs and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 4% (2022: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2023 amounted to RMB3,868.6 million, representing a decrease of 10% from RMB4,294.5 million in last year, mainly attributable to the decrease in employee expenses and general office expenses as compared with 2022 as the Group exercised lean management and strictly controlled administrative expenses in 2023 through organisational reform and employee downsizing. Administrative expenses mainly comprise staff costs, consulting fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 5% (2022: 5%) of the Group's total revenue.

OTHER EXPENSES AND LOSSES, NET

Other expenses and losses, net of the Group for the year ended 31 December 2023 amounted to RMB5,424.0 million, representing a decrease of 9% from RMB5,954.1 million in last year, mainly attributable to the decrease in the amount of the impairment provision for due from related parties of the Group as compared with last year.

On 31 December 2023, the Group reviewed the market conditions of the properties under development and properties held for sale of the Group and its associates and joint ventures as of that date. The Group estimated the net realisable value of properties under development and properties held for sale by mainly taking into account the latest selling prices and prevailing market conditions, estimated development costs to be incurred by the time of completion and necessary selling expenses and related taxes estimated to be incurred in the process of sales. Provision for impairment is made for properties under development and properties held for sale whose net realisable value is lower than the cost. In 2023, the Group recognised a total of RMB4.39 billion in impairment losses on properties under development and properties held for sale, and a total of RMB450 million in impairment losses on amounts due from associates and joint ventures. Details are set out in note 7 to the financial statements.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2023 was RMB8,146.3 million, representing an increase of 25% from RMB6,534.6 million in last year, mainly attributable to the increase in average loans amount and loan interest rates during the Year. Among them, the interest expense capitalised amounted to RMB5,132.4 million, representing an increase of 34% from RMB3,823.5 million in last year; finance costs of the Group amounted to RMB3,013.9 million, representing an increase of 11% from RMB2,711.1 million in last year.

INCOME TAX EXPENSE

The Group had an income tax expense of RMB2,045.8 million for the year ended 31 December 2023, representing a decrease of 55% from RMB4,536.3 million in last year, primarily attributable to the decrease in PRC corporate income tax due to the decrease of profit before tax for the Year, and the decrease in PRC land appreciation tax. The Group's effective income tax rate for 2023 was -73% (2022: 46%).

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2023, profit for the Year of the Company amounted to RMB-4,858.3 million, representing a decrease of 193% compared with RMB5,220.9 million in last year. For the year ended 31 December 2023, profit attributable to owners of the parent amounted to RMB-6,896.6 million, representing a decrease of 448% compared with RMB1,984.1 million in last year, and profit attributable to owners of the parent excluding fair value losses/gains on investment properties (net of deferred tax) was RMB-6,793.5 million, representing a decrease of 846% compared with RMB910.1 million in last year. The aforesaid loss and decrease was mainly due to the impact of the downturn in the real estate industry, the provision for impairment of properties under development and properties held for sale of the Group and certain associates and joint ventures of the Group during the Year, the decrease in revenue and gross profit margin of certain property development projects of the Group and the decrease in the amount of land development income, which resulted in the decrease in gross profit, and the significant decrease in one-off gains arising from mergers and acquisitions and disposals as compared with the previous year.

Basic earnings per share for the Year were RMB-51.62 cents, representing a decrease of 432% compared with RMB15.56 cents in last year. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value losses/gains on investment properties, net of deferred tax, were RMB-50.84 cents (2022: RMB7.14 cents).

Comparison of profit attributable to owners of the parent before and after fair value losses/gains on investment properties, net of deferred tax

	For the year ended 31 December		Year-on-year
	2023 (RMB million)	2022 (RMB million)	change (%)
Profit attributable to owners of the parent	**-6,896.6**	1,984.1	-448
Less: fair value losses/gains on investment properties (net of deferred tax)	**-103.1**	1,074.0	-110
Profit attributable to owners of the parent excluding fair value losses/gains on investment properties (net of deferred tax)	**-6,793.5**	910.1	-846
Basic earnings per share (RMB cents)	**-51.62**	15.56	-432
Basic earnings per share excluding fair value losses/gains on investment properties (net of deferred tax) (RMB cents)	**-50.84**	7.14	-812

INVESTMENT PROPERTIES

As at 31 December 2023, investment properties mainly comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices and retail operations of Jin Mao Tower (for lease), office portion of Xicheng Jinmao Centre, office portion 16# of Shanghai International Shipping Service Center, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Mall of Splendor, Qingdao Jinmao Harbour Shopping Mall, Changsha Jinmao Mall of Splendor, Zhangjiagang Mall of Splendor, Qingdao Jinmao Mall of Splendor, Tianjin Jinmao Place, etc. Investment properties increased from RMB37,088.7 million as at 31 December 2022 to RMB37,299.2 million as at 31 December 2023, which was mainly due to additions to investment properties and transfer from properties held for sale to investment properties, partially offset by valuation losses on investment properties. Details are set out in note 18 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2023, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the Reporting Period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the Reporting Period.

As at 31 December 2023, properties under development (current and non-current) amounted to approximately RMB130,731.0 million, decreased by 10% compared to RMB145,044.5 million as at 31 December 2022.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from RMB25,883.7 million as at 31 December 2022 to RMB26,395.5 million as at 31 December 2023, mainly attributable to the increase in investments in Shanghai • Hengmian Jiujing Project, etc. during the Period under Review.

INVESTMENTS IN ASSOCIATES

The investments in associates decreased from RMB22,770.2 million as at 31 December 2022 to RMB22,492.6 million as at 31 December 2023, mainly due to the capital reduction in Jinmao Vanke Metropolis Seasons Project and some associates distributing dividends to their shareholders during the Period under Review.

LOANS TO ASSOCIATES AND JOINT VENTURES

The Group from time to time provides shareholder loans to its joint ventures and associates, which are project companies established by the Group to participate in specific property development projects. These loans are provided by the Group to the relevant joint ventures/associates in proportion to its shareholding and will be used in the development of real estate projects. Provision of shareholder's loan can effectively relieve the financial pressure of the joint ventures/associates and is beneficial for them to carry out real estate development. The Group is entitled to share the distribution and returns generated from the investments in these joint ventures/associates on a pro rata basis, and the provision of shareholder's loans will ultimately benefit the Group as an investor in these companies.

Given that the Company participates in or sends personnel to participate in the business decision-making and daily operation and management of each of its associates and joint ventures, the Company can continuously monitor the business status of these companies. The finance capital department of the Company also monitors the repayment status of the borrowing joint ventures and associates and their financial position on an ongoing basis.

As at 31 December 2023, the balance of the Group's loans receivable from associates and joint ventures, net of impairment allowances, was RMB23,348.5 million (31 December 2022: RMB26,041.3 million).

Further details of the Group's loans to associates and joint ventures are included in note 28 to the financial statements.

LOANS FROM NON-WHOLLY OWNED SUBSIDIARIES TO THEIR SHAREHOLDERS

From time to time, non-wholly owned subsidiaries of the Company provide unsecured loans to the Group and their respective non-controlling shareholders. The loans can only be provided when the relevant non-wholly owned subsidiaries has idle funds in the ordinary course of business, and the non-wholly owned subsidiaries shall determine the specific amount based on the shareholding of each shareholder. The terms and conditions of the loans to be complied with by each shareholder are substantially the same. The provision of loans by non-wholly owned subsidiaries to their shareholders can promote the reasonable allocation of resources, accelerate the turnover of funds, improve the funds utilisation rate and reduce the level of idle funds.

Given that the Company controls the business decision-making and daily operation and management of each of its non-wholly owned subsidiaries, the Company can continuously monitor the business status of these subsidiaries. The finance capital department of the Company also monitors the repayment status of the borrowing non-controlling shareholders and their financial position on an ongoing basis to ensure that they have sufficient ability to meet their repayment obligations.

As at 31 December 2023, the Group's loan balance due from non-controlling shareholders of the non-wholly owned subsidiaries was RMB18,260.0 million (31 December 2022: RMB18,952.2 million).

The Group has fulfilled the relevant compliance and disclosure obligations in respect of the loans which constituted notifiable transactions and/or non-fully exempt connected transactions of the Company during the Year. For further details of the Group's loans to non-controlling shareholders of the non-wholly owned subsidiaries, please see "Report of the Directors – I. Continuing Connected Transactions Exempt from the Independent Shareholders' Approval Requirement" and note 26 and note 31 to the financial statements.

PROPERTIES HELD FOR SALE

The properties held for sale increased from RMB23,193.7 million as at 31 December 2022 to RMB27,030.9 million as at 31 December 2023, mainly due to some buildings of Hangzhou Fuchun Jinmao Xingwaitan Project and Nanjing Hexi Jinmao Palace Project that were completed but yet to be delivered in 2023, which were partially offset by the delivery of Shenzhen Longhua Jinmao Palace Project, Jinan Jinmao Lujin Snow Mountain Jinmao Noble Manor Project, etc.

LAND UNDER DEVELOPMENT

Land under development mainly included the land costs incurred by Nanjing Qinglong Mountain International Ecological New City Project and Langfang Longhe New City Project.

The land under development (current and non-current) increased from RMB23,049.3 million as at 31 December 2022 to RMB26,055.0 million as at 31 December 2023, which was mainly due to the newly incurred land costs during the Period under Review.

TRADE RECEIVABLES

As at 31 December 2023, trade receivables amounted to RMB4,411.7 million, representing a decrease of 5% compared with RMB4,643.2 million as at 31 December 2022, which was mainly due to the collection of some receivables incurred by revenue from land development during the Year.

OTHER FINANCIAL ASSETS

As at 31 December 2023, other financial assets (current and non-current) amounted to approximately RMB5,847.4 million, representing a decrease of 3% compared with approximately RMB6,051.1 million as at 31 December 2022, which was mainly due to the impairment assessment of the investment in Changsha Meixi Lake Primary Development Project Phase II and the decrease in the amount of other unlisted investments. Details are set out in note 29 to the financial statements.

GOODWILL

As at 31 December 2023, goodwill of approximately RMB249.1 million (31 December 2022: RMB249.1 million) arose from the acquisition of equity interests in Beijing Capital Services by Jinmao Services (stock code: 00816) in 2022.

TRADE AND BILLS PAYABLES

As at 31 December 2023, trade and bills payables were RMB31,292.8 million, which was basically the same as compared with RMB30,833.1 million as at 31 December 2022.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2023, interest-bearing bank and other borrowings (current and non-current) were RMB127,379.3 million, representing an increase of 4% compared with RMB122,665.1 million as at 31 December 2022. The increase in interest-bearing bank and other borrowings was mainly due to the increase in interest-bearing bank and other borrowings to redeem perpetual capital instruments by the Group, and the increase in foreign currency interest-bearing bank and other borrowings when translated into RMB as a result of exchange rate changes during the Year.

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratios as at 31 December 2023 and 31 December 2022 were as follows:

	As at 31 December	
	2023 (RMB million)	2022 (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	**127,379.3**	122,665.1
Less: cash and cash equivalents, restricted bank balances and certain other financial assets	**(37,836.0)**	(44,703.5)
Net debt	**89,543.3**	77,961.6
Total equity	**109,837.1**	112,686.7
Add: the Company's amounts due to the immediate holding company	**12,142.5**	9,738.3
Adjusted capital	**121,979.6**	122,425.0
Net debt-to-adjusted capital ratio	**73%**	64%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees of architects and designers and finance costs, the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed the liquidity requirements primarily through internal resources, bank and other borrowings, issue of senior notes and medium-term notes, issue of perpetual capital securities, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2023, the Group had cash and cash equivalents of RMB30,920.0 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2022: RMB37,089.2 million).

As at 31 December 2023, the Group had total interest-bearing bank and other borrowings of RMB127,379.3 million (as at 31 December 2022: RMB122,665.1 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2023 (RMB million)	2022 (RMB million)
By term:		
Within one year	**23,862.4**	26,547.3
In the second year	**20,282.0**	40,087.7
In the third to fifth years, inclusive	**52,774.8**	38,895.5
Beyond five years	**30,460.1**	17,134.6
Total	**127,379.3**	122,665.1

Interest-bearing bank and other borrowings of approximately RMB23,862.4 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollars. As at 31 December 2023, save as interest-bearing bank and other borrowings of approximately RMB48,166.8 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2023, the Group had banking facilities of RMB165,082.9 million denominated in RMB, HK dollar and US dollars. The amount of banking facilities utilised was RMB90,308.1 million.

The Group's net cash outflow of RMB6,170.9 million up to 31 December 2023 consisted of:

A net cash inflow of RMB3,090.7 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc. by the Group, partially offset by the payment of land and construction costs, selling and marketing expenses, administrative expenses and tax expenses etc.

A net cash inflow of RMB1,645.1 million from investing activities, which was mainly attributable to the cash inflow from the acquisition and disposal of subsidiaries, and recovery of loans from joint ventures and associates, partially offset by the investments in joint ventures and associates, the loans to non-controlling shareholders, etc.

A net cash outflow of RMB10,906.8 million from financing activities, which was mainly attributable to repayment of bank and other borrowings by the Company, payment of interest, redemption of perpetual capital instruments, dividends paid to non-controlling shareholders, payment for distribution of perpetual capital instruments, repayment of loans to related parties, etc., partially offset by new bank and other borrowings, new perpetual capital instruments, capital contribution from non-controlling shareholders, etc.

PLEDGE OF ASSETS

As at 31 December 2023, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of RMB5,472.6 million, properties under development of RMB54,804.9 million, properties held for sale of RMB510.8 million, investment properties of RMB21,963.0 million, right-of-use assets of RMB326.5 million, investments in associates of RMB161.3 million, trade receivables of RMB10.4 million, restricted bank balances of RMB4.0 million, and revenue generated during the year by certain pledged investment properties and hotels with an aggregate amount of RMB495.6 million.

FINANCIAL GUARANTEES

As at 31 December 2023, the Group provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB11,357.3 million (2022: RMB19,656.8 million).

In addition, as at 31 December 2023, the Group provided guarantees to certain joint ventures and associates of the Group for their bank loans in the amount of RMB2,022.3 million (2022: RMB2,352.3 million) and RMB936.5 million (2022: RMB836.6 million), respectively. At 31 December 2023, certain of the Group's investments in joint ventures and associates, which had an aggregate net carrying amount of RMB 1,084.7 million (2022: RMB 1,125.3 million) were also pledged to secure their bank loans aforementioned.

The Group assessed that the fair value of the financial guarantees at initial recognition and the expected credit loss allowance during the Year were insignificant.

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised. In 2023, as impacted by factors beyond expectation such as debt default, homebuyers' income expectations and willingness to buy homes have weakened, and homebuyers tend to hold the money with a stronger wait-and-see sentiment. Despite the successive relaxation of heavy restrictions by many regulatory authorities to stabilise market expectations, it will take time for such policies to be absorbed by the market, and the selling price of residential properties continues to face downward pressure.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debts. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Board will from time to time review the interest rate risk of the Group and will hedge and control such risks should the need arise.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. Since 2016, the Group has changed to report its financial results in RMB. As the Group still has borrowings denominated in US dollars and HK dollars, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Board will from time to time review the foreign exchange exposure risk of the Group and will hedge and control such risks should the need arise.

NETWORK RISKS AND SECURITY

As computer system and the Internet play a key role in our operations, the Group has designated professionals to monitor and assess the potential network risks. Hardware and software are subject to tracking according to appropriate policies of the Company. Potential network risks and network security are major issues that draw the management's attention. Accordingly, the Group has put in place policies and procedures to regulate the use of the Internet, physical maintenance of system power supply and regular update of the Internet security system and firewall, in order to isolate the Company's intranet from outside networks. Designated professionals are responsible for daily monitoring of any unusual network activities.

DATA FRAUD AND THEFT RISKS

The Group continues to review and update the internal control system on data and information access. The Group has adopted appropriate policies to protect its data. Only authorised persons are allowed to login. The management considers that the existing policies and procedures are effectively implemented to avoid data fraud and theft risks.

ENVIRONMENTAL AND SOCIAL RISKS

Due to the nature of business, in the event of serious and permanent climate change in China, the Company will face moderate environmental risks. The risks may have adverse effects on property construction and operations and affect the Company's market operations and the turnover of property sales.

Investor Relations

INVESTOR RELATIONS ACTIVITIES FOR 2023

March

Announced the annual results for 2022
– Held analyst briefing
Carried out non-deal related roadshow online

April

Participated in the online investor meeting of Industrial Securities
Participated in the online investor meeting of Essence International

May

Participated in the Beijing investor meeting of Kaiyuan Securities
Participated in the Beijing fixed income investor meeting of Barclays
Participated in the Beijing fixed income investor meeting of Citibank
Participated in the online investor meeting of CSC Financial

June

Participated in the online investor meeting of Citibank
Participated in the online investor meeting of Minsheng

August

Announced the interim results for 2023
– Held analyst briefing
Participated in non-deal related roadshow offline in Hong Kong

September

Participated in the Beijing investor meeting of Hua Chuang

October

Participated in the Suzhou investor meeting of Minsheng

November

Participated in the Shenzhen investor meeting of Citibank
Participated in the Beijing investor meeting of CICC

COMMUNICATION WITH SHAREHOLDERS

The Company considers that high-efficiency communication is a key factor for establishing sound interaction with its shareholders successfully. The Company has always been committed to providing its existing and potential investors with accurate and timely information, and maintaining its communication with investors by various means, thereby enhancing the transparency of its information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operation of projects and its development strategies.

The Company has constantly maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors, as well as analysts who are interested in the Company's performance pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules");

- Annual general meeting – the directors and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and annual results announcement conferences – the Company announces its interim and annual results and responds to the inquiries from investors and the media;

- Voluntary disclosure of the Company's information – the Company, through different means, including investor meetings, telephone interviews, press releases and media interviews etc., announces major issues of the Company to the market in a timely and compliant manner pursuant the Listing Rules and the relevant requirement of the "Guidelines on Disclosure of Inside Information", and responds to the inquiries from investors and analysts in a timely manner;

- Periodic meetings with institutional investors and securities analysts on a voluntary basis – the Company provides information on its latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to its corporate development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Organising site visits – based on the development progress of its projects, the Company organises on-site visits for investors and analysts to directly visit various projects of the Company as and when necessary, and enables them to communicate with the management, so as to enhance investors' understanding of the Company's development.

In 2023, the Company's management participated in various investor meetings held online, to broaden its communication with international, Hong Kong and Mainland China investors. During the Year, the Company received over 100 investors and arranged over 100 investors to visit its projects in different places.

The Company has reviewed the shareholder communication policy and believes that the Company has provided investors with multiple channels for investors to understand the Group's business and operations, as well as channels for investors to express their opinions and comments. The Company has also actively responded to the feedback from investors. Based on the above, the Company believes that the shareholder communication policy implemented during the Year was sufficient and effective.

FEEDBACK FROM INVESTORS

The Company considers investors' feedback highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to ensuring the full compliance with the disclosure obligations under the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver the Company's latest information to the investors all over the world and enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

SUSTAINABLE DEVELOPMENT

Sustainable Development

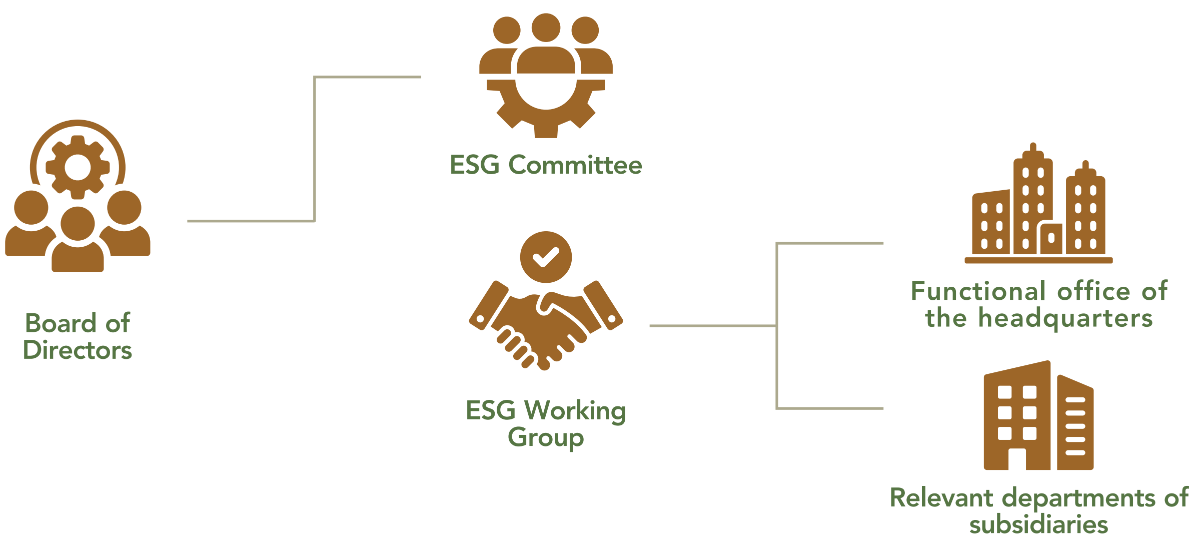
CHINA JINMAO SUSTAINABLE DEVELOPMENT

Adhering to the mission of "Unleashing Future Vitality of the City", China Jinmao is always committed to leading the city's high-quality and sustainable development and exploring infinite possibilities to meet the people's desire for a better life, with high-quality development as the core, operation of its premium holdings and comprehensive city services as the support, and technological innovation as the driving force.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Attaching great importance to environmental, social and governance ("ESG"), China Jinmao is committed to continuously improving the level and performance of ESG governance, and achieving the comprehensive and in-depth integration of the concept of sustainable development with corporate development strategy and business decision-making based on a scientific and professional ESG structure and a sound management system. In 2023, the Company's ESG management and practise standards have been highly recognised by authoritative institutions locally and abroad, with the MSCI ESG rating has moved up to A. In addition, China Jinmao has been awarded a GRESB 4-star green rating, a global real estate sustainable scoring system, has moved up to "low risk" in the Sustainalytics ESG Risk Ratings by Morningstar, has been ranked among the "ESG – Pioneer 100 Index for the Central Enterprises" by the Social Responsibility Bureau of the SASAC of the State Council, and has been awarded the "Green Development Award" by the 18th People's Corporate Social Responsibility Awards.

Sustainable development governance structure



Board of Directors

As the highest decision-making body of China Jinmao's ESG governance structure, the Board comprehensively supervises the Company's ESG related matters, reviews the ESG vision, objectives, strategies and policies, evaluates and determines ESG risks and opportunities related to the Company's business, and supervises and reviews the Company's ESG performance.

Environmental, Social and Governance Committee (ESG Committee)

The Board of the Company authorised the establishment of the ESG Committee, with Mr. ZHANG Zenggen, the Chairman and an executive Director, Mr. ZHONG Wei, an independent non-executive Director, and Mr. TIAN Jiupo, the Vice President and CTO of the Company, serving as members. The ESG Committee shall assist the Board to comprehensively guide and monitor ESG management, formulate and regularly review ESG vision, objectives, strategies and policies, comprehensively monitor ESG risk management, material issues, progress of objectives and other related work, review the Company's annual ESG report, and complete other matters authorised by the Board.

Environmental, Social and Governance Working Group (ESG Working Group)

The Company has set up an ESG Working Group under the ESG Committee, which is composed of the functional office of the Company's headquarters and the counterparties at the relevant departments of the subsidiaries. The working group comprehensively follows up and implements various ESG matters.

Sustainable development management strategies

China Jinmao pays attention to the demands and expectations of major stakeholders such as shareholders, customers, environment, employees, partners and communities. Guided by the United Nations 2030 Sustainable Development Goals (SDGs), the Company gives full play to the advantages of "city operators" and has developed the following targeted sustainable development strategies with the sustainable development vision of "Unleashing Future Vitality of the City". It is committed to creating maximum comprehensive economic, environmental and social value for each key stakeholder and jointly building a harmonious and win-win sustainable future.

Sustainable development management strategies

Creating value with shareholders

China Jinmao established sound investors' relations, strengthened the system to safeguard shareholders' interest and operated business in adherence to business ethics and in compliance with the laws and regulations while strengthening risk management and insisting on innovative development to maximise the returns to shareholders with sustainable operating results.

Achieving win-win results with partners

China Jinmao took a righteous and credible stance as the foundation of business and worked hand-in-hand with partners to drive industrial development in a diversified and win-win manner, building a responsible supply chain of sustainable development.

Building harmony with the community

As part of the community, China Jinmao actively participated in community development and contributed to the public welfare undertakings by upholding the development philosophy of "what is taken from society is used in society" to contribute to the building of a harmonious community.

Co-depending with the environment

Taking the green strategy as one of the Company's key strategies, China Jinmao continued to upgrade three areas namely "eco-city", "life building" and "zero-carbon operations" to build the "Ever Green" living model covering the whole process from design, construction to operation with a view to establishing itself as the model of city green operator in China.

Sustainable Development

Progressing together with employees

China Jinmao regarded employees as the Company's most valuable asset and respects their rights while ensuring their safety and health, creating a fair and open environment for employees and providing them with comprehensive career development channels and broad development potential for their growth in an effort to achieve enhancement in both corporate value and employee value.

Sharing quality with customers

Committed to the mission of "Build Quality for Better Life", China Jinmao executed its undertaking towards each customer to provide customers with more diversified and comprehensive products and services in an effort to achieve the dream of future habitat and city.

SUSTAINABLE DEVELOPMENT REVIEW

Creating excellent value for shareholders

China Jinmao insists on steady development by continuously exploring innovative transformation to create higher value for shareholders. In 2023, the Company achieved a contracted value of RMB141.2 billion, remaining in the top-tier position in the industry in terms of annual sales scale. The brand strength jumped in an all-round way, ranking 164th among Fortune China 500 listed companies. At the same time, with a gross brand value of RMB58,209 million, the Company was selected among "China's 500 Most Valuable Brands" for the 19th time consecutively at 174th.

Maintaining investor relations. Based on the trust and support of shareholders, we continue to improve the mechanism for protecting shareholders' rights and interests and actively facilitate the two-way flow of information. We continue to strengthen communication and exchanges with stakeholders, disclose updates on investment and operating condition to domestic and foreign investors as requested by the laws and regulations, and timely respond to investors' concerns.

Enhancing investment and financing capabilities. We continuously explore the opportunity for financial innovation and constantly expand financing channels to achieve diversified low-cost financing and ensure long-term and stable profit mechanism. We make value investments with scenarios and carriers, and open up new models and paths for investment to lead to production and integration of production, investment and financing. In 2023, China Jinmao supported low-carbon transformation with green finance, and successfully issued the Jin Mao Tower storage carbon neutrality CMBS, providing more "green samples" for sustainable development of cities. Moreover, the "Huaxia China Jinmao Shopping Mall Closed Infrastructure Securities Investment Fund" project has officially obtained registration approval from the China Securities Regulatory Commission, becoming the first domestically approved consumer infrastructure public REITs.

Strengthening risk management and control. We continuously improve the risk management system, and endeavour to identify, evaluate, prevent and control internal and external risks effectively to ensure the stable, sustainable and healthy development of the Company. At the same time, by firmly establishing all employees' risk and compliance awareness and competence, we improve management efficiency to effectively avoid risks. In 2023, 100% of the contracts were reviewed by legal specialists and no material risk event was identified.

Promoting anti-corruption and integrity. We continue to improve the management mechanism, optimise the prevention and control measures, smoothen the reporting channels, solidly advance inspection and supervision, constantly enhance warning education, enrich the construction of integrity work culture, and build a solid line of defence against corruption, adopting a zero-tolerance policy towards any form of corruption. The Company has complied with the Code of Business Ethics of China Jinmao to strengthen corporate governance, regulate business cooperation, provide clear business ethics guidelines for employees, and clarify the Company's policies and commitments on reporting and protecting whistle-blowers. In 2023, no event of bribery and corruption was identified.

Building the gold quality for our customers

Shouldering the mission of "building quality for better life", China Jinmao always adheres to the service philosophy that "customer's demand is our pursuit", and builds a comprehensive one-stop customer service system with our full-dimensional touch points and super-standard services to provide customers with a superior living experience of "warmth all year round".

Improving the quality of products. The Company continues to deepen city operations, organically integrating cutting-edge technologies and concepts such as smart city, smart energy and smart community with cities, so as to deeply implement the requirements of "Two Supports and Two Synchronisations", continuously improve the construction of urban public supporting facilities and the introduction of industrial resources, and create a livable, business-friendly and people-friendly urban life sample. China Jinmao's new construction system is centred on "two improvements and two reductions", which improves quality and efficiency while reducing carbon emissions. It focuses on the five dimensions of construction, namely, quickness, high quality, visibility, intelligence and low carbon emissions, and explores the time-space dual-dimensional construction system. In 2023, the Company officially released Jinmao Palace 3.0, bringing in a nine-dimensional systematic upgrade of "one core, four beauties, two supporting facilities and two services" to create a "naturally growing community" and comprehensively enhance the community living experience. During the Year, over 45,000 units in aggregate were delivered in 62 projects of 22 cities, with customer satisfaction exceeding 90%, reaching the industry benchmark level.

Upgrading service experience. Guided by customer needs, the Company continues to improve the construction of customer service standardisation management system, and explore more humanised, customised and personalised service experience. At the first upgrade anniversary of China Jinmao's membership system, the total number of members increased to 6.85 million members. China Jinmao integrates and connects different business forms and various consumption scenarios to meet customers' continuously upgraded consumption needs through high-quality services. We optimise customer experience by enriching membership benefits, and providing customers with diversified and personalised membership services. During the Year, we held the nationwide themed events of "JINSPIRE88" and "Jin Cai Yi Xia", and multiple business segments such as residential, commercial, hotel, and property management worked together to bring customers happy experiences and surprising benefits through rich and diverse membership activities.

Strengthening communication with customers. We continue to strengthen the construction of customer service platform, enrich and smoothen customer communication channels, and improve the demand feedback mechanism by listening to customers' voices through various channels and forms such as the 400 call centre system, Jinmao Luxuriance platform, in-depth interviews with property owners, home visits, site opening, and customer experiencing day. In order to enhance customers' understanding and trust of Jinmao's quality, projects in various places have carried out "site open day", "visible construction" and "machine room open day" activities to provide customers with real and visible assurance of quality, and at the same time build a communication bridge to listen to customers. Service standards have been continuously improved as we jointly help the sustainable development of communities.

FACILITATING A WIN-WIN PATH FOR OUR PARTNERS

China Jinmao pays close attention to the development trends of the industry, actively communicates and cooperates with suppliers, peer enterprises, financial institutions, research institutes and governments at all levels, and constantly uses our own advantages and resources to export high-quality experience so as to expedite the sustainable development of the industry.

Practising transparent procurement. Adhering to the principles of "eco-friendliness, openness, standardisation and intelligence", the Company has established a transparent tendering and procurement platform and a transparent and honest cooperation mechanism, severely cracked down on commercial bribery, unfair competition and other illegal activities, and eliminated inappropriate behaviour in the supply chain, so as to build a high-quality supply chain. The Company and all suppliers are required to sign the "Transparency Agreement", committing to abide by the Company's relevant requirements prohibiting corruption, bribery, benefit transfer, fraud, etc., and requiring suppliers to formulate their internal anti-corruption policies and accept regular audits.

Facilitating cross-industry cooperation. Integrating its own advantages, the Company cooperates with partners inside and outside the industry to share technological achievements, jointly builds a path of development, and promotes the sustainable development of the industry. In 2023, China Jinmao and its subsidiaries actively participated in industry forums on topics such as smart transportation, clean energy, artificial intelligence and green computing power to focus on industry needs, joining hands with upstream and downstream partners in the industry chain to lead the path of innovation for green and sustainable development. In terms of cooperation and innovation between the enterprise and universities, Jinmao Green Construction held the 5th University Innovation Competition, attracting a total of over 60 innovation projects from more than 30 universities to participate. With technological innovation as the driving force, we continued to promote the university innovation series of competitions to absorb and introduce cutting edge innovative technology.

Building a happy home for employees

The Company regards employees as the most valuable asset. Adhering to the talent development strategy of "creation, sharing and growth together", the Company continuously improves employment, management, training system and protection mechanism, and is committed to building an equal, diversified, inclusive and harmonious workplace environment to provide employees with comprehensive career development channels and broad development space for their growth. As of 2023, the Company had a total of 9,488 employees, of which 34% were female and 22.2% managers were female.

The Group has adopted appropriate recruitment and selection measures and established talent management and training programmes to consider diverse candidates. The Board believes that the Company has ensured gender diversity at the employee level of the Group by providing a fair environment, and the proportion of female employees has been maintained at a level consistent with industry characteristics for a long time.

The Company continues to improve the system of gender diversity for all employees (including senior management). During the Reporting Period, the Board was not aware of any factors that may have a material adverse impact on the system of employee diversity.

Safeguarding employees' interests. The Company strictly abides by relevant international conventions and relevant laws and regulations of the places where it operates, continuously improves the employee management system, always adheres to the principle of equal and fair employment and strictly prohibits discrimination, child labour and other forced and compulsory labour. The Company strengthens democratic management of employees by forming a democratic management and supervision system with the employee representative meeting system as the core, continuing to pay attention to and respond to the requirements of employees.

Optimising the remuneration package. We continuously improve the system of remuneration package in order to establish a more fair and equal incentive mechanism, further playing the role of the incentive system in driving business growth, and ensuring that revenue growth is in line with corporate development and employee performance. On the premise of basic social security benefits, we provide employees with various supplementary benefits such as trade union care and holiday subsidies, so as to comprehensively enhance employees' sense of happiness and belonging.

Reinforcing safety responsibilities. We continue to improve the safety and health management system. Taking lean construction as the core, we adhere to the strategic guidance of the FORUS system, and build our lean construction capabilities by making up for shortcomings, building platforms, and upgrading systems. With the goal of achieving "four zero" in HSE management, the Company earnestly implements the dual prevention mechanism for risks and hidden dangers. Special actions such as illegal operation eradication, 100-day safety improvement, understanding of laws and regulations, and safety management improvement are conducted to ensure the implementation of HSE management at the front line, deepen the awareness of safe production of employees and contractors, and continuously reduce safety risks. In 2023, China Jinmao passed the ISO 45001 occupational health and safety management system standard certification, reaching the internationally advanced level in occupational health and safety management. During the Year, the Company achieved its "four zero" goal of HSE "0" fatal accident, "0" general and above environmental incident, "0" major negative HSE public opinion, and "0" new occupational disease.

Helping talents grow. The Company continuously improves its internal training mechanism, organises and carries out various vocational training to build a solid talent echelon. The Company has always focused on establishing a systematic talent concept as well as a distinct management culture and values by implementing the PMO organisational system internally, and encouraging innovative business development. Adopting a combination of online and offline training, the Company accurately offers training content for employees, and provides courses that match the needs of talent development in a more flexible manner. The Company continues to enrich its talent training system, and has already established a series of training programmes for professional talents such as "Ark Trainees", "Jincai Trainees", "Jinfan Trainees", "Jinge Trainees", "Jinken Trainees" and "Jingong Academy". By continuously improving the thickness of young talent echelon, we strengthen the competitiveness of resource management, with a view to comprehensively supporting the implementation of the Company's strategies and business development.

More caring for the employees. Guided by the corporate culture and values and in combination with the actual production and operation conditions of the Company, we organise a variety of cultural and sports activities such as knowledge contests, themed festival cultural activities and employee birthday parties to promote work-life balance of employees. Based on the actual needs of different groups, we implement various employee caring measures, focusing on humanistic caring and psychological counselling, with a view to enhancing the cohesion and combat power of employees.

Delivering boundless love for our community

Upholding the mission of "alleviating poverty, actively participating in charity and building a harmonious community" and leveraging the resource advantages of city operator, China Jinmao leads employees, partners and customers to participate in social welfare undertakings in the aspects of poverty alleviation, community governance, and respect for the elderly and caring for children, continuing to fulfil its responsibility as a corporate citizen.

Improving public welfare management. Continuously improving the public welfare management mechanism, the Company integrates its own resource advantages and business characteristics to infiltrate public welfare undertakings into organisational management and operation and create all-round public welfare projects. We call on management personnel at all levels and stakeholders for active participation, jointly promoting the close integration of public welfare undertakings and sustainable undertakings, and contributing more warmth and caring to the society. China Jinmao has created the "Walk Together With Children" public welfare project, which cultivates in ecological environment, education, poverty alleviation and other fields with its huge community service and connection capabilities, continuously exploring innovative models of community public welfare. In 2023, the children's charity exhibition of "Walk Together With Children" joined hands with the China Green Foundation, all proceeds from which were used for special public welfare campaigns for animal protection.

Focusing on education assistance. The Company attaches great importance to the assistance to the assisted areas and resolutely pursues the effective connection between the achievements of poverty alleviation and rural revitalisation. Upholding the concept of "Dual Support for Intelligence and Ambition", we set up an incentive fund for outstanding young teachers and establish remote classroom as the teaching point, which helps areas where educational resources are scarce to improve educational conditions and enrich educational resources. In 2023, the Company donated money to help the construction of "China Jinmao Mobile Library" and the improvement of student dormitory facilities in Gangba County Middle School in Tibet, and invested hundreds of thousands of RMB to fund the construction of libraries at Chengguan No. 3 Primary School and Chunhui Primary School in Gulang County, helping local education development.

Launching public welfare campaigns. The Company fully explores its own resources, gives full play to its professional advantages, and actively carries out public welfare and charity activities and volunteer services. Companies at all levels join hands with local public welfare and charity organisations to form volunteer service teams with Jinmao characteristics, carrying out public welfare and volunteer activities in the community, conveying care and giving back to the community with actions. In 2023, China Jinmao actively helped sell and procured agricultural products from aided areas. The cumulative procurement of agricultural products from aided areas reached RMB3.25 million throughout the year, while we helped sell over RMB700,000 of agricultural products from those areas.

Contributing green civilisation to the environment

China Jinmao has always adhered to the green strategy of "utmost green quality", deepened the concept of eco-friendliness and harmonious co-existence, and carried out comprehensive upgrades from the three dimensions of ecological cities, life buildings, and "zero-carbon" operations, infiltrating the green, low-carbon, and sustainable concepts through the entire life cycle of urban and architectural planning and design, building material selection, construction, and operation management, so as to promote high-quality and sustainable development of the city. China Jinmao actively responds to the national strategic goal of "dual carbon" by introducing the concept of "carbon neutrality" in the planning of city operations, actively exploring the path of energy conservation and emission reduction, and creating ultra-low energy consumption and zero energy consumption buildings to promote smart energy, thus helping the green and low-carbon transformation of the city.

Deepening green management. In strict compliance with the relevant laws, regulations and standards in the place of operation, the Company constantly updates and optimises its existing system to continuously manage and reduce the impact of business operations on the environment. The Company continues to carry out environmental impact assessment and management, and takes management measures against dust pollution, noise pollution and solid waste pollution that may exist in construction and operation, so as to reduce pollution from the source, improve the efficiency of resource utilisation, and reduce or avoid the generation and discharge of pollutants in the process of production, service and product use, thereby reducing the harm of construction and operation to personnel health and the environment.

Co-building eco-cities. We build ecological cities according to local conditions and inject lasting power into the sustainable development of cities. The Company always adheres to the green development strategy, continuously pushing ahead the implementation of the "carbon neutral" IP under city operations. In particular, Jinhua Jinmao Future Science City builds a carbon-neutral digital management platform to create near-zero energy consumption buildings and ultra-low energy consumption buildings, striving to connect the "ecological chain of cities" and create a "green low-carbon demonstration zone".

Creating green buildings. We integrate the concepts of green, low-carbon and sustainability into the whole process of building design, construction and operation. Actively advocating green design, promoting green construction and conducting green operation, the Company proactively implements green environmental protection requirements at every stage of the entire life cycle of buildings, improving the energy-saving level of buildings and the ability to respond to climate change, and setting up a model of green and healthy living. In 2023, 9 projects of China Jinmao obtained 11 green building certifications, bringing the total number of green building certifications and labels obtained to 308, with certified GFA reaching 30.994 million square metres. The "photovoltaic walls and lightweight photovoltaic components" developed by Jinmao Green Building won the "2023 Outstanding Green Quality Manufacturing Award" at the 2023 International Green Zero Carbon Festival and 2023 ESG Leaders Summit.

Adhering to green operations. The Company deeply explores the potential of energy conservation and emission reduction in the construction and operation stages, and promotes conservation and utilisation of resources and energy through energy substitution, energy efficiency improvement, green office, waste recycling and other measures. The Company has formulated the China Jinmao Low-carbon Development Plan and Implementation Outline to clarify the key carbon emission units and projects, as well as the implementation path of carbon emission reduction from the four dimensions of "ecological city", "life building", "low-carbon operation" and "focus on carbon reduction in the entire life cycle", so as to ensure the successful achievement of carbon emission reduction targets. The Company continues to explore the development model of smart energy, and vigorously promotes the use of clean energy and renewable energy in daily operations, reducing energy consumption in the operation process from the source. As of 2023, China Jinmao has invested, constructed and operated 73 energy stations at city, regional and project levels, with a planned energy supply area of 27.29 million square metres, which is expected to reduce carbon emissions by 180,000 tonnes per year after reaching the designed capacity.

Disseminating green concept. In response to the national call for low-carbon environmental protection, the Company actively disseminates the concept of green development, leading the industry in green and low-carbon development. China Jinmao not only writes the development of green buildings into its corporate strategic plan, but also spares no effort to convey the concepts of green, low-carbon and sustainability to the society. In 2023, the 9th season of Run Green China officially started in Shanghai, Xi'an, Qingdao, Hangzhou, Kunming, Suzhou, Chongqing and other cities. As one of China Jinmao's brand IPs, "Run Green China" delivers green and healthy lifestyles and brand concepts to more people through sports, releasing upward vitality.

Profile of Directors and Senior Management

Mr. ZHANG Zenggen
Chairman and Executive Director

Mr. ZHANG, who was born in January 1965, has been the Chairman of the Company and an executive Director since May 2023. Mr. ZHANG joined Sinochem Group Co., Ltd. ("Sinochem Group") in April 1993, and worked successively in Ningbo Jingyong Petroleum Liquefied Gas Company (寧波京甬石油液化氣公司), Sinochem International Petroleum Company (中化國際石油公司) and the human resources department of Sinochem Group up to January 2000. Mr. ZHANG served as the deputy general manager of the human resources department of Sinochem Group from January 2000 to November 2000, and as the general manager of Sinochem Xingzhong Oil Staging (Zhoushan) Co., Ltd. (中化興中石油轉運(舟山)有限公司) from November 2000 to December 2003. Mr. ZHANG served as the deputy general manager of Sinochem International Petroleum Company from December 2003 to January 2006, and as the deputy general manager and general manager of the risk management department of Sinochem Group from January 2006 to November 2007. From November 2007 to December 2016, Mr. ZHANG successively served as the secretary of the party committee, general manager and chairman of Sinochem International Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600500). From January 2015 to December 2022, Mr. ZHANG successively served as the assistant to the general manager and safety director of Sinochem Group and Sinochem Corporation. Mr. ZHANG served as the secretary of the party committee of the chlor-alkali division of Sinochem Holdings Corporation Ltd. from November 2022 to May 2023. Mr. ZHANG has 30 years of rich experience in chemical and petroleum storage and trade, risk management, enterprise operation management, and safety production. Mr. ZHANG obtained a bachelor's degree in welding from the Department of Mechanical Engineering of Tsinghua University in August 1987, a master's degree in welding technology and engineering from the Department of Mechanical Engineering of Tsinghua University in March 1993, and an executive master of business administration (EMBA) degree from China Europe International Business School (CEIBS) in September 2005. Mr. ZHANG has the professional technical qualification as a senior international business engineer.

Mr. TAO Tianhai

Executive Director and Chief Executive Officer

Mr. TAO, who was born in October 1975, has been an executive Director and Chief Executive Officer of the Company since April 2023. Mr. TAO joined the Company in July 2000 and had been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Mr. TAO held various management positions in China Jin Mao (Group) Co., Ltd. from July 2000 to October 2009, including the manager of the corporate planning department and the general manager of the strategic planning department. He had successively served as the general manager of the strategic operations department, general manager of the cost contracting department and assistant to the president of the Company from October 2009. Mr. TAO also serves as an executive director and chairman of a number of subsidiaries of the Company, including China Jin Mao (Group) Co., Ltd., Franshion Properties (Hangzhou) Co., Ltd., Jinmao Investment (Changsha) Co., Ltd. and Beijing Jinmao Real Estate Co., Ltd. Mr. TAO has more than 20 years of experience in hotel and real estate development and management, and accumulated extensive practical experience in areas of corporate management, strategic management, operations management, etc. Mr. TAO obtained a bachelor's degree in library science from the School of International Business Administration of Northeast Normal University in July 1997 and a master's degree in political economy from the School of Economics of Fudan University in July 2000.

Profile of Directors and Senior Management

Mr. ZHANG Hui
Executive Director and Senior Vice President

Mr. ZHANG, born in October 1970, has been an executive Director of the Company since October 2023. He joined the Company in 2010 and was the vice president of the Company from January 2010 to July 2014, and has served as the senior vice president of the Company since October 2017. From October 2017 to July 2019, Mr. ZHANG was in charge of the Group's operation and management in the southwest region. He has been in charge of the Group's investment and industrial and urban development since July 2019. Mr. ZHANG has held senior positions in various subsidiaries of the Company, including serving as the secretary of the Party Committee and general manager of China Jin Mao (Group) Co., Ltd. from January 2010 to October 2017, and as the chief executive officer and executive director of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited from March 2014 to October 2017. He has been redesignated as a non-executive director of these companies since October 2017. Mr. ZHANG was the general manager and chairman of Jinmao Xinan Enterprise Management (Chongqing) Limited from November 2018 to June 2022. Mr. ZHANG joined Sinochem Group Co., Ltd. in 2002 and held a number of senior positions including the director and the general manager of Shanghai Orient Terminal Co., Ltd. Before joining Sinochem Group Co., Ltd., he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has over 20 years of experience in large-scale project investment studies, development and construction, operation and management, and has extensive experience in corporate governance of listed companies. Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained an executive master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology and was awarded with the title of Senior Economist in December 2011. He was a delegate in the 14th Session of the Shanghai Municipal People's Congress.

Profile of Directors and Senior Management

Ms. QIAO Xiaojie (with the former Chinese name of 喬曉杰)
Executive Director and Chief Financial Officer

Ms. QIAO, who was born in October 1973, has been an executive Director and Chief Financial Officer of the Company since April 2023. Ms. QIAO joined the Company in February 2008 and served as the general manager of the financial management department until January 2013. She then joined Sinochem Group Co., Ltd. and had served successively as the deputy general manager of the accounting management department, the deputy general manager and the general manager of the analysis and evaluation department and the deputy director of the strategy implementation department from January 2013 to September 2017. Ms. QIAO rejoined the Company as the deputy financial controller in September 2017 and concurrently served as the general manager of the financial capital centre since May 2021. Ms. QIAO has been a non-executive director of Jinmao Property Services Co., Limited (stock code: 00816) ("Jinmao Services") since August 2021. Prior to joining the Company, Ms. QIAO had successively held management positions such as accounting head and deputy general manager in the finance department of Beijing Three Gorges Economic Development Group and China Resources Land (Beijing) Company Ltd. from July 1995 to February 2008. Ms. QIAO has over 25 years of experience in corporate finance and financial management. Ms. QIAO obtained a bachelor's degree in accounting from North China University of Technology in July 1995 and a master's degree in accounting from Central University of Finance and Economics in December 2006. Ms. QIAO possesses the qualification of a senior accountant in Beijing and is a member of The Chinese Institute of Certified Public Accountants. Ms. QIAO is also a certified management accountant of The Institute of Management Accountants of the United States of America.

Profile of Directors and Senior Management

Mr. CHENG Yong
Non-executive Director

Mr. CHENG, who was born in November 1973, joined the Company in August 2020 and has been a non-executive Director of the Company since then. He joined Sinochem Group Co., Ltd. in August 1999 and served as the deputy general manager and the general manager of the strategic planning department and the vice president of the agricultural business department. He was the managing director of Sinochem Agriculture Holdings Limited from October 2015 to October 2018. Mr. CHENG was the deputy director of the human resources department of Sinochem Group Co., Ltd. between October 2018 and June 2021, and has been the director of the human resources department of Sinochem Holdings Corporation Ltd since June 2021. Mr. CHENG has been the executive vice president of Sinochem Innovation Management Institute (中化創新管理學院) since December 2018 and concurrently a director of a number of subsidiaries of Sinochem Holdings Corporation Ltd., including Sinochem Capital Co., Ltd. and China Foreign Economy and Trade Trust Co., Ltd. Mr. CHENG has over 20 years of extensive experience in corporate strategy and human resources management. Mr. CHENG obtained a doctoral degree in applied economics from the Graduate School of Chinese Academy of Social Sciences in 1999. Mr. CHENG is a Chinese certified public accountant (CPA) and a qualified lawyer in the PRC.

Profile of Directors and Senior Management

Ms. CHEN Aihua
Non-executive Director

Ms. CHEN, born in January 1972, joined the Company in July 2023 and has been a non-executive Director of the Company since then. Ms. CHEN joined Sinochem Group Co., Ltd. in August 1994, and had worked successively in the export department of Sinochem Plastics Co., Ltd., the asset management department and the risk management department of Sinochem International Trading Co., Ltd. and the risk management department of Sinochem Group. From January 2008 to March 2018, Ms. CHEN successively served as the deputy general manager of the risk management department, the deputy general manager of the audit department and the deputy director of the audit and compliance department of Sinochem Group. She has served as the director of the audit and compliance department of Sinochem Group since March 2018 and the director of the audit department of Sinochem Group since June 2021. Ms. CHEN has been serving as the chairperson of the board of supervisors of Sinochem International Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600500) since November 2022. Ms. CHEN has been serving as the director of PIRELLI & C. SPA (a company listed on the Borsa Italiana S.p.A, stock code: PIRC.MI) since July 2023. Ms. CHEN concurrently serves as the supervisor of Sinochem Holdings Corporation Ltd., China National Chemical Corporation Ltd. and Sinochem Petroleum Exploration and Production Co., Ltd. and the chairperson of the board of supervisors of Sinochem Corporation, Sinochem Energy Corporation Co., Ltd. and Sinochem Finance Co., Ltd. Ms. CHEN has nearly 30 years of experience in import and export trade, corporate risk management and internal audit. Ms. CHEN obtained a bachelor of engineering degree in polymer materials from Beijing University of Chemical Technology in August 1994.

Profile of Directors and Senior Management

Mr. AN Hongjun
Non-executive Director

Mr. AN, who was born in July 1975, joined the Company in November 2015 and has been a non-executive Director of the Company since then. Mr. AN joined New China Asset Management Corporation Limited in May 2010 and served successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Mr. AN has been serving as the vice Chairman since November 2023. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has been serving as a non-executive Director of Guotai Junan Securities Co., Ltd. (a company listed on Shanghai Stock Exchange; stock code: 601211; and also a company listed on the Hong Kong Stock Exchange; stock code: 02611) since November 2019. Mr. AN has over 15 years of practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomics, securities investment and real estate industries, and had in-depth research on corporate governance, development strategies, etc. Mr. AN obtained his bachelor's degree in Economics at Jilin University in 1998, and a master's degree in Economics at Jilin University in 2002, and then the doctor's degree in Economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Ms. WANG Wei
Non-executive Director

Ms. WANG, born in May 1967, joined the Company in November 2023 and has been a non-executive Director of the Company since then. She joined Ping An Life Insurance Company of China, Ltd. in May 2022 as a risk specialist in the investment management team of the investment management center. Ms. WANG consecutively served as the general manager of the asset preservation department, risk management department and credit approval department of Shenzhen Development Bank (renamed and known as Ping An Bank since 2012) Tianjin Branch from April 2002 to March 2017, and then as an assistant to the president of Ping An Bank Jinan Branch from March 2017 to August 2019. She served as an assistant to the president and then the vice president of the energy finance department of Ping An Bank from August 2019 to August 2021, and as the deputy chief risk specialist of the special asset management department of Ping An Bank from August 2021 to May 2022. Ms. WANG has been serving as a non-executive director of China Fortune Land Development Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600340) since January 2023. Prior to joining Ping An Bank, Ms. WANG was a teacher at the School of Economics and Management of Tianjin Vocational Institute from August 1989 to April 2002. Ms. WANG has over 20 years of experience in corporate finance and financial management, risk management in asset, investment and financing. Ms. WANG obtained a degree of Bachelor in Law in July 1989 from China University of Political Science and Law, majoring in economic law. Ms. WANG obtained her Lawyers' Qualification Certificate of the People's Republic of China in September 1995.

Profile of Directors and Senior Management

Mr. SU Xijia
Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and subsequently an associate professor in the Department of Accountancy of City University of Hong Kong. He has joined China Europe International Business School (CEIBS) since July 2010 as a professor of accounting. His research focuses on corporate governance and auditing practices of PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, major commercial banks and various universities in China. He has been serving as an independent director of Opple Lighting Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603515) since June 2018 and as an independent director of Shanghai Oriental Pearl Media Co. Ltd., (a company listed on the Shanghai Stock Exchange, stock code: 600637) since May 2021. Mr. SU was an independent Director of Industrial Bank Co., Ltd. between January 2017 and September 2023 (a company listed on the Shanghai Stock Exchange, stock code: 601166). Mr. SU has over 25 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Profile of Directors and Senior Management

Mr. SUEN Man Tak
Independent non-executive Director

Mr. SUEN, who was born in June 1958, has been an independent non-executive Director of the Company since November 2020. He has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. SUEN had served with the Securities and Futures Commission of Hong Kong for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory matters in relation to the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong, market misconduct, white collar crimes and anti-money laundering activities. Mr. SUEN has been an independent non-executive director of Zijin Mining Group Co., Ltd. (stock code: 02899) since December 2019. Mr. SUEN served as an independent non-executive director of Sino-Ocean Group Holding Limited (stock code: 03377) between December 2015 and June 2023. Mr. SUEN served as an independent director of Inception Growth Acquisition Limited, a company listed on the NASDAQ Global Market (stock code: IGTAU) between December 2021 and March 2023. Mr. SUEN received his master's degree in accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of juris doctor in July 2010 and a postgraduate certificate in laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. SUEN has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.

Profile of Directors and Senior Management

Mr. GAO Shibin

Independent non-executive Director

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO is currently an independent consultant of enterprise strategy and investment expansion in the real estate field. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. Mr. GAO worked for Jones Lang LaSalle Beijing from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties and the general manager of its Beijing branch from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 20 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in Civil Engineering and a master's degree in Building Economics and Management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in Property Development and Management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of its membership qualification.

Mr. ZHONG Wei

Independent non-executive Director

Mr. ZHONG, who was born in February 1969, has been an independent non-executive Director of the Company since August 2020. Mr. ZHONG has been a professor of the department of finance of the Business School of Beijing Normal University since July 2003. Mr. ZHONG served as an independent director of Dongxing Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601198) from August 2010 to March 2017, and has been an independent non-executive director of China Resources Land Limited (stock code: 01109) since April 2017, an independent non-executive director of Seazen Group Limited (stock code: 01030) since December 2014, and an independent non-executive director of Yunnan Water Investment Co., Limited (stock code: 06839) since November 2020. Mr. ZHONG has over 20 years of experience in the areas of corporate governance, finance and real estate research. Mr. ZHONG obtained a bachelor's degree in science from the department of physics of Nanjing University in 1990, a master's degree in management engineering from the School of Economics and Management of Southeast University in 1994, a doctoral degree in economics from Beijing Normal University in 1999, and a post-doctoral degree in management science and engineering from Tongji University in 2004.

Profile of Directors and Senior Management

Mr. LIU Guanghua
Senior Vice President

Mr. LIU, who was born in March 1974, joined the Company in August 2015 as the secretary of the disciplinary committee, and has been a senior vice president of the Company since June 2021. Prior to joining the Company, Mr. LIU worked at Liaohe Oilfield Huayou Oil Company (遼河油田華油公司) and successively served as staff member, technician and deputy plant manager from July 1997 to September 2002. Mr. LIU joined Sinochem Group Co., Ltd. in July 2004 and has successively held various management positions in the human resources department of Sinochem Group, Sinochem Hebei Import & Export Company (中化河北進出口公司), Sinochem Quanzhou Petrochemical Co., Ltd. and Sinochem Hongrun Petrochemical Co., Ltd. (中化弘潤石油化工有限公司). Mr. LIU has extensive practical experience in strategic management, corporate operation and discipline inspection and supervision. Mr. LIU obtained a bachelor's degree in petroleum processing from Beijing Institute of Petrochemical Technology in July 1997 and a master's degree in business administration from Dalian University of Technology in July 2004.

Profile of Directors and Senior Management

Mr. LIAO Chi Chiun
Company Secretary

Mr. LIAO, who was born in January 1968, has been the Chief Accountant, Qualified Accountant and Company Secretary of the Company since March 2007. Prior to joining the Company, he served as an accountant of SEA Holdings Limited between 1997 and 2006. He has over 20 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the HKICPA.

CHANGE IN DIRECTOR INFORMATION

In accordance with the disclosure requirements under Rule 13.51B(1) of the Listing Rules, the changes of particulars of the Directors of the Company during the year ended 31 December 2023 and up to the date of this report are as follows:

- Ms. CHEN Aihua, a non-executive Director, has been appointed as a director of PIRELLI & C. SPA, a company listed on Borsa Italiana (stock code: PIRC.MI) since July 2023.

- Mr. AN Hongjun, a non-executive Director, has been the vice chairman of New China Asset Management (Hong Kong) Limited since November 2023.

- Mr. SU Xijia, an independent non-executive Director has ceased to be an independent director of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601166) since September 2023.

- Mr. SUEN Man Tak, an independent non-executive Director has ceased to be an independent director of Inception Growth Acquisition Limited, a company listed on the NASDAQ Global Market (stock code: IGTAU) since March 2023; and has ceased to be an independent non-executive director of Sino-Ocean Group Holding Limited (stock code: 03377) since June 2023.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance which sets out all code provisions and most of the recommended best practices set out in the Corporate Governance Code in Appendix C1 to the Listing Rules (the "Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

In 2023, the Company complied with all provisions of its own code on corporate governance.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall development strategy, business decision-making, internal control and risk management system. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operations of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and monitoring of the Group's assets, liabilities, revenues and expenditures as well as making adjustments in areas critical to the Group's performance;

- strategic capital investments and new project investments – the implementation of stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;

- financial and operational performance – through overall strategic planning, the implementation and maintenance of the effective financial management system and the improvement of the performance-driven operational monitoring system;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – continuous risk management through review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of the code of conduct for employees and Directors; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective areas of expertise. As of the date of this report, the Board consisted of the following twelve Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

EXECUTIVE DIRECTORS

Mr. ZHANG Zenggen (Chairman)
Mr. TAO Tianhai (Chief Executive Officer)
Mr. ZHANG Hui (Senior Vice President)
Ms. QIAO Xiaojie (Chief Financial Officer)

NON-EXECUTIVE DIRECTORS

Mr. CHENG Yong
Ms. CHEN Aihua
Mr. AN Hongjun
Ms. WANG Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

Mr. LI Fanrong resigned as a non-executive Director and the Chairman of the Company with effect from 28 April 2023 due to his other business commitments which require more of his dedication. Mr. LI has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Mr. LI Congrui was appointed by the Board as a Chairman and an executive Director and resigned as the Chief Executive Officer, and Mr. TAO Tianhai was appointed by the Board as an executive Director, Chief Executive Officer and a member of the Strategy and Investment Committee.

Mr. JIANG Nan resigned as an executive Director, Chief Financial Officer and a member of the Strategy and Investment Committee with effect from 28 April 2023 due to his other business commitments which require more of his dedication. Mr. JIANG has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Ms. QIAO Xiaojie was appointed by the Board as an executive Director, Chief Financial Officer and a member of the Strategy and Investment Committee.

Mr. LI Congrui resigned as the Chairman and an executive Director of the Company, the chairman of the Strategy and Investment Committee and the chairman of the ESG Committee with effect from 31 May 2023 due to work adjustment. Mr. LI has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Mr. ZHANG Zenggen was appointed by the Board as the Chairman and an executive Director, the chairman of the Strategy and Investment Committee and the chairman of the ESG Committee.

Mr. ZHANG Zenggen, Mr. LI Fuli, Mr. TAO Tianhai, Ms. QIAO Xiaojie, Mr. SU Xijia and Mr. CHEN Chuan were re-elected as Directors of the Company at the annual general meeting held on 28 June 2023.

Mr. LI Fuli resigned as a non-executive Director and a member of the Audit Committee of the Company with effect from 12 July 2023 due to his other business commitments which require more of his dedication. Mr. LI has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Ms. CHEN Aihua was appointed by the Board as a non-executive Director and a member of the Audit Committee.

Mr. SONG Liuyi resigned as an executive Director and a member of the Strategy and Investment Committee of the Company with effect from 19 October 2023 due to his appointment as an executive director and chairman of Jinmao Services, a listed subsidiary of the Company. Mr. SONG has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Mr. ZHANG Hui was appointed by the Board as an executive Director and a member of the Strategy and Investment Committee.

Mr. CHEN Chuan resigned as a non-executive Director and a member of the Remuneration and Nomination Committee of the Company with effect from 29 November 2023 due to his other business commitments which require more of his dedication. Mr. CHEN has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Ms. WANG Wei was appointed by the Board as a non-executive Director and a member of the Remuneration and Nomination Committee.

As of the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Ms. CHEN Aihua, Mr. AN Hongjun, Mr. SUEN Man Tak and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. ZHONG Wei (Chairman), Mr. SU Xijia, Mr. GAO Shibin, Mr. CHENG Yong and Ms. WANG Wei

Strategy and Investment Committee: Mr. ZHANG Zenggen (Chairman), Mr. TAO Tianhai, Mr. ZHANG Hui, Mr. GAO Shibin and Ms. QIAO Xiaojie

Independent Board Committee: Mr. SU Xijia (Chairman), Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei

ESG Committee: Mr. ZHANG Zenggun (Chairman), Mr. ZHONG Wei and Mr. TIAN Jiupo

Other than disclosed above, there was no change in the Company's Directors during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 96 to 108 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in the Board and the committee meetings brings independent judgment on issues relating to the Company's strategies, performance, conflicts of interest and management procedures, to ensure that adequate checks and balances are provided and the interest of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and appropriate to safeguard the interests of shareholders, other related parties and the Group.

As at the end of the Reporting Period and the date of this report, the Company has four independent non-executive Directors in compliance with the requirements that the number of independent non-executive directors shall account for at least one-third of the members of the board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and further information when necessary. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Company believes that the composition of the Board of the Company (including the number and proportion of independent non-executive Directors), the channels for Directors to obtain information and resources, as well as the process of nomination of Directors and the implementation of the diversity policy of the Board (see the section headed "Rules for Nomination, Appointment, Re-election and Removal of Directors and Board Diversity" below for details) can ensure that the Board can obtain independent views and opinions.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Reporting Period, all Directors attended a special topic seminar on the responsibilities and obligations of directors of listed companies in Hong Kong and practical cases conducted by Latham & Watkins LLP ("Latham & Watkins"), the Company's compliance adviser. Each of the Directors also participated in a number of external training and conferences, read books and related materials, etc., including the participation of all executive Directors in the "Special Rotational Training Class for High-quality Construction of World-class Enterprises" held by Sinochem Holdings and a training course series held by China E-learning Academy for Leadership titled "Typical Cases of Carbon Peaking and Carbon Neutrality". ZHANG Zenggen, TAO Tianhai and ZHANG Hui, all being the Directors, participated in the "Senior Management Seminar for Rotational Training of Cadres of Central Enterprises on Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era" organised by Sinochem Holdings. ZHANG Zenggen, a Director, also participated in special topic seminars including the "Safety Management Personnel Training for Production Operations" organised by Sinochem Holdings. TAO Tianhai, a Director, read books including "The Effective Executive", "Seeing Like a State" and "The General Theory of Employment, Interest and Money". ZHANG Hui, a Director, also participated in the training course on improving the corporate governance abilities of leaders of central enterprises organised by China Business Executives Academy, Dalian, the director induction training provided by Latham & Watkins and read books including "Invent and Wander", "Resilienz", "City Renewal – Iterative Model and Innovation Promotion", "Organizational Behavior" and "The Theory of Dynamic Efficiency". QIAO Xiaojie, a Director, participated in the training of "Column for correctly understanding and vigorously promoting Chinese-style modern learning" held by China E-learning Academy for Leadership. CHENG Yong, a Director, attended a series of seminars held by Sinochem Holdings on topics such as "Reflection-based strategic thinking", "Corporate compliance management and legal risk prevention and control" and "System thinking and system engineering methods". CHEN Aihua, a Director, participated in a number of seminars organised by CSRC on key topics including the "Interpretation of the reform of the rules for independent directors of listed companies", seminars organised by China Association for Public Companies on special topics including the "Performance of duties by directors, supervisors and senior management of listed companies", the seminar on the "Analysis of financial supervision of the supervisory committee of listed companies" organised by BDO China Shu Lun Pan CPAs, and the seminar on the "Digitalisation empowered by artificial intelligence: From big data to big model" organised by the Chinese Academy of Sciences. AN Hongjun, a Director, participated in the "Compliance training on combating money-laundering and terrorist financing" and the "Training on insider management and information disclosure" organised by New China Asset and meetings including the "Outlook of domestic and foreign economies and debt market in 2024" organised by CICC. WANG Wei, a Director, participated in the "Fourth Training Session for First-time Directors, Supervisors and Senior Management" organised by the Shanghai Stock Exchange and the director induction training provided by Latham & Watkins. SU Xijia, a Director, participated in the continuous education training programme for independent directors organised by the Shanghai Stock Exchange and obtained the certificate. SUEN Man Tak, a Director, gave a lecture on the "Securities Regulatory Regime in Hong Kong" organised by Kornerstone Institute, participated in the seminar on the "Reform of the rules for independent directors of listed companies" organised by China Association for Public Companies, a number of events including the "Independent non-executive director forum" organised by KPMG on topics including the "Future of board leadership", "Driving changes and looking forward" and "Capital market focus", the seminar on "How to achieve an appropriate balance between the supervision and innovation of cryptocurrencies and related products" organised by The University of Hong Kong and the seminar on "Regulatory trends, sanctions compliance, law enforcement and digital trends" organised by Ernst & Young. GAO Shibin, a Director, participated in online lectures or trainings organised by Tsinghua University, covering topics such as "Real estate in China amid economic globalisation and rapid industrialisation", "Opportunities and challenges of REIT IPO", "Comparison of innovation and commercialisation strategies between China and the United States", "Sustainable development of real estate industry: Analysis and investment", "Real estate investment funds and cases", "Future changes and trends in real estate industry" and "Digital empowerment and lean construction" and "Thinking and practice in commercial management of logistics real estate and logistics services platform and shopping mall". ZHONG Wei, a Director, gave a lecture on the "Change and constancy of monetary policy theory and practice" organised by The People's Bank of China, and read more than 30 books, mainly including "The Era of Negative Population Growth", "The Age of AI and our Human Future", "Lonely Society (the Upcoming Fifth Consumer Era)" and "Elon Musk".

BOARD MEETINGS

The Board holds meetings regularly to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given the meeting agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of 21 written resolutions to all Board members, during the Period under Review, the Board held four meetings, during which the Directors considered and approved various matters, mainly including the 2022 annual report, the 2023 interim report and the 2022 environmental, social and governance report of the Company, annual authorisation of domestic and foreign debt financing, revision of the "14th Five-Year Plan" strategic plan, strategy execution plan and budget for 2024, changes in directors and authorisation adjustments, four continuing connected transactions, Huaxia Jinmao REIT IPO proposal, etc. In addition, the Directors regularly review the relevant matters of corporate governance, including review of the Company's compliance with the policies and practices on laws and regulatory requirements, training and continuous professional development of Directors and senior management, code of conduct for employees and Directors and the Company's compliance with the Corporate Governance Code. Meeting and resolution participation of each Director during 2023 is set out below:

Position	Name	Meeting attended in person	Meeting attendance rate	Total number of resolutions	Resolution participation rate
Non-executive Director	Mr. LI Fanrong*	1/1	100%	5/5	100%
Non-executive Director	Mr. LI Fuli*	1/2	50%	15/15	100%
Non-executive Director	Mr. CHEN Chuan*	3/3	100%	22/22	100%
Non-executive Director	Ms. CHEN Aihua*	1/2	50%	14/14	100%
Non-executive Director	Mr. AN Hongjun	4/4	100%	33/33	100%
Non-executive Director	Mr. CHENG Yong	3/4	75%	30/30	100%
Non-executive Director	Ms. WANG Wei*	1/1	100%	7/7	100%
Executive Director	Mr. ZHANG Zenggen*	3/3	100%	18/18	100%
Executive Director	Mr. TAO Tianhai*	3/3	100%	26/26	100%
Executive Director	Mr. ZHANG Hui*	1/1	100%	10/10	100%
Executive Director	Ms. QIAO Xiaojie*	3/3	100%	26/26	100%
Executive Director	Mr. LI Congrui*	1/1	100%	12/12	100%
Executive Director	Mr. JIANG Nan*	1/1	100%	6/6	100%
Executive Director	Mr. SONG Liuyi*	3/3	100%	22/22	100%
Independent non-executive Director	Mr. SU Xijia	4/4	100%	33/33	100%
Independent non-executive Director	Mr. SUEN Man Tak	4/4	100%	33/33	100%
Independent non-executive Director	Mr. GAO Shibin	4/4	100%	33/33	100%
Independent non-executive Director	Mr. ZHONG Wei	4/4	100%	33/33	100%

* Mr. LI Fanrong and Mr. JIANG Nan resigned as Directors of the Company with effect from 28 April 2023, and Mr. TAO Tianhai and Ms. QIAO Xiaojie were appointed as Directors of the Company on the same day; Mr. LI Congrui resigned as a Director of the Company with effect from 31 May 2023, and Mr. ZHANG Zenggen was appointed as a Director of the Company on the same day; Mr. LI Fuli resigned as a Director of the Company on 12 July 2023, and Ms. CHEN Aihua was appointed as a Director of the Company on the same day; Mr. SONG Liuyi resigned as a Director of the Company with effect from 19 October 2023, and Mr. ZHANG Hui was appointed as a Director of the Company on the same day. Mr. CHEN Chuan resigned as a Director of the Company with effect from 29 November 2023, and Ms. WANG Wei was appointed as a Director of the Company on the same day.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review at any time.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer of the Company are held by different persons.

Mr. LI Fanrong served as a non-executive Director and the Chairman of the Company from 23 September 2022 to 28 April 2023. Mr. LI Congrui served as an executive Director and the Chairman of the Company from 28 April 2023 to 31 May 2023. Mr. ZHANG Zenggen has been serving as an executive Director and the Chairman of the Company since 31 May 2023. Mr. LI Congrui served as an executive Director and the Chief Executive Officer of the Company from 16 January 2013 to 28 April 2023. Mr. TAO Tianhai has been serving as an executive Director and the Chief Executive Officer of the Company since 28 April 2023.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is directly responsible for the management of daily operation of the Company, formulation and execution of policies of the Company, and reports to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of his/her term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date on which such general meeting is duly convened. The Remuneration and Nomination Committee of the Company will also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfilling its strategic objectives and achieving sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the re-election of Directors having due regard for the above diversity requirements. The Board reviewed the current composition of Board diversity and confirmed that the members of the Board of the Company have diversified backgrounds, professional experience and skills, including property development and investment, corporate management, capital market, law, financial accounting and financial investment. The Board is committed to gender diversity of Board members. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to promote gender diversity of Board members. During the Year, three female Directors were appointed by the Board to achieve the objective of Board diversity and align the best interests of shareholders as a whole on an ongoing basis. Among the three female Directors, Ms. QIAO Xiaojie is an executive Director and chief financial officer responsible for the Company's daily financial management and operations, which effectively facilitates the diversity and inclusiveness of the senior management. For male and female employees who have the experience, skills and knowledge required for operations and business, the Group will provide comprehensive training, including but not limited to operations, management, accounting, finance, compliance, etc. The Board believes that the above strategies can provide opportunities for the Board to select capable female employees, which will further and simultaneously promote the gender diversity of the employees of the Company and the Board in the long run.

For details of gender diversity of employees, please refer to the section headed "Sustainable Development" from pages 86 to 95 of this report.

The diversity of the Board is set out below:

Age	
40 – 49	2 persons
50 – 59	8 persons
60 or above	2 persons

Term of directorship	
5 years or less	9 persons
more than 5 years – 10 years	2 persons
more than 10 years	1 person

Roles	
Executive Director	4 persons
Non-executive Director	4 persons
Independent non-executive Director	4 persons

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company from time to time. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions C.1.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 165.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established five special committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee, ESG Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

As of the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. ZHONG Wei, Mr. SU Xijia and Mr. GAO Shibin as independent non-executive Directors, and Mr. CHENG Yong and Ms. WANG Wei as non-executive Directors. The chairman of the Remuneration and Nomination Committee is Mr. ZHONG Wei. Mr. CHEN Chuan has resigned as a member of the Remuneration and Nomination Committee on 29 November 2023, and Ms. WANG Wei has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day.

The functions of the Remuneration and Nomination Committee include:

– to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

– to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

– to assess the independence of independent non-executive Directors;

– to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

– to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2023, the Remuneration and Nomination Committee's determination of remuneration packages and approval of incentive proposals included the following:

– assessed the performance of executive Directors;

– determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates;

– made recommendations to the Board with respect to the re-election of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee entered into 7 written resolutions in respect of the above matters in 2023. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. ZHONG Wei	7/7	100%
Independent non-executive Director	Mr. SU Xijia	7/7	100%
Independent non-executive Director	Mr. GAO Shibin	7/7	100%
Non-executive Director	Mr. CHENG Yong	7/7	100%
Non-executive Director	Ms. WANG Wei*	1/1	100%
Non-executive Director	Mr. CHEN Chuan*	5/5	100%

* Mr. CHEN Chuan has resigned as a member of the Remuneration and Nomination Committee on 29 November 2023, and Ms. WANG Wei has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day.

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. As of the date of this report, the members of the Audit Committee are Mr. SU Xijia, Mr. SUEN Man Tak and Mr. GAO Shibin as independent non-executive Directors, and Ms. CHEN Aihua and Mr. AN Hongjun as non-executive Directors. The chairman of the Audit Committee is Mr. SU Xijia. Mr. LI Fuli has resigned as a member of the Audit Committee on 12 July 2023, and Ms. CHEN Aihua has been appointed as a member of the Audit Committee with effect from the same day.

All members of the Audit Committee have financial backgrounds, which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues in respect of resignation or dismissal of the auditor;

- to discuss the nature and scope of the audit and the relevant reporting responsibilities with the external auditor before auditing, and to review and examine whether the external auditor is independent and objective and whether the audit procedures are effective according to applicable standards;

- to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas for improvement;

- to monitor the integrity of the Company's financial statements, reports and accounts, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditor of the Company as appropriate;

- to review the financial control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and the management's responses in respect of risk management and internal control matters;

- to ensure coordination between internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- to review the Company's financial and accounting policies and practices, to review the external auditor's management letter, to timely respond to any queries raised by the management and the Board, and to report to the Board as and when necessary;

- to have the right to establish a system for direct reporting by employees of the Company, to conduct investigations on any abnormalities of the Company in the manner as it considers necessary and appropriate, and to report to the Board as and when necessary. The committee shall also have the right to direct the Company to make proper arrangements for such issues, including conducting fair and independent investigations and taking appropriate actions; and

- to act as the key representative body for overseeing the Company's relation with the external auditor.

In 2023, the financial reporting and control reviews undertaken by the Audit Committee included the following:

- reviewed the integrity and accuracy of the 2022 annual report, the 2023 interim report and formal announcements relating to the Group's financial performance;

– reviewed the 2023 work report and 2024 work plans for internal audit, risk management and internal control of the Company, confirmed the effectiveness of the internal audit and internal control functions, and carried out profound communication and discussion on strengthening the capacity building of internal audit teams, enhancing the application of big data and information technology, and conducting front-line work research; and

– reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2023.

The Audit Committee held three meetings and entered into one written resolution in 2023. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	6/6	100%
Non-executive Director	Mr. LI Fuli *	3/3	100%
Non-executive Director	Ms. CHEN Aihua*	3/3	100%
Non-executive Director	Mr. AN Hongjun	6/6	100%
Independent non-executive Director	Mr. SUEN Man Tak	6/6	100%
Independent non-executive Director	Mr. GAO Shibin	6/6	100%

* Mr. LI Fuli has resigned as a member of the Audit Committee on 12 July 2023, and Ms. CHEN Aihua has been appointed as a member of the Audit Committee with effect from the same day.

The chief financial officer, the qualified accountant and the auditor of the Company attended all these meetings including the three meetings which reviewed the integrity and accuracy of the Company's 2022 annual report, 2023 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

During the Period under Review and as of the date of this report, the members of the Independent Board Committee of the Company are Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei. The chairman of the Independent Board Committee is Mr. SU Xijia. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

– to discuss whether to exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-competition Undertaking or any redevelopment business in relation to the properties held by Sinochem Group, and any new business opportunities or property redevelopment opportunities of which the Company is notified by Sinochem Group in writing;

– to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and the pursuit of new business opportunities;

– for connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

– to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee entered into three written resolutions in 2023. It considered the independent option over Shimao Investment as granted by Sinochem Group, and resolved not to exercise the option over Shimao Investment for the time being and to make relevant disclosure in the 2022 annual report and 2023 interim report; confirmed various continuing connected transactions of the Company in 2022. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	3/3	100%
Independent non-executive Director	Mr. SUEN Man Tak	3/3	100%
Independent non-executive Director	Mr. GAO Shibin	3/3	100%
Independent non-executive Director	Mr. ZHONG Wei	3/3	100%

STRATEGY AND INVESTMENT COMMITTEE

During the Period under Review and up to the date of this report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. ZHANG Zenggen, Mr. TAO Tianhai, Mr. ZHANG Hui, Mr. GAO Shibin and Ms. QIAO Xiaojie. The chairman of the Strategy and Investment Committee is Mr. ZHANG Zenggen. Mr. LI Congrui resigned as the chairman of the Strategy and Investment Committee with effect from 31 May 2023, and Mr. ZHANG Zenggen was appointed as the chairman of the Strategy and Investment Committee on the same day. Mr. JIANG Nan resigned as a member of the Strategy and Investment Committee with effect from 28 April 2023, and Mr. TAO Tianhai and Ms. QIAO Xiaojie were appointed as members of the Strategy and Investment Committee on the same day. Mr. SONG Liuyi resigned as a member of the Strategy and Investment Committee with effect from 19 October 2023, and Mr. ZHANG Hui was appointed as a member of the Strategy and Investment Committee on the same day.

The functions of the Strategy and Investment Committee include:

– to study and formulate the Company's growth strategies and investment performance standards, and supervise and monitor the management's execution of the Company's growth strategies; and

– to review the new project investment proposals submitted by the management according to the Company's growth strategies and investment performance standards.

The Strategy and Investment Committee entered into 37 written resolutions in 2023. It considered and approved various issues, including a number of investment feasibility research reports, equity/assets acquisitions and disposals, etc. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui*	17/17	100%
Executive Director	Mr. JIANG Nan*	11/11	100%
Executive Director	Mr. SONG Liuyi*	39/39	100%
Executive Director	Mr. ZHANG Zenggen*	35/35	100%
Executive Director	Mr. TAO Tianhai*	41/41	100%
Executive Director	Mr. ZHANG Hui*	13/13	100%
Executive Director	Ms. QIAO Xiaojie*	41/41	100%
Independent non-executive Director	Mr. GAO Shibin	52/52	100%

* Mr. LI Congrui resigned as the chairman of the Strategy and Investment Committee with effect from 31 May 2023, and Mr. ZHANG Zenggen was appointed as the chairman of the Strategy and Investment Committee on the same day. Mr. JIANG Nan resigned as a member of the Strategy and Investment Committee with effect from 28 April 2023, and Mr. TAO Tianhai and Ms. QIAO Xiaojie were appointed as members of the Strategy and Investment Committee on the same day. Mr. SONG Liuyi resigned as a member of the Strategy and Investment Committee with effect from 19 October 2023, and Mr. ZHANG Hui was appointed as a member of the Strategy and Investment Committee on the same day.

ESG COMMITTEE

During the Period under Review and up to the date of this report, the members of the ESG Committee of the Company are Mr. ZHANG Zenggen, an executive Director, Mr. ZHONG Wei, an independent non-executive Director, and Mr. TIAN Jiupo, Vice President and CTO. The chairman of the ESG Committee is Mr. ZHANG Zenggen. Mr. LI Congrui resigned as the chairman of the ESG Committee with effect from 31 May 2023, and Mr. ZHANG Zenggen was appointed as the chairman of the ESG Committee on the same day.

The functions of the ESG Committee include:

– Responsible for formulating and regularly reviewing the Company's ESG vision, objectives, strategies and policies;

– Responsible for monitoring the Company's ESG risk management, material issues, target progress, and communication with stakeholders; and

– to review the Company's annual ESG report for the Board's consideration, approval and disclosure.

The ESG Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

The ESG Committee entered into 1 written resolution in 2023. It considered and approved issues, including the 2022 environmental, social and governance report and the ESG work progress report of the Company. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui*	1/1	100%
Executive Director	Mr. ZHANG Zenggen*	0/0	–
Independent non-executive Director	Mr. ZHONG Wei	3/3	100%
CTO	Mr. TIAN Jiupo	3/3	100%

* Mr. LI Congrui resigned as the chairman of the ESG Committee with effect from 31 May 2023, and Mr. ZHANG Zenggen was appointed as the chairman of the ESG Committee on the same day.

EXTERNAL AUDITOR

In 2023, the remuneration paid or payable to the Company's auditor, Ernst & Young, for the audit and non-audit services amounted to HK$10,300,000 and HK$2,842,000, respectively. The fees for non-audit services were mainly in relation to the fees for the review services on the interim financial reports, the services on continuing connected transactions and other professional services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that it shall take responsibilities for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. The Board shall review the risk management and internal control systems at least once a year. In 2023, the Directors and the Audit Committee of the Company respectively listened to the special reporting on the Company's internal and external audit and the internal control work summary report, and continued to communicate directly with the personnel from the finance department, the internal audit department, the legal and compliance department and the strategic operations department with respect to key tasks including evaluating the effectiveness of the Company's risk management, operations and compliance management, financial management and internal control systems, and made specific guiding opinions and requirements.

The Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual financial accountability audit and special audit where the scope of audits covers all aspects including the execution of the Group's internal regulations and procedures, finance, cost, tender and procurement, project quality, strategic operations, marketing, design, customer service and HSE management to prevent assets from inappropriate use. The Company also maintains proper accounts and ensures that relevant regulations are complied with. In 2023, the internal audit department of the Company carried out 28 financial accountability audits, 3 internal control audits, 14 special audits and 81 training sessions. The above measures aim to manage but not eliminate relevant risks and the above measures can only provide reasonable but not absolute assurance to the achievement of business objectives.

The Company has formulated a complete system concerning risk identification, assessment and management, and constantly made amendments and updates to the system. Various departments at the headquarters are responsible for executing the professional risk assessment, management and monitoring procedures, including 86 management standards, 119 management rules and 85 reference guidelines in 17 categories on integrated management, human resources management, strategic operation and management, financial fund management, investment expansion management, industrial city management, design management, cost management, tender and procurement management, marketing management, customer resource management, HSE management, quality management, audit and legal affairs management, innovation management, party and masses management and discipline inspection management which comprehensively cover various risks associated with property related business and development of the Company. In addition, environmental, social and governance risks are also one of the important risk categories that the Company pays attention to in its comprehensive risk management system. The identified risk issues including bribery and corruption, business ethics, product quality and safety, occupational health and safety, etc. are included in the Company's overall risk assessment and monitoring process. In 2023, among all procedures implemented, managed and monitored by the headquarters of the Company, executive Directors gave 9,515 approvals in total, all of which were completed via the electronic online approval system.

The Company has in place a regulated, sound and effective internal control system. The headquarters of the Company is responsible for making annual amendments to the organisational structure, the accountability system and institutional documents on a rolling basis, and optimising the management hierarchy and approval procedures. It added 34 new management standards, management rules and reference guidelines, revised the management standards, management rules and reference guidelines 157 times and revised the terms of accountabilities 5 times in 2023. At the same time, it endeavours to strengthen the IT system development, enhance the process monitoring and risk management in the course of business execution, and continuously improve the internal control system. In addition to regular internal audit and inspection of the accountability system by the internal audit department of our headquarters to ensure that the internal control system of the Company is in smooth operation as a whole, all the companies under the Group also regularly implement self-examination of the internal control system as part of their routine internal control efforts. In addition, the routine control measures also include the following: i) professional committees comprising the senior management and the relevant persons-in-charge from the headquarters' functional departments of the Company are established by the Company to regularly review the management of internal controls of the Company, such as budget and assessment, operation, quality and safety, investment as well as customer research and services, and to report to the senior management, and to decide and account for the same. In 2023, the five professional committees of the Company convened 55 regular and ad hoc meetings to consider and approve the enhancement initiatives for the management of a number of professional line functions and the decisions on key achievements of projects; ii) evaluation of the Group's comprehensive operating results, strategic progress and performance is carried out by the strategic operations department of the headquarters on a quarterly, semi-annual and annual basis, the reports of which are subject to the collective review and approval by the management of the Company. The supervision list of key matters is distributed to the relevant subordinate units for implementation and rectification within a specified period. This forms an efficient internal control feedback mechanism of the Company. The internal control system of the Company fully covers the major matters of the Company's operations and high risk areas that draw close attention, such that any material risks and deficiencies can be evaluated, supplemented and rectified in a timely manner.

After careful evaluation, the Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

CORPORATE CULTURE

The Company has formulated a corporate culture that is consistent with long-term development goals, values and strategies, including the corporate vision of unleashing the future vitality of the city, the corporate mission of building quality for better life; and the internal values and behaviour requirements of honesty and cooperation, customer orientation, entrepreneurship and innovation, and pursuit of excellence. Directors have always set a role model and are committed to the promotion and implementation of corporate culture. During the Reporting Period, centring around the theme of "Vitality", organisations at all levels of the Company carried out a variety of corporate culture-themed activities combined with actual business operations. Upholding the propaganda mission of "raising the banner, gathering people's hearts, cultivating new talents, invigorating culture, and displaying image", the Company created a cultural atmosphere of technology innovation, excellent operation, synergistic development, compliant operation and anti-corruption through various evaluation and sharing activities, effectively enhancing the cohesion and working strength of all employees of the Company.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective confidentiality systems and measures, such as the formulation of the "Board Performance Support and Listing Compliance Management System of China Jinmao" (《中國金茂董事會履職保障及上市合規管理制度》), which provides in detail that inside information shall be kept strictly confidential prior to public disclosure, among which the personnel who have access to inside information must ensure confidentiality of the information, and should not, in any manner, divulge the information of the Company to external parties without authorisation. Besides, consultants and intermediaries engaged by the Company shall enter into strict confidentiality agreements with the Company to ensure the inside information is properly handled. At the same time, to ensure the inside information is disclosed in a timely and proper manner, any matters that constitute inside information must be first reviewed by the compliance officers and investor relations officers of the Company and obtain consent from the relevant executive Directors before due disclosure.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules to regulate directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2023.

All employees of the Group shall comply with the "Board Performance Support and Listing Compliance Management System of China Jinmao" formulated by the Company with reference to the requirements under the Model Code in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have the right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

MOVING A RESOLUTION AT AN ANNUAL GENERAL MEETING

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from:

(a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the Company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the Company not later than -

 (i) six weeks before the annual general meeting to which the requests relate; or

 (ii) if later, the time at which notice is given of that meeting.

PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

Pursuant to paragraph (2)(b) of Article 77 of the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a written notice of his intention to propose a resolution for the appointment or reappointment of the person as a Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

CONVENING A GENERAL MEETING

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

 (i) must state the general nature of the business to be dealt with at the meeting; and

 (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

(i) may be sent to the Company in hard copy form or in electronic form; and

(ii) must be authenticated by the person or persons making it.

INVESTOR RELATIONS

For details of the Company's investor relations, shareholder communication policies and implementation during the Reporting Period, please refer to the section headed "Investor Relations" on pages 83 to 85 of this report.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries from shareholders to the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders, interim reports and annual reports, as well as the official website. Shareholders may send relevant questions or information and their contact details to the Investor Relations mailing address published on the Company's official website if they have any opinions or suggestions on the Company. The Investor Relations Department of the Company is responsible for contacting and giving feedback to shareholders in a timely manner. The Company uses its best endeavours to listen, understand and respond to shareholders' feedback.

The Company held an annual general meeting on 28 June 2023, which considered and approved the audited financial statements, the report of the Directors and the auditor's report for the year ended 31 December 2022; re-elected Mr. ZHANG Zenggen, Mr. LI Fuli, Mr. SU Xijia, Mr. CHEN Chuan, Mr. TAO Tianhai and Ms. QIAO Xiaojie as Directors of the Company; authorised the Board of the Company to determine the remuneration of Directors of the Company; re-appointed Ernst & Young as the auditor of the Company and authorised the Board to determine its remuneration; and considered and approved the general mandate to issue shares and repurchase shares. Save for non-executive Directors Mr. LI Fuli and Mr. CHENG Yong who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 28 June 2023.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are focusing on city operations, property development, services and building technology, commercial leasing, retail operations and hotel operations. Details of the subsidiaries of the Company are set out in note 1 to the financial statements.

BUSINESS REVIEW

For details of the business operations, future business development and major risks faced by the Company during the Reporting Period, please refer to the section headed "Chairman's Statement" from pages 8 to 11, and the section headed "Management Discussion and Analysis" from pages 16 to 82 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the section headed "Sustainable Development" from pages 86 to 95 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed "Sustainable Development" from pages 86 to 95 in this report.

The above discussion forms part of the Report of the Directors.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Civil Code of the People's Republic of China", the "Land Administration Law of the People's Republic of China", the "Urban Real Estate Administration Law of the People's Republic of China", the "Bidding Law of the People's Republic of China", the "Measures on the Administration of Sale of Commodity Houses", the "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the China Securities Regulatory Commission and the People's Bank of China (the "PBOC"), the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has formulated the comprehensive administration standards and approval procedures for legal affairs and continued to revise them for improvement. In 2023, the Group reviewed and approved a total of 26,007 contracts according to the standardised procedures via the network office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2023, the Company organised 140 legal publicity trainings for employees, including professional trainings on urban operation project acquisition and management and control of performance risks, listing compliance, prevention of legal risks regarding advertisements and publicity, management and control of engineering performance risks; revised the standard contracts and guidelines on risk prevention and control, so as to ensure continuously effective operation of the legal risk prevention and control system of the Company by making sure that the employees of the Company are aware of and in compliance with the relevant laws and regulations, related major risks and solutions when discharging their duties.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss on page 172 of this report.

The dividend distribution policy of the Company is to distribute dividend to its shareholders when the Group records profit for a financial period. The dividend to be distributed to shareholders will be determined based on the profit attributable to owners of the parent (net of fair value of investment properties (net of deferred tax)) for that period, multiplied by a dividend distribution ratio of around 40%. In determining the specific dividend distribution ratio, the Board will take into account the financial performance, cash flow, paid special dividends (if any) and capital commitments, etc. of the Group.

On 29 August 2023, the Board resolved to make payment of an interim dividend of HK1.5 cents per share to the shareholders of the Company and provide a scrip dividend arrangement to the shareholders in respect of such dividend distribution. Such dividend, including the new shares issued pursuant to the scrip dividend arrangement, was paid and distributed on 31 October 2023.

The Board resolved not to declare payment of a final dividend for the year ended 31 December 2023.

SHARES, PAID-UP SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2023, the total issued shares of the Company were 13,499,588,252 ordinary shares.

Details of movement in the Company's paid-up share capital and share options in 2023 are set out in notes 38 and 39 to the financial statements, respectively.

RESERVES

Movements in reserves of the Company and of the Group in 2023 are set out in note 40 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to RMB92,332,000.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2023 Percentage of total turnover (%)
Five largest customers	1.21
The largest customer	0.52

	Percentage of total purchase (%)
Five largest suppliers	24.05
The largest supplier	10.23

The above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their close associates or any shareholders who own more than 5% of the Company's shares had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Company and the Group as at 31 December 2023 are set out in note 34 to the financial statements.

CHARITABLE DONATIONS

During the Year, the subsidiaries of the Company in Beijing, Shanghai, Hangzhou, Changsha, Wenzhou, Ganjiang, Foshan, Yueyang, Ningbo and other places donated a total of approximately RMB18.4 million for public welfare including science, education, culture, health and sports, environmental protection, energy conservation and emission reduction as well as targeted poverty alleviation.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 14 and 18 to the financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 316 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and up to the date of this report, the Directors of the Company include:

Executive Directors

Mr. LI Congrui (resigned on 31 May 2023)
Mr. JIANG Nan (resigned on 28 April 2023)
Mr. SONG Liuyi (resigned on 19 October 2023)
Mr. ZHANG Zenggen (appointed on 31 May 2023)
Mr. TAO Tianhai (appointed on 28 April 2023)
Mr. ZHANG Hui (appointed on 19 October 2023)
Ms. QIAO Xiaojie (appointed on 28 April 2023)

Non-executive Directors

Mr. LI Fanrong (resigned on 28 April 2023)
Mr. LI Fuli (resigned on 12 July 2023)
Mr. AN Hongjun
Mr. CHENG Yong
Ms. CHEN Aihua (appointed on 12 July 2023)
Mr. CHEN Chuan (resigned on 29 November 2023)
Ms. WANG Wei (appointed on 29 November 2023)

Independent non-executive Directors

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

During the Year and up to the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company at www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2023, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 96 to 108 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2023, the annual remuneration of 6 of the executive Directors and other members of senior management of the Company fell within the band of below HK$2 million and the annual remuneration of 4 of them fell within the band of HK$2 million to HK$3 million. Details of the remuneration of the Directors and senior management of the Company are set out in notes 9 and 10 to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTEREST IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors (or their connected entities) was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by the Company or its controlling shareholders or any of their respective subsidiaries as at 31 December 2023 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES

Save as disclosed in the section headed "Share Option Scheme" under the "Report of the Directors" in this report, no arrangements to which the Company or its controlling shareholders or any of their respective subsidiaries is a party, whose purposes are, or one of whose purposes is, to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted as at 31 December 2023 or at any time during the Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors, which was in force during the Year and up to the date of this report.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Sinochem Holdings is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Holdings or its subsidiaries and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" below.

Sinochem Group is a wholly-owned subsidiary of Sinochem Holdings and an indirect controlling shareholder of the Company.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group and the Company entered into an agreement of the Non-competition Undertaking on 26 July 2007. Sinochem Group has provided a written confirmation stating that Sinochem Group and its subsidiaries (other than those which form part of the Group) complied with their obligations under the Non-competition Undertaking during 2023.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Sustainable Development" on pages 86 to 95 of this report.

RETIREMENT SCHEMES

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to pay retirement benefits under the Retirement Schemes to employees when they retire, and the Group is not required to provide other post-retirement benefits to the employees, except for the contributions made under the Retirement Schemes.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2023 were RMB266,321,000.

MANAGEMENT CONTRACT

No contract 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.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2007 (the "2007 Scheme"), which has expired on 21 November 2017. On 29 January 2019, the Company convened an extraordinary general meeting, and approved and adopted a new share option scheme (the "New Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company.

According to the terms of the New Scheme, the Board shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the approval date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company. As at the end of the Reporting Period, the remaining life of the New Scheme is approximately five years.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued shares of the Company. Accordingly, the Company may issue up to 1,155,352,832 shares to the participants under the New Scheme, representing 8.56% of the issued shares of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding share options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued shares of the Company at any time, no further share options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

The share options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant, subject to the vesting conditions and early termination provisions as set out in the New Scheme and the share option grant letter. The exercise price of share options shall be the higher of (i) the closing price of the Company's shares on the Hong Kong Stock Exchange on the date of grant of the share options; and (ii) the average closing price of the Company's shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant.

More details of the 2007 Scheme and the New Scheme are set out in note 39 to the financial statements.

GRANT AND EXERCISE OF SHARE OPTIONS

On 17 October 2016, the Company granted 172,350,000 share options to eligible participants pursuant to the 2007 Scheme and the exercise price was HK$2.196 per share, being the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet for the last five consecutive trading days prior to the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the grant date. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 6 September 2018, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2017; 3) the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2017 performance)" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

On 8 February 2019, the Company granted 265,950,000 share options to eligible participants pursuant to the New Scheme and the exercise price was HK$3.99 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the grant date. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 26 August 2019, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2018; 3) the "Explanation on the Fulfilment of Conditions of the Second Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2018 performance)" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

Report of the Directors

On 9 September 2019, the Company granted in a total of 9,000,000 share options to Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi, the executive Directors of the Company, pursuant to the New Scheme and the exercise price was HK$4.58 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 5 August 2020, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016, 8 February 2019 and 9 September 2019, respectively (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2019; 3) the "Explanation on the Fulfilment of Conditions of the Third Batch of Share Options Granted by China Jinmao (2016) (based on the 2019 performance) and Breakdown of the Release" and the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2019) (based on the 2019 performance) and Breakdown of the Release" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of the aforesaid batches of options for all the grantees based on the above three documents.

On 10 March 2022, the Remuneration and Nomination Committee of the Board of the Company approved the lapsing on a pro rata basis of up to one-third of the share options granted by the Company on 8 February 2019 and 9 September 2019, respectively, which were no longer vested in the grantees and cancelled, according to 1) the New Scheme; 2) results of performance assessment of the grantees in 2020; 3) the "Explanation on the Failure to Fulfil Conditions of the Second Batch of Share Options Granted by China Jinmao (2019) (based on the 2020 performance)" provided by the external independent professional advisor.

On 8 December 2022, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 8 February 2019 and 9 September 2019, respectively (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the New Scheme; 2) results of performance assessment of the grantees in 2021; 3) the "Explanation on the Fulfilment of Conditions of the Third Batch of Share Options Granted by China Jinmao (2019) (based on the 2021 performance)" provided by the external independent professional advisor (in particular, 10 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

At the beginning and the end of the Reporting Period, the number of share options that may be granted by the Company under the New Scheme was 1,003,446,832 and 1,020,676,832, respectively. During the Reporting Period, the Company did not grant any share options. Share options lapsed during the Reporting Period were not treated as utilized, resulting in an increase in the number of share options available for grant at the end of the Reporting Period as compared to the beginning of the Reporting Period.

Report of the Directors

The following share options were outstanding under the 2007 Scheme and New Scheme during the year ended 31 December 2023:

Name or category of grantees	Number of share options						Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
	As at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2023				
Directors										
Mr. TAO Tianhai	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	1,000,000	–	–	–	–	1,000,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00
Mr. ZHANG Hui	1,000,000	–	–	–	–	1,000,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	1,000,000	–	–	–	–	1,000,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00
Ms. QIAO Xiaojie	666,000	–	–	–	–	666,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	668,000	–	–	–	–	668,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00
Mr. LI Congrui [Note 1]	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71

Note 1:Mr. LI Congrui resigned as the Chairman and executive Director of the Company on 31 May 2023.

Name or category of grantees	As at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2023	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
	Number of share options									
Mr. JIANG Nan Note 2	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Mr. SONG Liuyi Note 3	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	(500,000)	–	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Sub total	5,000,000	–	–	–	(5,000,000)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	5,334,000	–	–	–	–	5,334,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	6,000,000	–	–	–	(4,000,000)	2,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71

Note 2: Mr. JIANG Nan resigned as an executive Director of the Company on 28 April 2023.

Note 3: Mr. SONG Liuyi was appointed as the chairman and executive director of Jinmao Services (a non-wholly owned subsidiary of the Company, stock code: 00816) and resigned as an executive Director of the Company on 19 October 2023.

Report of the Directors

Name or category of grantees	Number of share options As at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2023	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
Employees in aggregate	3,604,800	–	–	–	(3,604,800)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	22,066,800	–	–	–	(22,066,800)	–	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	36,010,800	–	–	–	(36,010,800)	–	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	70,178,000	–	–	–	(5,900,000)	64,278,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	70,394,000	–	–	–	(7,330,000)	63,064,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00
Total	66,682,400	–	–	–	(66,682,400)	–	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	145,906,000	–	–	–	(13,230,000)	132,676,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	6,000,000	–	–	–	(4,000,000)	2,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71

DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES OR UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 December 2023, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Interest in the shares or underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held (Note)	Approximate percentage of the issued share capital
Mr. TAO Tianhai	Beneficial owner	–	2,000,000(L)	0.015%
Mr. ZHANG Hui	Beneficial owner	–	2,000,000(L)	0.015%
Ms. QIAO Xiaojie	Beneficial owner	–	1,334,000(L)	0.010%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

Interest in the debentures of an associated corporation the Company

Mr. ZHANG Hui is interested in debentures with a nominal value of US$1,000,000 as the beneficial owner, representing a portion of US$500,000,000 4.250% guaranteed senior notes due in 2029 issued by Franshion Brilliant Limited, a wholly-owned subsidiary of the Company on 23 July 2019, which are freely transferable and non-convertible into shares. Mr. ZHANG Hui is also interested in debentures with a nominal value of US$300,000 as the beneficial owner, representing US$600,000,000 3.200% guaranteed senior notes due in 2026 issued by Franshion Brilliant Limited, a wholly-owned subsidiary of the Company on 9 April 2021, which are freely transferable and non-convertible into shares.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors of the Company, as at 31 December 2023, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Nature	Capacity/nature of Interest	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")	Long position	Beneficial owner	5,006,895,902	37.09%
Sinochem Corporation	Long position	Interest of controlled corporation[Note 1]	5,006,895,902	37.09%
Sinochem Group	Long position	Interest of controlled corporation[Note 1]	5,006,895,902	37.09%
Sinochem Holdings	Long position	Interest of controlled corporation[Note 1]	5,006,895,902	37.09%
Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance")	Long position	Beneficial owner	1,787,077,435	13.24%
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	Long position	Interest of controlled corporation[Note 2]	1,791,109,616	13.27%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,237,625,138	9.17%
	Long position	Interest of controlled corporation[Note 3]	3,150,000	0.02%
UBS Group AG	Long position	Interest of controlled corporation[Note 4]	739,866,950	5.48%

Note 1: Sinochem Holdings holds the entire equity interests in Sinochem Group, which in turn holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Note 2: Ping An holds 99.51% equity interests in Ping An Life Insurance and the entire equity interests in Ping An of China Asset Management (Hong Kong) Company Limited. For the purpose of the SFO, Ping An is deemed to be interested in 1,787,077,435 shares beneficially owned by Ping An Life Insurance and 4,032,181 shares owned by Ping An of China Asset Management (Hong Kong) Company Limited (as the investment manager).

Note 3: New China Life Insurance Company Ltd. controls a series of companies, including New China Asset Management Co., Ltd., New China Asset Management (Hong Kong) Limited, New China Capital International Management Limited and New China Capital Management Limited. For the purpose of the SFO, New China Life Insurance Company Ltd. is deemed to be interested in 3,150,000 shares beneficially owned by New China Capital Management Limited.

Note 4: UBS Group AG is deemed to have interests in the shares of the Company held by Credit Suisse Funds AG, UBS Switzerland AG, UBS AG London Branch, UBS Asset Management Life Limited, UBS Asset Management (UK) Limited, UBS Fund Management (Switzerland) AG, UBS Asset Management Switzerland AG, UBS Fund Management (Luxembourg) S.A., UBS Asset Management (Singapore) Ltd, UBS Asset Management (Shanghai) Limited, UBS Asset Management (Hong Kong) Ltd and UBS Asset Management (Americas) Inc., and such companies are subsidiaries of UBS Group AG. Among such long positions, 9,103,021 shares are cash settled unlisted derivatives.

Note 5: On 6 August 2019, Sinochem Hong Kong delivered 1,787,077,435 shares to Ping An Life Insurance pursuant to a placing and subscription agreement dated 26 July 2019. Ping An Life Insurance is granted a pre-emptive right to off-market transfers and is thus deemed to be interested in the shares held by Sinochem Hong Kong by virtue of section 317 of the SFO, and Sinochem Hong Kong is deemed to be interested in the shares held by Ping An Life Insurance by virtue of section 317 of the SFO.

Save as disclosed above, as at 31 December 2023, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from the independent shareholders' approval requirement:

1 Framework lease agreement between the Company and Sinochem Holdings;

2 Factoring service framework agreement between the Company and Sinochem Commercial Factoring Co., Ltd. ("Sinochem Factoring");

3 Loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

4 Loan framework agreement between Chongqing Xingqian Real Estate Co., Ltd. ("Xingqian Real Estate") and its direct and indirect shareholders (including the Company, Ping An Real Estate Company Limited ("Ping An Real Estate"), Jinmao Xinan Enterprise Management (Tianjin) Limited ("Jinmao Xinan", formerly known as Jinmao Xinan Enterprise Management (Chongqing) Limited), Fubao Investment Management Limited ("Fubao"), Step Fancy Investments Limited ("Step Fancy"), and Year Fine Limited ("Year Fine"));

5 Entrustment loan framework agreement between Ningbo Yingmao Properties Development Co., Ltd. ("Yingmao Properties"), Wide Sea Limited ("Wide Sea") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Pingjia Investment");

6 Loan framework agreement between 11 project companies including Qingdao Fanghui Properties Co., Ltd. ("Qingdao 11 Project Companies"), Beijing Xingmao Properties Co., Ltd. ("Xingmao Properties"), Win Cheer Limited ("Win Cheer"), Tongxiang Haoji Properties Co., Ltd. ("Haoji Properties"), Tongxiang Haoqing Properties Co., Ltd. ("Haoqing Properties") and China Overseas Enterprise Development Group Co., Ltd. ("China Overseas Development");

7 Loan framework agreement between Ningbo Yongmao Construction Development Co., Ltd. ("Ningbo Yongmao"), Ningbo Dingmao Construction Development Co., Ltd. ("Dingmao Construction") and Ningbo Ningnan Xincheng State-owned Assets Management Co., Ltd. ("Ningnan Assets Management");

8 Cash pooling accession agreement between the Company, Sinochem Hong Kong and Bank Mendes Gans N.V. (the "Bank");

9 Property management service and value-added service framework agreement between Jinmao Services and Sinochem Holdings.

II. Continuing connected transactions approved or to be approved by independent shareholders:

10 Financial services framework agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance");

11 Financial services framework agreement between the Company and various subsidiaries of Ping An.

For these continuing connected transactions, the Company confirms that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and guidelines formulated when such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1 Framework lease agreement between the Company and Sinochem Holdings

On 28 December 2021, the Company entered into a framework lease agreement (the "Framework Lease Agreement") with Sinochem Holdings to streamline the leasing relationship between the Group and Sinochem Holdings and its associates in respect of the relevant units in Shanghai Jin Mao Tower, Xicheng Jinmao Centre (the former Sinochem Tower), Beijing Chemsunny World Trade Centre and Royal International Mansion. The Framework Lease Agreement is for a term of three years with effect from 1 January 2022. The annual caps for the rent, property management fees and other fees received by the Group in respect of the above leased properties under the Framework Lease Agreement for the three years ending 31 December 2024 are RMB582.25 million, RMB654.14 million and RMB733.45 million, respectively.

In 2023, details of the transactions contemplated under the Framework Lease Agreement are as follows:

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2023
1. Two subsidiaries/controlled companies of Sinochem Holdings Corporation Ltd.			RMB	35,887,309
1A Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2025	RMB	28,360,336
1B China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2021 to 2023	RMB	7,526,973
2. 15 subsidiaries of Sinochem Holdings Corporation Ltd.			RMB	271,253,186
2A Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	114,110,281
2B Sinochem Group Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	8,266,672
2C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	44,977,265
2D Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	17,671
2E Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	22,330,563
2F Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	3,260,481
2G Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2020 to 2023	RMB	23,323,014
2H Sinochem Commercial Factoring Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2022 to 2026	RMB	7,734,329

Report of the Directors

	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2023
	2I Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	10,474,361
	2J Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	66,940
	2K Sinochem Oil Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	11,898,590
	2L Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2024	RMB	6,475,256
	2M Sinochem Capital Co., Ltd., Beijing Branch	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	13,127,903
	2N Sinochem Energy Logistics Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	4,851,426
	2O Syngenta (China) Investment Co. Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2021 to 2023	RMB	338,434
3.	14 subsidiaries/controlled companies of Sinochem Holdings Corporation Ltd.			RMB	47,729,253
	3A Sinochem Corporation	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	4,120,458
	3B Beijing Sinochem Jinqiao Trade Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	222,922
	3C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	11,925,072
	3D Manulife-Sinochem Life Insurance Co., Ltd., Beijing Branch	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	2,997,711
	3E Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	4,571,520
	3F Sinochem Commerce Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	1,342,234
	3G Sinochem Environment Holdings Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	21,050
	3H Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2021 to 2023	RMB	122,586
	3I Sinochem Plastics Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	12,996,784
	3J Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	465,177
	3K Sinochem Asset Management Co. Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	7,968,961
	3L Sinochem Baoli Commercial Services Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2023 to 2026	RMB	506,777

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2023
3M Beijing Jili Petroleum Products Service Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2021 to 2026	RMB	134,573
3N Beijing Sinochem Medical Technology Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	333,428
4. 15 subsidiaries of Sinochem Holdings Corporation Ltd.			RMB	54,439,259
4A Sinochem Refined Oil Commerce Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2024	RMB	1,597,680
4B Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2026	RMB	14,639,880
4C Sinochem Energy and Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2024	RMB	3,602,713
4D Beijing Yixingyuan Petrochemical Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2022 to 2025	RMB	1,383,098
4E Sinochem Fangsheng Energy Management Service Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2022 to 2025	RMB	38,084
4F Syngenta Group Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2026	RMB	1,462,190
4G Sinochem Fertilizer Company Limited	Lease of relevant units in Royal International Mansion from the Group	2020 to 2026	RMB	14,775,225
4H Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2026	RMB	5,720,190
4I China National Seed Group Corp.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	2,357,436
4J Syngenta Seeds (Beijing) Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	1,724,177
4K Sinochem Agro Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	66,468
4L ADAMA (China) Investment Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	457,722
4M Syngenta (China) Investment Co. Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	3,668,166
4N Syngenta Biotechnology (China) Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2023	RMB	7,298
4O Syngenta Group Modern Agricultural Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2026	RMB	2,938,932
Total			RMB	409,309,007

Sinochem Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2023, the transaction amount under the Framework Lease Agreement did not exceed the annual cap.

2 Factoring service framework agreement between the Company and Sinochem Factoring

On 19 April 2022, the Company and Sinochem Factoring entered into a factoring service framework agreement, pursuant to which the Group will utilise the financing factoring services and non-financing factoring services available from Sinochem Factoring from time to time as it deems necessary for a term of three years. Under the factoring service framework agreement, the interest and fees payable by the Group to Sinochem Factoring shall not be higher than the interest and fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions. During the term of the factoring service framework agreement, the cap on the daily maximum balance (including the amount of accounts receivables and accrued interest) in respect of the financing factoring services to be provided by Sinochem Factoring to the Group will be RMB1,400 million, and the annual cap for the fees of the non-financing factoring services to be provided by Sinochem Factoring to the Group will be RMB28 million. As of 31 December 2023, the transaction amount did not exceed the aforesaid two caps.

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the factoring service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

3 Loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 22 June 2020, Jinmao Changsha entered into a loan framework agreement with Jinmao Development (which has now been deregistered, and was absorbed by Wuhan XingMao Real Estate Co., Ltd. (武漢興茂置業有限公司) ("Wuhan Xingmao"), the rights and obligations of which were assumed by Wuhan Xingmao) and CSC Changsha (the "Changsha Framework Agreement"), pursuant to which Jinmao Changsha agreed to provide loans to Wuhan Xingmao and CSC Changsha (or their respective designated entities) based on the same terms and conditions and in proportion to their respective equity interests in Jinmao Changsha. Under the Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the same term RMB benchmark loan interest rate published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Changsha Framework Agreement. The Changsha Framework Agreement shall be valid for three years with effect from 25 June 2020. During the term of the Changsha Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or its designated entities) will be RMB1,000 million. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Wuhan Xingmao is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Wuhan Xingmao and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of loans by Jinmao Changsha to CSC Changsha (or its designated entities) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

4 Loan framework agreement between Xingqian Real Estate and its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine)

On 22 August 2022, Xingqian Real Estate, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine) (the "2022 Xingqian Framework Agreement"), pursuant to which Xingqian Real Estate shall continue to provide loans to the Company and Ping An Real Estate (or their respective designated entities) during the term of the 2022 Xingqian Framework Agreement. The 2022 Xingqian Framework Agreement shall be valid for three years commencing from 22 August 2022. During the term of the 2022 Xingqian Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Xingqian Real Estate to Ping An Real Estate (or its designated entities) will be RMB821 million. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Ping An Real Estate is an associate of Ping An Life Insurance, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. Step Fancy is a subsidiary of the Company owned as to 63.2% by the Company and 36.8% by Ping An Real Estate through Fubao, its wholly-owned subsidiary. Accordingly, Step Fancy is a connected subsidiary of the Company. Xingqian Real Estate is an indirect non-wholly-owned subsidiary of Step Fancy and also a connected subsidiary of the Company. Therefore, the transactions under the 2022 Xingqian Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

5 Entrustment loan framework agreement between Yingmao Properties, Wide Sea and Pingjia Investment

On 24 March 2022, Yingmao Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the entrustment loan framework agreement with Wide Sea and Pingjia Investment (the "2022 Yingmao Framework Agreement"), pursuant to which Yingmao Properties will continue to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) during the term of the 2022 Yingmao Framework Agreement. The 2022 Yingmao Framework Agreement should be for a term of one year commencing from 24 March 2022. During the term of the 2022 Yingmao Framework Agreement, the cap on the maximum daily balance (including the accrued interests) of the loans to be provided by Yingmao Properties to Pingjia Investment (or its designated entities) would be RMB550 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

On 24 March 2023, Yingmao Properties entered into the entrustment loan framework agreement with Wide Sea and Pingjia Investment (the "2023 Yingmao Framework Agreement") to further extend the term of such entrustment loan arrangement to 31 December 2023. The cap amount under the 2023 Yingmao Framework Agreement remains to be RMB550 million. On 28 December 2023, Yingmao Properties entered into the entrustment loan framework agreement with Wide Sea and Pingjia Investment (the "2024 Yingmao Framework Agreement") to further extend the term of such entrustment loan arrangement to 31 December 2024. The cap amount under the 2024 Yingmao Framework Agreement will be RMB400 million. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Pingjia Investment is an associate of Ping An, a substantial shareholder of the Company, and is therefore a connected person of the Company. Yingmao Properties is a subsidiary owned as to 50% by the Company through Wide Sea and the remaining 50% by Pingjia Investment, and is therefore a connected subsidiary of the Company. Accordingly, the transactions under the 2022 Yingmao Framework Agreement, the 2023 Yingmao Framework Agreement and the 2024 Yingmao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

6 Loan framework agreement among Qingdao 11 Project Companies, Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development

On 14 May 2020, Qingdao 12 Project Companies, the indirect non-wholly-owned subsidiaries of the Company, entered into the loan framework agreement with their shareholders (including Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development) (the "2020 Qingdao Framework Agreement"), pursuant to which Qingdao 12 Project Companies agreed to provide loans to their shareholders (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of the Company (through its subsidiaries Xingmao Properties and Win Cheer), Ping An (through its subsidiaries Haoji Properties and Haoqing Properties) and China Overseas Development in Qingdao 12 Project Companies. Under the 2020 Qingdao Framework Agreement, the effective interest rate of each of the loans shall be determined by reference to the loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Qingdao Framework Agreement. The Qingdao Framework Agreement shall be for a term of three years commencing from 14 May 2020. During the term of the Qingdao Framework Agreement, the cap on the aggregate maximum daily balance (including the accrued interests) of the loans to be provided by Qingdao 12 Project Companies to Haoji Properties and Haoqing Properties (or their respective designated entities) will be RMB770 million.

On 12 May 2023, Qingdao 11 Project Companies, the indirect non-wholly-owned subsidiaries of the Company, entered into the loan framework agreement with their shareholders (including Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development) (the "2023 Qingdao Framework Agreement") to further extend the term of the abovementioned loan framework agreement to 13 May 2026. Under the 2023 Qingdao Framework Agreement, the cap on the aggregate daily maximum balance (including the accrued interests) of the loans to be provided by Qingdao 11 Project Companies to Haoji Properties and Haoqing Properties (or their respective designated entities) will be RMB670 million. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Haoji Properties and Haoqing Properties are associates of Ping An, a substantial shareholder of the Company, and are therefore connected persons of the Company. The above Qingdao 11 Project Companies are subsidiaries owned as to 68% by the Company (through Xingmao Properties or Win Cheer) and 14% by Ping An (through Haoji Properties or Haoqing Properties). Accordingly, Qingdao 11 Project Companies are therefore connected subsidiaries of the Company. Accordingly, the transactions under the 2020 Qingdao Framework Agreement and the 2023 Qingdao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, the provision of loans by the Project Companies to Haoji Properties, Haoqing Properties and China Overseas Development (or their respective designated entities) under the 2023 Qingdao Framework Agreement in aggregate also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

7 Loan framework agreement between Ningbo Yongmao, Dingmao Construction and Ningnan Assets Management

On 22 June 2022, Ningbo Yongmao, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its shareholders Dingmao Construction and Ningnan Assets Management (the "Ningbo Framework Agreement"), pursuant to which Ningbo Yongmao agreed to provide loans to Dingmao Construction and Ningnan Assets Management (or their respective designated entities) based on the same terms and conditions and in proportion to the shareholding ratio of Dingmao Construction and Ningnan Assets Management in Ningbo Yongmao. Under the Ningbo Framework Agreement, the effective interest rate of each of the loans shall be determined by reference to the loan prime rate for the loans of the same term as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Ningbo Framework Agreement. The Ningbo Framework Agreement shall be for a term of three years commencing from 22 June 2022. During the term of the Ningbo Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Ningbo Yongmao to Ningnan Assets Management (or its designated entities) will be RMB720 million. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Dingmao Construction is an indirect wholly-owned subsidiary of the Company. Ningbo Yongmao is an indirect non-wholly-owned subsidiary of the Company owned as to 80% by Dingmao Construction and 20% by Ningnan Assets Management. Ningnan Assets Management is a connected person at the subsidiary level of the Company as it is a substantial shareholder of Ningbo Yongmao. Accordingly, the transaction of Ningbo Yongmao providing loans to Ningnan Assets Management (or its designated entities) constitutes a continuing connected transaction in which the Group provides financial assistance to a connected person at the subsidiary level under Chapter 14A of the Listing Rules.

8 Cash pooling accession and cooperation agreement among the Company, Sinochem Hong Kong and the Bank

On 23 June 2020, the Company (as a new customer) entered into the accession agreement with Sinochem Hong Kong and the Bank (the "Original Accession Agreement"), pursuant to which the Company agreed to become a party to the cash pooling agreement dated 19 June 2008 (the "Original Cash Pooling Agreement") and join the cash pool established by Sinochem Hong Kong (as the principal customer and the guarantor), the Sinochem member companies (each as a customer) and the Bank. On the same day, the Company and Sinochem Hong Kong entered into the cooperation agreement which further regulated their rights and obligations under the cash pooling cooperation arrangement, and provided additional protection to the Company.

In order to consolidate a series of amendments that have been made to the Original Cash Pooling Agreement since its execution in 2008 and to reflect the latest regulatory requirements governing the European financial market, Sinochem Hong Kong and the Bank entered into a new cash pooling agreement (the "New Cash Pooling Agreement") on 27 May 2021 to terminate and replace the Original Cash Pooling Agreement. In this connection, the Company entered into an accession agreement with Sinochem Hong Kong and the Bank on 28 October 2021 (the "New Accession Agreement"), pursuant to which the Company agreed to become a party to the New Cash Pooling Agreement as a customer. Pursuant to the New Cash Pooling Agreement, any accounts of the Company and their credit or debit balances, as the case may be, under the Original Cash Pooling Agreement would be deemed accounts with corresponding credit or debit balances under the New Cash Pooling Agreement. Each customer (including the Company) should pledge to the Bank, by way of a first ranking right of pledge, all its present and future claims on the Bank arising from, or in connection with, its accounts, as security for the fulfillment of the secured obligations of all customers, which constituted a provision of financial assistance among customers of the cash pool (including the Company, Sinochem Hong Kong and group companies of Sinochem Hong Kong. Sinochem Hong Kong irrevocably and unconditionally guaranteed to the Bank the due payment and performance by each customer of all present and future secured obligations of each customer. On the same day, the Company and Sinochem Hong Kong entered into the Supplemental Agreement to the Cooperation Agreement to confirm that the terms under the Cooperation Agreement should equally apply to the arrangement under the New Cash Pooling Agreement. Pursuant to the Cooperation Agreement, the daily balance (including the accrued interest) of the deposit placed by the Company in the cash pool should not exceed US$100,000,000, and the interest rate of the deposit should be calculated at overnight LIBOR plus 10 base points. In addition, for the purpose of providing protection to the Company for the safety of its deposit placed in the cash pool, Sinochem Hong Kong provided the loan in a principal amount of US$100,000,000 (equivalent to the maximum amount of the deposit) to the Company pursuant to the Cooperation Agreement. No security over the assets of the Company was required for the loan. The loan would be renewed upon maturity to ensure that the loan was in place at all times during the term of the cash pooling cooperation arrangement. If the Company was not able to recover any or part of the deposit, the Company would have the right to set off the amount of the shortfall against its repayment obligation under the loan on a dollar-to-dollar basis. The term of the cash pooling cooperation arrangement ended on 31 December 2022.

On 17 March 2023, the Company and Sinochem Hong Kong entered into the Supplemental Agreement II to the Cooperation Agreement in relation to the cash pooling cooperation arrangement (the "Supplemental Agreement II") to extend the cash pooling cooperation arrangement to 31 December 2025. Pursuant to the Supplemental Agreement II, the daily balance (including the accrued interest) of the deposit placed by the Company in the cash pool during the extended period of the cash pooling cooperation arrangement shall not exceed US$120,000,000. The interest rate of the US dollar deposit shall be calculated at overnight SOFR plus 10 base points and the interest rate of the Hong Kong dollar deposit at overnight HIBOR plus 10 base points. In addition, for the purpose of providing protection to the Company for the safety of its deposit placed in the cash pool, Sinochem Hong Kong has agreed to continue provide the loan in a principal amount of US$120,000,000 (equivalent to the maximum amount of the deposit) to the Company pursuant to the Supplemental Agreement II. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid cap.

Sinochem Hong Kong is an direct controlling shareholder of the Company, therefore is a connect person of the Company. The cash pooling cooperation arrangement involves a provision of financial assistance among customers of the cash pool (including the Company, Sinochem Hong Kong and group companies of Sinochem Hong Kong), and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

9 Property management service and value-added service framework agreement between Jinmao Services and Sinochem Holdings

According to the section headed "Connected Transactions" in the prospectus dated 25 February 2022 published by Jinmao Services, a non-wholly owned subsidiary of the Company, and the announcement of Jinmao Services dated 18 November 2022, Jinmao Services and Sinochem Holdings entered into a framework agreement on 21 February 2022 and a supplemental agreement on 18 November 2022 (the "2022 Sinochem Framework Agreement"), pursuant to which Jinmao Services (for itself and on behalf of Jinmao Services Group) agreed to provide certain services to the Sinochem Connected Persons, including (i) property management services involving industrial parks, research institutions and office buildings held by the Sinochem Connected Persons and office premises used by the Sinochem Connected Persons; and (ii) value-added services such as parking space management as may be required by the Sinochem Connected Persons from time to time. Relevant members of the Jinmao Services Group shall enter into specific agreements with members of Sinochem Holdings in respect of each transaction for the provision of the services, which shall set out the specific content of the services, the price of the services and the basis of determination, the payment method and the specific service period. The term of the 2022 Sinochem Framework Agreement will expire on 31 December 2023. For the year ended 31 December 2023, the caps of the transaction amount for the provision of property management services and value-added services by Jinmao Services to Sinochem Connected Persons were RMB78 million and RMB15 million, respectively. During the Reporting Period, the transaction amount did not exceed the above cap.

Jinmao Services renewed the framework agreement (the "2023 Sinochem Framework Agreement") with Sinochem Holdings on 9 November 2023 for a term commencing from 1 January 2024 to 31 December 2026. Most of the terms of the 2023 Sinochem Framework Agreement are substantially the same as those of the 2022 Sinochem Framework Agreement.

Sinochem Holdings is the ultimate controlling shareholder of the Company and Jinmao Services, indirectly holding approximately 37.09% and 74.76% of the total issued shares of each of the Company and Jinmao Services, respectively. Jinmao Services is a non-wholly owned subsidiary of China Jinmao. The transactions under the 2022 Sinochem Framework Agreement and the 2023 Sinochem Framework Agreement constitute continuing connected transactions of Jinmao Services under Chapter 14A of the Listing Rules. The respective transaction caps for the property management services and value-added services under the 2023 Sinochem Framework Agreement for the three years ending 31 December 2026 were approved at the extraordinary general meeting of Jinmao Services held on 22 December 2023.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED OR TO BE APPROVED BY INDEPENDENT SHAREHOLDERS

10 Financial services framework agreement between the Company and Sinochem Finance

On 7 July 2020, the Company and Sinochem Finance entered into a financial services framework agreement (the "2020 Sinochem Financial Services Framework Agreement"), pursuant to which the Group would utilise the financial services provided by Sinochem Finance on a non-exclusive basis as it deemed necessary during the period until 31 December 2022, including deposit and loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by the China Banking and Insurance Regulatory Commission, and paid the relevant interests and service fees to or received deposit interest from Sinochem Finance. The relevant fees and loan interest should be determined at a rate no higher than the standards as set by the PBOC from time to time or the market price, and the deposit interest should be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC from time to time or the market price. The settlement services are provided free of charge. During the term of the 2020 Sinochem Financial Services Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the deposits placed by the Group with Sinochem Finance would be RMB10,000 million. The deposit services (including the maximum daily balance) under the 2020 Sinochem Financial Services Framework Agreement were adopted by voting at the extraordinary general meeting of the Company held on 24 August 2020. The term of the 2020 Sinochem Financial Services Framework Agreement ended on 31 December 2022.

On 16 November 2022, the Company and Sinochem Finance entered into a renewed financial services framework agreement (the "2022 Sinochem Financial Services Framework Agreement"), pursuant to which the Group will continue to utilise the financial services provided by Sinochem Finance on a non-exclusive basis as it deems necessary during the period until 31 December 2025. The terms of the 2022 Sinochem Financial Services Framework Agreement are substantially the same as those of the 2020 Sinochem Financial Services Framework Agreement. During the term of the 2022 Sinochem Financial Services Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the deposits placed by the Group with Sinochem Finance will be RMB10,000 million. The deposit services (including the maximum daily balance) under the 2022 Sinochem Financial Services Framework Agreement were adopted by voting at the extraordinary general meeting of the Company held on 23 December 2022. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid caps.

Sinochem Finance is a subsidiary of Sinochem Holdings, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. The transactions under the 2022 Sinochem Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 15 March 2024, the Company signed a supplemental agreement to amend certain terms of the original agreement, which include a minor amendment to the definition of "Member Unit", an update to the scope of other financial services to be provided by Sinochem Finance to reflect the recent regulatory update and extend the term of the agreement to 31 December 2026. At the same time, having reviewed the funding utilisation and funding deployment arrangements of the Group, the Company proposed to amend the maximum daily deposit balance for each year to RMB15 billion to cater for the potential growth of the Group's business and to meet the Group's demand for deposit services. Such amendments are subject to the approval by the independent shareholders of the Company.

11 Financial services framework agreement between the Company and various subsidiaries of Ping An

On 18 March 2020, the Company entered into the financial services framework agreement (the "2020 Ping An Financial Services Framework Agreement") with various subsidiaries of Ping An (including Ping An Bank Co., Ltd., Ping An Trust Co., Ltd., Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Annuity Insurance Company of China, Ltd., Ping An Real Estate and Ping An Asset Management Co., Ltd.), pursuant to which the Group would, when it deemed necessary during the period until 31 December 2022, utilise the financial services that Ping An member companies provided on a non-exclusive basis, including deposit and loan services, entrustment loans services, mortgage loan services, settlement services, factoring services (including financing factoring services and non-financing factoring services), commercial insurance services and other financial services as approved by competent authorities such as the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and paid the relevant interests and service fees to or received deposit interest from Ping An member companies. The relevant fees and loan interest should be determined at a rate no higher than the rates offered by independent financial institutions of the same type under the same conditions, and the deposit interest should be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC or those offered by independent financial institutions. The mortgage loan services and settlement services were provided free of charge. During the term of the 2020 Ping An Financial Services Framework Agreement, the caps on the maximum daily balance (including the accrued interest) of the deposit services, the loan services and the financing factoring services were RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively. The deposit services, the loan services and the financing factoring services (including their respective maximum daily balances) under the 2020 Ping An Financial Services Framework Agreement were adopted by voting at the extraordinary general meeting of the Company held on 8 May 2020. The term of the 2020 Ping An Financial Services Framework Agreement ended on 31 December 2022.

On 16 November 2022, the Company entered into the renewed financial services framework agreement (the "2022 Ping An Financial Services Framework Agreement") with various subsidiaries of Ping An (including Ping An Bank Co., Ltd., Ping An Wealth Management Co., Ltd., Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Annuity Insurance Company of China, Ltd., Ping An Real Estate and Ping An Asset Management Co., Ltd.), pursuant to which the Group will, when it deems necessary during the period until 31 December 2025, continue to utilise the financial services that Ping An member companies provide on a non-exclusive basis. The terms of the 2022 Ping An Financial Services Framework Agreement are substantially the same as those of the 2020 Ping An Financial Services Framework Agreement. During the term of the 2022 Ping An Financial Services Framework Agreement, the caps on the maximum daily balance (including the accrued interest) of the deposit services, the loan services and the financing factoring services are RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively, while the annual caps of all other financial services are RMB20 million, RMB21 million and RMB22 million, respectively. The deposit services, the loan services and the financing factoring services (including their respective maximum daily balances) under the 2022 Ping An Financial Services Framework Agreement were adopted by voting at the extraordinary general meeting of the Company held on 23 December 2022. For the year ended 31 December 2023, the transaction amount did not exceed the aforesaid caps.

Each of Ping An and its subsidiaries is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions under the 2022 Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the one-time connected transactions of the Company include:

Lease of the Zhonghao Jiayuan Property by Jinmao Services

On 13 December 2023, Sinochem Jinmao Property Management (Beijing) Co., Ltd. ("Jinmao PM"), a wholly-owned subsidiary of Jinmao Services, a non-wholly owned subsidiary of the Company, entered into the Lease Agreement with China National Chemical Corporation Ltd. ("ChemChina"), pursuant to which Jinmao PM (as the lessee) agreed to lease 82 houses in Zhonghaojiayuan Community, Haidian District, Beijing, the PRC from ChemChina (as the lessor). Jinmao Services will lease such properties to employees of Sinochem Holdings or other third parties, and carry out community value-added services and other businesses after necessary renovation and maintenance are made. The above lease term is five years from 31 January 2024 to 30 January 2029.

Sinochem Holdings is the ultimate controlling shareholder of the Company and Jinmao Services, indirectly holding approximately 37.09% and 74.76% of the total issued shares of each of the Company and Jinmao Services, respectively. Jinmao Services is a non-wholly owned subsidiary of the Company. ChemChina is a wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of the Company and Jinmao Services. Pursuant to HKFRS 16 "Leases", the rent to be paid by Jinmao PM under the Lease Agreement will be recognised as a right-of-use asset and will be regarded as an acquisition of assets by the Group/Jinmao Services and its subsidiaries for the purpose of the Listing Rules. Accordingly, the transactions under the Lease Agreement constitute connected transactions of the Company and Jinmao Services respectively under Chapter 14A of the Listing Rules.

The following categories of related party transactions stated in Note 28 "Related Party Balances" and Note 47 "Related Party Transactions" to the financial statements in this report fall under the definition of continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules:

(a) balances due from and due to the ultimate holding company and its associates, intermediate holding companies, immediate holding companies and substantial shareholders of the Group;

(b) transactions with the ultimate holding company and its associates, intermediate holding companies, immediate holding companies and substantial shareholders of the Group in relation to the leasing of office buildings and related property management and decoration services, and deposit and loan transactions.

The above transactions have complied with the requirements of Chapter 14A of the Hong Kong Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2023 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company for the year ended 31 December 2023 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- for the connected transactions involving the provision of goods or services by the Group have not been entered into in accordance with the pricing policies of the Group in all material aspects;
- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the sections headed "Issuance of Notes and Bonds" and "Redemption of Notes" under the "Report of the Directors" in this report, during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF NOTES AND BONDS

1 Issue of domestic corporate bonds

On 20 February 2023, Shanghai Jinmao Investment Management Group Co., Ltd. ("Shanghai Jinmao", a wholly-owned subsidiary of the Company) (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB1,700,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.8%. All of the proceeds from the issuance of these bonds amounting to approximately RMB1,700 million had been used to repay all the existing debts of the Company. As at the date of this report, the Group has not redeemed or canceled any of these bonds.

2 Issue of unsecured medium-term notes

On 14 April 2023, Shanghai Jinmao completed the issuance of the 2023 first tranche of the medium-term notes in a principal amount of RMB2,500,000,000 to qualified investors. The notes are unsecured and have a term of three years. The final coupon rate is fixed at 3.60%. The proceeds from the issuance of the notes amounted to approximately RMB2,500 million and all of which had been used to repay other medium-term notes of the Company. As at the date of this report, the Group has not redeemed or canceled any of these notes.

3 Issue of unsecured medium-term notes

On 21 July 2023, Shanghai Jinmao completed the issuance of the 2023 second tranche of the medium-term notes in a principal amount of RMB2,500,000,000 to qualified investors. The notes are unsecured and have a term of three years. The final coupon rate is fixed at 3.53%. The proceeds from the issuance of the notes amounted to approximately RMB2,500 million and all of which had been used to repay other medium-term notes of the Company. As at the date of this report, the Group has not redeemed or canceled any of these notes.

REDEMPTION OF NOTES

1 Redemption of senior guaranteed perpetual capital securities

As stated in the announcements of the Company dated 3 July 2017 and 8 September 2017 regarding the issuance and listing of the securities, and the announcement dated 2 December 2022 regarding the notice of redemption of securities, Franshion Brilliant Limited (as the issuer) has elected to redeem all the securities at the aggregate principal amount of the securities plus any distributions (including any arrears of distribution and additional distribution amounts) accrued on the senior guaranteed perpetual capital securities issued by it in an aggregate principal amount of US$500,000,000 with an interest rate of 4.00% per annum, but excluding the distribution accrued on the scheduled redemption date of 3 January 2023 (being the first reset date). On 4 January 2023, the securities were fully redeemed at the redemption price of US$510,000,000. The listing of the securities on the Hong Kong Stock Exchange was withdrawn on 11 January 2023.

2 Redemption of subordinate guaranteed perpetual capital securities

As stated in the announcements of the Company dated 6 November 2017 and 23 November 2017 regarding the issuance and listing of the securities, and the announcement dated 26 September 2023 and 7 November 2023 regarding the notice of redemption of securities, Franshion Brilliant Limited (as the issuer) has elected to redeem all the securities at the aggregate principal amount of the securities plus any distributions (including any arrears of distribution and additional distribution amounts) accrued on the subordinate guaranteed perpetual capital securities issued by it in an aggregate principal amount of US$300,000,000 with an interest rate of 4.875% per annum, but excluding the distribution accrued on the scheduled redemption date of 6 November 2023 (being the first reset date). On 6 November 2023, the securities were fully redeemed at the redemption price of US$307,312,500. The listing of the securities on the Hong Kong Stock Exchange was withdrawn on 14 November 2023.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A written resolution was entered into by the Independent Board Committee comprising all independent non-executive Directors of the Company on 25 March 2024 to review its decision made on 28 August 2023 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns only a minority and passive interest in it, and that the property business of Shimao Investment is mainly office buildings, which is inconsistent with the Company's strategy of developing the "consumer infrastructure" commercial business and focusing on building the "Mall of Splendor" brand. At present, the Company's overall total debt position remains stable. In face of the higher volatility in the real estate industry at present, the Company should insist on consolidating its principal businesses by "in-depth cultivation and focus, as well as quality and efficiency improvement". The acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2023. The 2023 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2023 financial statements.

MATERIAL ACQUISITIONS, DISPOSAL AND OTHER DISCLOSEABLE TRANSACTIONS

During the Period under Review and as of the date of this report, save as disclosed in the section headed "Continuing Connected Transactions" and "Connected Transactions" above, the material acquisitions, disposal and other discloseable transactions entered into by the Company include the following:

Acquisition of equity interests in Nanjing International

On 15 March 2023, Jin Mao Suwan Enterprises Management (Tianjin) Company Limited ("Jin Mao Suwan", an indirect wholly-owned subsidiary of the Company), Jiaxing Liangmao Investment Partnership (Limited Partnership) ("Jiaxing Liangmao", an indirect non-wholly owned subsidiary of the Company) and Nanjing International Mall Construction Company Limited ("Nanjing International", an indirect non-wholly owned subsidiary of the Company) entered into an equity acquisition agreement, pursuant to which Jin Mao Suwan agreed to acquire and Jiaxing Liangmao agreed to sell 37.7464% equity interests in Nanjing International for a consideration of RMB2,061,471,733. For details, please refer to the announcement of the Company dated 15 March 2023. The above transaction was completed on 17 March 2023.

Acquisition of equity interests in Wuhan Yumao

On 30 March 2023, Wuhan Xingmao Property Co., Ltd. ("Wuhan Xingmao", an indirect wholly-owned subsidiary of the Company) and Jiaxing Dingmao No. 1 Investment Partnership (Limited Partnership) ("Jiaxing Dingmao", an affiliated enterprise of the Company) entered into an equity transfer agreement, pursuant to which Wuhan Xingmao agreed to acquire and Jiaxing Dingmao agreed to sell 50% equity interests in Wuhan Yumao Property Co., Ltd. ("Wuhan Yumao", a jointly controlled entity of Wuhan Xingmao and Jiaxing Dingmao) for a consideration of RMB1,178,734,400. For details, please refer to the announcement of the Company dated 30 March 2023. The above transaction was completed on 31 March 2023.

Pledge of equity interest in Zhuhai Tuomao

On 25 August 2023, Guangzhou Pinmao Real Estate Development Co., Ltd. ("Guangzhou Pinmao", an indirect wholly-owned subsidiary of the Company) entered into an equity pledge agreement with Industrial Bank Co., Ltd. Guangzhou Branch ("Industrial Bank Guangzhou Branch"), pursuant to which Guangzhou Pinmao agreed to pledge its 50% equity interest in Zhuhai Tuomao Real Estate Development Co., Ltd. ("Zhuhai Tuomao", an affiliated company of the Company) in favour of Industrial Bank Guangzhou Branch to secure the due performance of 50% of the repayment obligations of Zhuhai Tuomao to Industrial Bank Guangzhou Branch under the loan agreement dated 25 August 2023 in the principal amount of RMB2,000,000,000. For details, please refer to the announcement of the Company dated 25 August 2023.

Disposal of equity interest in Jinmao Beijing Real Estate

On 17 October 2023, Shanghai Jinmao and Beijing Bohai Runze Commercial Management Co., Ltd. ("Bohai Runze") entered into an equity transfer agreement, pursuant to which Shanghai Jinmao agreed to sell, and Bohai Runze agreed to acquire, 100% equity interest in Jinmao (Beijing) Real Estate Co., Ltd. ("Jinmao Beijing Real Estate", an indirect wholly-owned subsidiary of the Company, which mainly owns the former Westin Beijing Chaoyang) at a consideration of RMB2,801.83 million. For details, please refer to the announcement of the Company dated 17 October 2023. The disposal was completed on 1 November 2023.

Provision of loans and acquisition of equity interest in Xinmao Property

On 21 October 2023, Jinmao Investment Management (Tianjin) Co., Ltd. ("Jinmao Tianjin", an indirect wholly-owned subsidiary of the Company) and Nanjing Yaofang Properties Co. Ltd. ("Nanjing Yaofang") entered into an agreement, pursuant to which Ningbo Ningxing Properties Development Group Co., Ltd. ("Ningbo Ningxing") agreed to provide Nanjing Yaofang with a loan in a total amount of no more than RMB2,445,292,200 at an interest rate of 3.45% per annum, for the purpose of Ningbo Ningxing's proposed acquisition and the development of the land parcel of No. 2023-WG-64 located at South of Zhuyuan Road Greenland, West of Dailunbang Greenland, Hi-Tech Zone, Suzhou City, Jiangsu Province, the PRC. For details, please refer to the announcement of the Company dated 24 October 2023.

On 24 November 2023, Ningbo Ningxing entered into a cooperation agreement with Nanjing Yaofang and Suzhou Xinmao Real Estate Co., Ltd. ("Xinmao Real Estate"), pursuant to which Nanjing Yaofang agreed to sell and Ningbo Ningxing agreed to acquire 51% equity interest in Xinmao Real Estate and cooperate in the development of the Project. As the registered capital of Xinmao Properties has not been paid by Nanjing Yaofang, the Company is not required to pay any cash payment to Nanjing Yaofang for the Equity Transfer. For details, please refer to the announcement of the Company dated 24 November 2023. The acquisition was completed on 13 December 2023.

Acquisition of interest in Weididao

On 28 December 2023, Hangzhou Yuemao Real Estate Co., Ltd. ("Yuemao Real Estate", an indirect wholly-owned subsidiary of the Company), entered into a development cooperation agreement, a capital increase agreement and a creditor's rights transfer agreement with Hangzhou City Land Development Co., Ltd. ("Hangzhou Development"), Hangzhou Weididao Catering Management Co., Ltd. ("Weididao") and Hangzhou Chengsheng Real Estate Co., Ltd. ("Chengsheng Real Estate", a wholly-owned subsidiary of Weididao), pursuant to which (1) Yuemao Real Estate agreed to make additional capital contribution to Weididao in the amount of RMB1,307,870 and acquire 56.67% equity interests in Weididao; (2) Yuemao Real Estate agreed to acquire part of the creditor's rights of Weididao Shareholder's Loan in proportion to its 56.67% equity interests, amounting to approximately RMB500.21 million; (3) Yuemao Real Estate and Hangzhou Development jointly developed a land parcel in Shangcheng District, Hangzhou through Weididao and Chengsheng Real Estate. For details, please refer to the announcement of the Company dated 28 December 2023. The acquisition was completed on 4 January 2024.

Disposal of equity interest in Xi'an Runmao

On 28 December 2023, the Company, Jinmao Huadong Enterprises Management Co., Ltd. ("Jinmao Huadong", an indirect wholly-owned subsidiary of the Company) and Xi'an Runmao Real Estate Co., Ltd. ("Xi'an Runmao", a wholly-owned subsidiary of the Company) entered into a capital increase agreement with Hangzhou Mancheng Equity Investment Partnership ("Hangzhou Mancheng") and Shenzhen Yulu Enterprise Management Co., Ltd. ("Shenzhen Yulu"), pursuant to which Jinmao Huadong, Hangzhou Mancheng and Shenzhen Yulu agreed to contribute RMB500 million, RMB400 million and RMB90 million to Xi'an Runmao, respectively, and jointly develop a land parcel located at 35-03, Unit W12-1301, Dachang Town, Baoshan District, Shanghai, the PRC through Xi'an Runmao and its wholly-owned subsidiary Shanghai Xiaomao Properties Co., Ltd. For details, please refer to the announcement of the Company dated 28 December 2023.

Provision of earnest money loan to Nanjing Jiatai

On 26 January 2024, Hefei Fengmao Real Estate Development Company Limited ("Hefei Fengmao", an indirect wholly-owned subsidiary of the Company) entered into an agreement with Beijing Capital Development Co., Ltd. ("BCDC") and Nanjing Jiatai Zhumao Real Estate Co., Ltd. ("Nanjing Jiatai"), pursuant to which Hefei Fengmao (i) agreed to provide Nanjing Jiatai with the earnest money loan in an aggregate amount of not exceeding RMB612,021,265 at an interest rate of 5.5% per annum for the subsequent cooperation in the development of the land parcel No. 2023G89 situated in Gulou District, Nanjing, the PRC; and (ii) conditionally agreed to participate in the listing-for-sale process for the capital increase of Nanjing Jiatai. For details, please refer to the announcement of the Company dated 26 January 2024.

Proposed spin-off and separate listing of the REITs on the Shanghai Stock Exchange

On 12 March 2024, the proposed spin-off and the proposed listing of CAMC-Jinmao Commercial REIT ("REIT") of the Company was completed. The steps of the Proposed Spin-off include: (i) the net acquisition of approximately 49% equity interest (excluding the 4/F Fitness Centre) in Changsha Jinmao Mall of Splendor project, which was completed in August 2023; (ii) the disposal of 100% equity interest in Changsha Xiumao Commercial Management Co., Ltd. ("Changsha Xiumao") to CITIC Securities Company Limited (asset-backed special account manager) (which was completed on 4 March 2024); and (iii) the Company subscribed for 34% of the fund units in the REIT (which was completed on 4 March 2024).

On 30 December 2023, the final offer price of the REIT was determined to be RMB2.67 per unit (the "Final Offer Price"). The consideration for the transfer of 100% equity interest in Changsha Xiumao shall be based on the proceeds from the public offering, after deducting (i) the amount set aside for the fees and expenses to be incurred by the REIT, the Asset-backed Special Project and Changsha Xiumao (including but not limited to the expenses for the preparation of the completion audit and the taxes incurred in connection with the transaction); and (ii) the total liabilities stated in the simulated net assets financial statements of Changsha Xiumao as at 30 June 2023. If the public offering is completed, (1) the consideration for the 100% transfer of Changsha Xiumao is approximately RMB55,040,000; (2) the consideration for the Company's subscription of 34% interest in the REIT through an indirect wholly-owned subsidiary is approximately RMB363,120,000. For details, please refer to the announcements of the Company dated 26 October 2023, 28 November 2023, 30 December 2023, 4 March 2024 and 12 March 2024.

Capital increase in Qingdao Eastern Eden

On 22 March 2024, Qingdao High-tech Investment & Development Group Co., Ltd., Qingdao Qingmao Real Estate Co., Ltd. (a wholly-owned subsidiary of the Company) and Qingdao Shengmao Real Estate Co., Ltd. ("Shengmao Real Estate", a wholly-owned subsidiary of the Company) entered into a capital increase agreement to increase the registered capital of Qingdao Eastern Eden Cultural Tourism Development Co., Ltd. (the "Project Company") from RMB600 million to RMB1,050 million, with Shengmao Real Estate fully subscribing for the additional registered capital. Upon completion of the capital increase, a total of 80.95% equity interest in the Project Company will be held by the Group and it will become a non-wholly owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 22 March 2024. The capital increase was completed on 22 March 2024.

MATERIAL LITIGATION

For the year ended 31 December 2023, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the section(s) headed "Material Acquisitions, Disposal and Other Discloseable Transactions" under the "Report of the Directors" in this report, there were no material events of the Group after the Reporting Period.

AUDITOR

The financial reports of the Group have been audited by Ernst & Young, who has offered itself for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditor of the Company. The Company did not change its auditor in the past three years.

On Behalf of the Board
ZHANG Zenggen
Chairman

Independent Auditor's Report

EY 安永

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To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 172 to 315, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revaluation of investment properties	
The Group adopted the fair value model for its investment properties in accordance with HKAS 40 *Investment Property*. Changes in fair values were recognised in profit or loss. The valuations on the investment properties of the Group as at 31 December 2023 were determined by management with the assistance of independent appraisers engaged by management. Different valuation techniques were applied to these investment properties. As both the year-end balance of investment properties of RMB37,299,191,000 and the changes in fair value of RMB236,466,000 were significant, and the valuation involved management judgement and estimates, including estimated rental value, rental growth rate, long term vacancy rate, discount rate, term yield and reversionary yield, we considered the revaluation of investment properties a key audit matter of our audit. Relevant disclosures are included in notes 2.4, 3 and 18 to the consolidated financial statements.	We considered the competence, capabilities and objectivity of the external appraisers. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing lease contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and the discount rate, the growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including the fair value hierarchy.

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying values of properties for sale held by the Group, its associates and joint ventures	**For properties for sale held by the Group**
As at 31 December 2023, the total carrying value of the Group's properties for sale, including properties under development and properties held for sale, amounted to RMB157,761,917,000. Besides, as at 31 December 2023, the total carrying values of investments in associates and joint ventures, and the amounts due from associates and joint ventures amounted to RMB73,029,454,000. Given the properties for sale represented the majority of the total assets of these associates and joint ventures, management's assessment on carrying values for the investments in and amounts due from these companies would take into account the carrying values of the properties for sale held by these companies. The assessment of the carrying values of the properties for sale is complex because it involves significant management judgements and estimates regarding, among others, the net realisable value (the "NRV") of the properties for sale and anticipated construction costs to be incurred to complete the properties under development based on existing plans. Relevant disclosures are included in notes 2.4, 3, 6, 7, 15, 17, 22, 23 and 28 to the consolidated financial statements.	We understood and assessed the Group's assessment of the carrying values of properties for sale. In assessing the NRV of the properties for sale, we evaluated, on a sample basis, the reasonableness of their forecasted selling price based on the current market price of properties of comparable locations and conditions, and on our knowledge of the Group's business and the current market development in the real estate industry, where appropriate. For construction costs to be incurred to complete properties under development, we obtained an understanding of the management's process in estimating the future costs to completion for the properties under development and assessed the reasonableness of the budgeted construction costs, on a sample basis, by comparing to the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents. We re-calculated, on a sample basis, the carrying values of the properties for sale based on management's methodology at the year end.

Key audit matter	How our audit addressed the key audit matter
	For properties for sale held by the Group's associates and joint ventures We understood and assessed the Group's assessment of the carrying values of the properties for sale held by its significant associates and joint ventures. In assessing the NRV of the properties for sale held by its significant associates and joint ventures, we evaluated, on a sample basis, the reasonableness of their forecasted gross profit margins based on the current market price and unit cost of properties of comparable locations and conditions, and based on our knowledge of the business of the significant associates and joint ventures and the current market development in the real estate industry, where appropriate. We re-calculated, on a sample basis, the carrying values of the properties for sale held by the Group's significant associates and joint ventures based on management's methodology at the year end.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Man Kit.

Ernst & Young
Certified Public Accountants
Hong Kong

27 March 2024

Consolidated Statement of Profit or Loss

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	72,403,613	82,991,372
Cost of sales		(63,382,132)	(69,845,752)
Gross profit		9,021,481	13,145,620
Other income and gains	5	4,354,472	11,690,608
Selling and marketing expenses		(2,962,631)	(2,616,703)
Administrative expenses		(3,868,557)	(4,294,548)
Other expenses and losses, net	7	(5,423,991)	(5,954,108)
Finance costs	8	(3,013,873)	(2,711,121)
Share of profits and losses of:			
Joint ventures		(1,051,173)	73,467
Associates		131,739	423,965
PROFIT/(LOSS) BEFORE TAX	6	(2,812,533)	9,757,180
Income tax expense	11	(2,045,816)	(4,536,286)
PROFIT/(LOSS) FOR THE YEAR		(4,858,349)	5,220,894
Attributable to:			
Owners of the parent		(6,896,644)	1,984,083
Non-controlling interests		2,038,295	3,236,811
		(4,858,349)	5,220,894
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	RMB cents	RMB cents
Basic		(51.62)	15.56
Diluted		(51.62)	15.56

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
PROFIT/(LOSS) FOR THE YEAR		**(4,858,349)**	5,220,894
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(834,094)**	(4,337,533)
Net gain/(loss) on cash flow hedges		**(6,312)**	46,786
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax		**(840,406)**	(4,290,747)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	14	**99,840**	–
Income tax effect	36	**(24,960)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**74,880**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(765,526)**	(4,290,747)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(5,623,875)**	930,147
Attributable to:			
Owners of the parent		**(7,784,670)**	(2,401,794)
Non-controlling interests		**2,160,795**	3,331,941
		(5,623,875)	930,147

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**12,656,862**	13,401,296
Properties under development	15	**81,163,783**	85,144,984
Land under development	16	**21,712,536**	20,294,254
Investment properties	18	**37,299,191**	37,088,686
Right-of-use assets	19(a)	**1,482,205**	1,951,675
Goodwill	20	**249,122**	249,122
Intangible assets	21	**381,173**	487,425
Investments in joint ventures	22	**26,395,501**	25,883,714
Investments in associates	23	**22,492,553**	22,770,194
Deferred tax assets	36	**3,151,193**	3,734,707
Due from non-controlling shareholders	31	**2,106,504**	4,492,278
Due from related parties	28	**2,278,094**	6,129,530
Prepayments, other receivables and other assets	26	**303,401**	314,271
Trade receivables	25	**2,448,330**	2,429,970
Other financial assets	29	**5,847,369**	6,051,037
Total non-current assets		**219,967,817**	230,423,143
CURRENT ASSETS			
Properties under development	15	**49,567,259**	59,899,476
Properties held for sale	17	**27,030,875**	23,193,747
Land under development	16	**4,342,469**	2,755,074
Inventories	24	**679,003**	395,544
Trade and bills receivables	25	**1,963,383**	2,213,248
Contract assets	27	**423,149**	476,017
Prepayments, other receivables and other assets	26	**36,385,149**	28,498,777
Due from related parties	28	**24,749,787**	24,288,192
Prepaid tax		**4,174,318**	5,042,577
Other financial assets	29	**40**	41
Derivative financial instruments		**–**	6,312
Restricted bank balances	30	**6,915,984**	7,614,247
Cash and cash equivalents	30	**30,919,968**	37,089,244
Total current assets		**187,151,384**	191,472,496

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	32	31,292,804	30,833,056
Other payables and accruals	33	72,501,285	79,981,676
Interest-bearing bank and other borrowings	34	23,862,447	26,547,294
Lease liabilities	19(b)	194,171	175,448
Due to related parties	28	44,295,464	45,484,326
Tax payable		2,010,666	2,773,003
Provision for land appreciation tax	35	1,933,567	2,664,013
Total current liabilities		176,090,404	188,458,816
NET CURRENT ASSETS		11,060,980	3,013,680
TOTAL ASSETS LESS CURRENT LIABILITIES		231,028,797	233,436,823
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	103,516,902	96,117,796
Lease liabilities	19(b)	920,138	950,654
Other payables and accruals	33	1,938,804	1,980,728
Due to related parties	28	5,451,394	12,220,269
Deferred tax liabilities	36	9,364,442	9,480,636
Total non-current liabilities		121,191,680	120,750,083
Net assets		109,837,117	112,686,740
EQUITY			
Equity attributable to owners of the parent			
Share capital	38	26,917,815	26,738,026
Other reserves		12,373,481	20,707,401
		39,291,296	47,445,427
Non-controlling interests		70,545,821	65,241,313
Total equity		109,837,117	112,686,740

TAO Tianhai
Director

QIAO Xiaojie
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

		Attributable to owners of the parent											
	Notes	Share capital RMB'000 (note 38)	Capital reserve RMB'000 (note 40)	Asset revaluation reserve RMB'000 (note 40)	PRC statutory surplus reserve RMB'000 (note 40)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 40)	Share option reserve RMB'000 (note 40)	Retained profits RMB'000	Merger reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022		26,140,465	(4,578,459)	194,906	5,521,637	823,870	(38,851)	206,723	22,021,058	(330,000)	49,961,349	56,832,279	106,793,628
Profit/for the year		–	–	–	–	–	–	–	1,984,083	–	1,984,083	3,236,811	5,220,894
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	(4,432,663)	–	–	–	–	(4,432,663)	95,130	(4,337,533)
Net gain on cash flow hedges		–	–	–	–	–	46,786	–	–	–	46,786	–	46,786
Total comprehensive income/(loss) for the year		–	–	–	–	(4,432,663)	46,786	–	1,984,083	–	(2,401,794)	3,331,941	930,147
Redemption of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	(3,406,496)	(3,406,496)
Perpetual capital instruments' distribution		–	–	–	–	–	–	–	–	–	–	(868,815)	(868,815)
Acquisition of subsidiaries	42	–	–	–	–	–	–	–	–	–	–	3,108,725	3,108,725
2022 interim dividend settled by scrip dividends	12	594,337	–	–	–	–	–	–	(594,337)	–	–	–	–
2022 interim dividend settled by cash	12	–	–	–	–	–	–	–	(405,444)	–	(405,444)	–	(405,444)
Acquisition of non- controlling interests		–	(48,533)	–	–	–	–	–	–	–	(48,533)	(717,625)	(766,158)
Capital contribution from non-controlling shareholders		–	1,224	–	–	–	–	–	–	–	1,224	9,391,443	9,392,667
De-registration of a subsidiary		–	–	–	–	–	–	–	–	–	–	(1,820,471)	(1,820,471)
Distribution in specie and changes in the ownership interests in Jinmao Property Services Co., Ltd. ("Jinmao Services")	12	–	1,643,419	–	–	–	–	–	(1,259,142)	–	384,277	286,768	671,045
Dividends distribution to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(896,436)	(896,436)
Equity-settled share option arrangements	39	–	–	–	–	–	–	(48,308)	–	–	(48,308)	–	(48,308)
Exercise of share options	38	3,224	–	–	–	–	–	(568)	–	–	2,656	–	2,656
Transfer from retained profits		–	–	–	1,000,536	–	–	–	(1,000,536)	–	–	–	–
At 31 December 2022		26,738,026	(2,982,349)*	194,906*	6,522,173*	(3,608,793)*	7,935*	157,847*	20,745,682*	(330,000)*	47,445,427	65,241,313	112,686,740

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

		Attributable to owners of the parent											
	Notes	Share capital RMB'000 (note 38)	Capital reserve RMB'000 (note 40)	Asset revaluation reserve RMB'000 (note 40)	PRC statutory surplus reserve RMB'000 (note 40)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 40)	Share option reserve RMB'000 (note 40)	Retained profits RMB'000	Merger reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		26,738,026	(2,982,349)	194,906	6,522,173	(3,608,793)	7,935	157,847	20,745,682	(330,000)	47,445,427	65,241,313	112,686,740
Profit/(loss) for the year		–	–	–	–	–	–	–	(6,896,644)	–	(6,896,644)	2,038,295	(4,858,349)
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	(956,594)	–	–	–	–	(956,594)	122,500	(834,094)
Net gain on cash flow hedges		–	–	–	–	–	(6,312)	–	–	–	(6,312)	–	(6,312)
Net gain on property revaluation		–	–	74,880	–	–	–	–	–	–	74,880	–	74,880
Total comprehensive income/(loss) for the year		–	–	74,880	–	(956,594)	(6,312)	–	(6,896,644)	–	(7,784,670)	2,160,795	(5,623,875)
Issue of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	8,000,000	8,000,000
Redemption of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	(10,338,750)	(10,338,750)
Perpetual capital instruments' distribution		–	–	–	–	–	–	–	–	–	–	(1,264,304)	(1,264,304)
Acquisition of subsidiaries	42	–	–	–	–	–	–	–	–	–	–	3,536,132	3,536,132
2022 final dividend settled by cash	12	–	–	–	–	–	–	–	(147,808)	–	(147,808)	–	(147,808)
2022 final dividend settled by scrip dividends	12	96,798	–	–	–	–	–	–	(96,798)	–	–	–	–
2023 interim dividend settled by cash	12	–	–	–	–	–	–	–	(101,321)	–	(101,321)	–	(101,321)
2023 interim dividend settled by scrip dividend	12	82,991	–	–	–	–	–	–	(82,991)	–	–	–	–
Acquisition of non- controlling interests		–	(347)	–	–	–	–	–	–	–	(347)	(298,856)	(299,203)
Capital repayment to non-controlling shareholders		–	(176,820)	–	–	–	–	–	–	–	(176,820)	(1,057,455)	(1,234,275)
Capital contribution from non-controlling shareholders		–	58,525	–	–	–	–	–	–	–	58,525	6,574,024	6,632,549
Dividends distribution to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(1,351,633)	(1,351,633)
Equity-settled share option arrangements	39	–	–	–	–	–	–	(1,690)	–	–	(1,690)	–	(1,690)
Disposal of subsidiaries	43	–	–	–	–	–	–	–	–	–	–	(655,445)	(655,445)
Transfer from retained profits		–	–	–	1,172,717	–	–	–	(1,172,717)	–	–	–	–
Disposal of investment properties		–	–	(17,065)	–	–	–	–	17,065	–	–	–	–
At 31 December 2023		26,917,815	(3,100,991)*	252,721*	7,694,890*	(4,565,387)*	1,623*	156,157*	12,264,468*	(330,000)*	39,291,296	70,545,821	109,837,117

* These reserve accounts comprise the consolidated other reserves of RMB12,373,481,000 (2022: RMB20,707,401,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(2,812,533)**	9,757,180
Adjustments for:			
Finance costs	8	**3,013,873**	2,711,121
Share of profits and losses of joint ventures and associates		**919,434**	(497,432)
Interest income	5	**(1,899,482)**	(2,130,988)
Other investment income	5	**(241,516)**	(474,346)
(Gain)/loss on disposal of items of property, plant and equipment	6	**(2,993)**	1,205
Gain on disposal of other financial assets	6	**(13,794)**	–
Provision of impairment of trade and bills receivables	6	**11,744**	8,118
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets	6	**–**	(2,475)
Impairment of amounts due from related parties	6	**451,967**	1,585,912
Impairment of properties under development	6	**3,144,536**	3,100,161
Impairment of properties held for sale	6	**1,247,886**	1,259,329
Fair value losses/(gains) on investment properties	5,6	**236,466**	(1,625,045)
Fair value gains on transfers from properties held for sale to investment properties	5	**–**	(34,725)
Loss on revision of a lease term arising from a change in the non-cancellable period of a lease		**2,883**	14
Depreciation of property, plant and equipment	6	**609,984**	470,073
Depreciation of right-of-use assets	6	**183,295**	166,769
Amortisation of intangible assets	6	**215,645**	35,205
Gain on disposal of subsidiaries	5	**(1,354,717)**	(584,294)
Fair value gains on the equity interests previously held as investments in joint ventures and associates	5	**(316,063)**	(833,929)
Gain on bargain purchase	5	**(1,223)**	(3,926,368)
Gain on disposal of investments in joint ventures and associates	5	**(231)**	(87,258)
Equity-settled share option expense	6	**(1,690)**	(48,308)
Fair value gain of a convertible bond	5	**–**	(48,544)
Change in fair value of trade receivables at fair value through profit or loss	5	**(96,349)**	–
Fair value losses/(gains) on financial assets	5,6	**129,694**	(1,249,700)
		3,426,816	7,551,675
Increase in properties under development		**(33,984,654)**	(51,381,418)
Decrease in properties held for sale		**54,469,814**	63,765,378
Increase in land under development		**(2,297,942)**	(1,495,240)
Increase in inventories		**(283,459)**	(161,439)
Decrease in trade and bills receivables		**367,999**	125,237
Decrease in contract assets		**52,868**	924,881
(Increase)/decrease in prepayments, other receivables and other assets		**(3,571,783)**	12,310,530

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Increase in amounts due from related parties		**(2,793,533)**	(5,661,826)
Increase/(decrease) in trade and bills payables		**614,512**	(165,204)
Decrease in other payables and accruals		**(12,822,763)**	(24,949,727)
Increase in amounts due to related parties		**707,500**	5,239,032
Effect of exchange rate changes, net		**(57,785)**	(999,543)
Cash generated from operations		**3,827,590**	5,102,336
Interest received		**1,622,082**	1,263,236
PRC corporate income tax paid		**(1,792,640)**	(3,193,789)
Land appreciation tax paid		**(566,300)**	(1,391,342)
Net cash flows from operating activities		**3,090,732**	1,780,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received from unlisted investments		**241,516**	474,346
Purchases of items of property, plant and equipment		**(787,796)**	(740,252)
Proceeds from disposal of items of property, plant and equipment		**10,255**	10,211
Proceeds from disposal of intangible assets		**799**	965
Additions to investment properties		**(39,789)**	(143,337)
Proceeds from disposal of investment properties		**22,355**	–
Additions to intangible assets	21	**(110,356)**	(86,447)
Decrease in other financial assets		**94,638**	458,905
Disposal of subsidiaries	43	**3,458,401**	(265,193)
Acquisition of subsidiaries	42	**1,409,602**	(5,938,341)
Dividends received from joint ventures and associates		**271,353**	462,475
Investments in joint ventures		**(2,993,073)**	(2,541,111)
Investments in associates		**(55,950)**	(1,376,751)
Disposal of investments in joint ventures and associates		**–**	1,508,279
Decrease in loans to joint ventures and associates		**1,205,101**	10,872,547
Increase in loans to non-controlling shareholders		**(936,574)**	(1,793,541)
Decrease in entrustment loans to substantial shareholders		**138,193**	134,491
Payment for acquisition of a subsidiary in prior year		**(554,175)**	–
(Advance)/repayment of investment from/(to) third parties		**(427,615)**	450,725
Decrease in restricted bank deposits		**698,263**	2,367,568
Net cash flows from investing activities		**1,645,148**	3,855,539

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in the ownership interests in Jinmao Service		–	671,045
Issue of perpetual capital instruments, net of issue expenses		8,000,000	–
New bank and other borrowings		81,836,373	91,573,761
Repayment of bank and other borrowings		(82,170,029)	(86,116,739)
Interest paid		(7,084,283)	(6,617,729)
Advance/(repayment) of investment from/(to) third parties		(1,845,531)	2,022,085
Principal portion of lease payments		(138,754)	(58,452)
Dividends paid		(249,129)	(405,444)
Dividends paid to non-controlling shareholders		(777,394)	(743,642)
Capital repayment of non-controlling shareholders		(1,038,667)	–
Loans from non-controlling shareholders		138,460	–
Repayment of loans from non-controlling shareholders		(159,920)	(1,731,129)
Acquisition of non-controlling interests		(299,203)	(211,592)
Capital contribution from non-controlling shareholders		8,501,839	6,242,738
Proceeds from exercise of share options		–	2,656
Distributions of perpetual capital instruments paid		(1,264,304)	(868,815)
Repayment of loans from related parties		(4,017,495)	–
Redemption of perpetual capital instruments		(10,338,750)	(3,406,496)
Net cash flows (used in)/from financing activities		(10,906,787)	352,247
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(6,170,907)	5,988,227
Cash and cash equivalents at beginning of year		37,089,244	31,050,637
Effect of foreign exchange rate changes, net		1,631	50,380
CASH AND CASH EQUIVALENTS AT END OF YEAR		30,919,968	37,089,244
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	30	30,919,968	37,087,009
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		–	2,235
Cash and cash equivalents as stated in the statement of financial position	30	30,919,968	37,089,244

Notes to Financial Statements

31 December 2023

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Holdings Corporation Ltd., a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/Chinese Mainland	RMB2,884,540,000	–	73%	Property development
Jinmao Hangzhou Property Development Co., Ltd.*	The PRC/Chinese Mainland	RMB3,200,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/Chinese Mainland	RMB3,000,000,000	–	80%	Land development
Beijing Xingmao Chemsunny Enterprise Management Co., Ltd.***	The PRC/Chinese Mainland	US$102,400,000	50%	50%	Property investment

Notes to Financial Statements

31 December 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China Jin Mao Group Co., Ltd.***	The PRC/Chinese Mainland	RMB2,635,000,000	–	100%	Hotel operation and property investment
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/Chinese Mainland	US$71,000,000	–	100%	Property development
Jin Mao Investment (Changsha) Co., Ltd.**	The PRC/Chinese Mainland	RMB3,000,000,000	–	80%	Land development
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Changsha Jinmao City Construction Limited**	The PRC/Chinese Mainland	RMB2,962,500,000	–	100%	Land development
Jinmao Assets Management Limited Partnership	Cayman Islands/ Hong Kong	RMB23,343,018,000	95%	5%	Investment holding
Jinmao Investment Management (Tianjin) Co., Ltd. ("Jinmao Tianjin")**	The PRC/Chinese Mainland	–	–	100%	Investment management
Hangzhou Qinmao Property Development Co., Ltd.**	The PRC/Chinese Mainland	RMB4,000,000,000	–	60%	Property development
Wuhan Huazi Enterprise Management Consulting Co., Ltd.**	The PRC/Chinese Mainland	RMB6,520,000,000	–	100%	Investment holding
Qingdao Lanhai Xingang City Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB1,000,000,000	–	50%^	Property development
Wuhan Xingmao Property Co., Ltd.**	The PRC/Chinese Mainland	RMB8,000,000	–	100%	Property development
Beijing Fangxing Yicheng Property Co., Ltd.***	The PRC/Chinese Mainland	RMB6,000,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Qingdao Maochuang Technology Co., Ltd.***	The PRC/Chinese Mainland	RMB5,694,046,000	24.7%	75.3%	Property development
Changshu Yumao Property Co., Ltd. ("Changshu Yumao")**	The PRC/Chinese Mainland	RMB4,000,000,000	–	10%^^	Property development
Xi'an Mingmao Property Co., Ltd.**	The PRC/Chinese Mainland	RMB1,833,333,000	–	80%	Property development
Shanghai Taomao Property Co., Ltd.***	The PRC/Chinese Mainland	RMB3,710,000,000	–	51%	Property development
Most Giant Ltd.	Hong Kong/ Hong Kong	HK$2	–	100%	Investment holding
Jinmao (China) Hotel Investments and Management Limited	Cayman Islands/Hong Kong	HK$2,000,000	100%	–	Investment holding
Langfang Hongtai Industrial Town Investment Co., Ltd.**	The PRC/Chinese Mainland	RMB150,000,000	–	100%	Investment holding
Beijing Shengmao Real Estate Co., Ltd. ("Beijing Shengmao")**	The PRC/Chinese Mainland	RMB190,000,000	–	70%	Property development
Nanjing Maocheng Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB4,800,000,000	–	25%^	Property development
Suzhou Xinmao Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB3,690,000,000	–	51%	Property development
Shanghai Zhenmao Real Estate Co., Ltd.*	The PRC/Chinese Mainland	RMB4,000,000,000	–	51%	Property development
Nanjing Yuemao Real Estate Development Co., Ltd.**	The PRC/Chinese Mainland	RMB2,360,000,000	–	50%^^^	Property development

Notes to Financial Statements

31 December 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wenzhou Jiumao Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB10,000,000	–	100%	Property development
Wuhan Yumao Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB800,000,000	–	100%	Property development
Taizhou Maoxin Real Estate Co., Ltd.**	The PRC/Chinese Mainland	RMB560,000,000	–	51%	Property development
Xiamen Juanmao Real Estate Development Co., Ltd.**	The PRC/Chinese Mainland	RMB10,000,000	–	100%	Property development

* Registered as Sino-foreign joint ventures under PRC law

** Registered as limited liability companies under PRC law

*** Registered as wholly-foreign-owned entities under PRC law

^ The Group is entitled to 51% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

^^ The Group is entitled to 54.1% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

^^^ The Group has the power to exercise over the entity's operating and management activities because the other shareholder agreed to follow all decisions made by the Group when unanimous consent is not being reached.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, other financial assets and certain trade receivables which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

The 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.

2. ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

(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. Since the Group's policy of deferred tax aligns with the amendments, the amendments did not have any significant impact on the Group's financial statements.

(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.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective hong kong financial reporting standards

The Group has not applied the following 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	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not yet effective hong kong financial reporting standards (Continued)

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.

Notes to Financial Statements

31 December 2023

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Fair value measurement

The Group measures its investment properties, certain trade receivables, derivative financial instruments and certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, properties under development, land under development, properties held for sale, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired assets.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 9.5%
Leasehold improvements	9% – 50%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1 to 10 years.

Contractual right

Contractual right is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated life of 12 years.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 70 years
Office properties, equipments and staff quarters	2 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of properties and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain long-term trade receivables, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Financial liabilities (Continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition (Continued)

(a) *Sale of completed properties*

Revenue from the sale of completed properties is recognised at the point in time when control of the asset is transferred to the customer, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has obtained the right to payment and the collection of the consideration is probable;

(b) *Land development*

Revenue from land development is recognised at the point in time when control of the asset is transferred to the customers, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) *Hotel operations*

Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group;

(d) *Property management services*

Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Value-added services provided to the customer is recognised over time, in the amount to which the Group has a right to invoice, when the customer simultaneously receives and consumes the benefits provided by the Group, otherwise, is recognised at the point in time when the services are rendered and accepted by the customer;

(e) *Design, construction and decoration services*

Revenue from the provision of design, construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the design, construction and decoration services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Notes to Financial Statements

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2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development, land under development, inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 3.49% has been applied to the expenditure on the group level.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and subsidiaries incorporated outside Chinese Mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies (Continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and subsidiaries incorporated outside Chinese Mainland are translated into RMB at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arises throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB249,122,000 (2022: RMB249,122,000). Further details are given in note 20.

Fair value measurement of certain trade receivables at fair value through profit or loss

Certain of the Group's trade receivables amounting to RMB2,448,330,000 as at 31 December 2023 (2022: RMB2,429,970,000) are classified as financial assets at fair value through profit or loss and measured at fair value, which was determined by management with the assistance of an independent qualified professional valuer. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant input thereof, mainly including estimated repayment periods. Further details are given in note 49. Changes to these assumptions would result in changes in the fair values of these trade receivables and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

Provision for expected credit losses on trade receivables at amortised cost and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables at amortised cost and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables at amortised cost and contract assets is disclosed in note 25 and note 27 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on amounts due from joint ventures and associates

The Group uses general approach to calculate ECLs on the amounts due from joint ventures and associates. For those associates and joint ventures undertaking property development projects, if applicable, the provision is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. The assessment of the carrying value of properties under development and properties held for sale held by the associates and joint ventures and ECLs is a significant estimate. As at 31 December 2023, the loss allowance was assessed and recognised at an amount of RMB3,349,059,000 (2022: RMB2,897,092,000). Further details are disclosed in note 28 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2023 was RMB37,299,191,000 (2022: RMB37,088,686,000). Further details, including the key assumptions used for the fair value measurement, are given in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of properties under development

The Group's properties under development is stated at the lower of cost and net realisable value. Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years.

Based on the Group's recent experience and the nature of the subject project, the Group makes estimates of cost of properties under development, and its net realisable value, i.e., the revenue to be derived from the properties under development for sale, less costs to completion and the costs to be incurred in realising the revenue from the sale of properties under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of properties under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of properties under development at 31 December 2023 was RMB130,731,042,000 (2022: RMB145,044,460,000). Further details are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Costs of land under development during the construction stage, before the final settlement of the development costs and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2023 was RMB26,055,005,000 (2022: RMB23,049,328,000). Further details are given in note 16 to the financial statements.

Provision for impairment of properties for sale

Properties for sale, including properties under development and properties held for sale, are stated at the lower of cost and net realisable value. Management reviews the market conditions of properties for sale held by the Group at the end of each reporting period, and makes provision for impairment of properties for sale identified that the net realisable value is lower than cost. Management estimates the net realisable value for properties for sale based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected. The carrying amounts of properties for sale at 31 December 2023 were RMB157,761,917,000 (2022: RMB168,238,207,000). Further details are given in notes 15 and 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2023 was RMB1,258,517,000 (2022: RMB1,493,047,000). The amount of unrecognised tax losses at 31 December 2023 was RMB12,473,792,000 (2022: RMB7,876,988,000). Further details are contained in note 36 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2023 was RMB2,010,666,000 (2022: RMB2,773,003,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for certain of property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2023 was RMB1,933,567,000 (2022: RMB2,664,013,000). Further details are given in note 35 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services. In order to provide a clearer disclosure of the revenue of the Group's major business units, starting from 2023, the Group disclosed Jinmao Services as a separate reportable operating segment, and the five reportable operating segments of the Group are as follows:

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage;

(d) the Jinmao services segment provides property management services, value-added services to non-property owners, community value-added services; and

(e) the "others" segment mainly comprises the provision of design and decoration services, and the operation of an observation deck and other services.

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/(loss) before tax except that interest income, other investment income, non-lease-related finance costs, fair value gain on a convertible bond and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, deferred tax assets, prepaid tax, restricted bank balances, cash and cash equivalents, certain financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Chinese Mainland. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Chinese Mainland and the Group's significant non-current assets are located in Chinese Mainland.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2023	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Jinmao services RMB'000	Others RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	62,765,470	1,743,053	2,080,434	2,139,082	3,675,574	72,403,613
Intersegment sales	16,401	59,238	–	565,330	669,649	1,310,618
Total Segment revenue	62,781,871	1,802,291	2,080,434	2,704,412	4,345,223	73,714,231
Reconciliation:						
Elimination of intersegment sales						(1,310,618)
Total revenue						72,403,613
Segment results	(2,241,817)	797,396	918,958	446,794	267,985	189,316
Reconciliation:						
Elimination of intersegment results						(1,841,546)
Interest income						1,899,482
Other investment income						241,516
Corporate and other unallocated expenses						(338,812)
Finance costs (other than interest on lease liabilities)						(2,962,489)
Loss before tax						(2,812,533)
Segment assets	467,497,405	47,962,839	14,063,653	2,328,863	17,178,522	549,031,282
Reconciliation:						
Elimination of intersegment assets						(265,439,863)
Corporate and other unallocated assets						123,527,782
Total assets						407,119,201
Segment liabilities	311,957,922	13,818,375	7,391,416	1,981,828	10,873,736	346,023,277
Reconciliation:						
Elimination of intersegment liabilities						(250,006,565)
Corporate and other unallocated liabilities						201,265,372
Total liabilities						297,282,084
Other segment information:						
Share of profits/(losses) of joint ventures	(1,052,088)	–	–	–	915	(1,051,173)
Share of profits of associates	131,739	–	–	–	–	131,739
Depreciation and amortisation	207,219	55,567	388,681	44,564	312,893	1,008,924
Loss/(gain) on disposal of items of property, plant and equipment	(3,785)	128	145	(12)	531	(2,993)
Impairment losses recognised in the statement of profit or loss, net	4,841,661	–	–	13,312	1,160	4,856,133
Fair value gains/(losses) on investment properties	–	(238,136)	–	1,670	–	(236,466)
Investments in associates	22,492,553	–	–	–	–	22,492,553
Investments in joint ventures	26,366,775	–	–	–	28,726	26,395,501
Capital expenditure*	44,117	112,117	60,918	83,255	739,668	1,040,075

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, and investment properties including assets from the acquisition of subsidiaries.

Notes to Financial Statements
31 December 2023

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2022	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Jinmao services (Restated) RMB'000	Others (Restated) RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	74,708,319	1,467,970	1,143,874	1,778,670	3,892,539	82,991,372
Intersegment sales	–	83,018	10,000	657,365	821,111	1,571,494
Total Segment revenue	74,708,319	1,550,988	1,153,874	2,436,035	4,713,650	84,562,866
Reconciliation:						
Elimination of intersegment sales						(1,571,494)
Total revenue						82,991,372
Segment results	10,638,210	1,996,429	(182,013)	446,311	289,549	13,188,486
Reconciliation:						
Elimination of intersegment results						(3,026,870)
Interest income						2,130,988
Other investment income						474,346
Fair value gain on a convertible bond						48,544
Corporate and other unallocated expenses						(396,837)
Finance costs (other than interest on lease liabilities)						(2,661,477)
Profit before tax						9,757,180
Segment assets	395,494,959	48,523,161	13,507,582	1,949,530	10,794,907	470,270,139
Reconciliation:						
Elimination of intersegment assets						(185,912,734)
Corporate and other unallocated assets						137,538,234
						421,557,544
Total assets						421,895,639
Segment liabilities	237,166,916	15,837,231	6,942,608	1,591,282	9,209,572	270,747,609
Reconciliation:						
Elimination of intersegment liabilities						(165,448,396)
Corporate and other unallocated liabilities						203,909,686
						309,885,221
Total liabilities						309,208,899
Other segment information:						
Share of profits/(losses) of joint ventures	74,793	–	–	–	(1,326)	73,467
Share of profits/(losses) of associates	427,559	–	–	–	(3,594)	423,965
Depreciation and amortisation	135,574	54,708	374,012	40,061	67,692	672,047
Loss/(gain) on disposal of items of property, plant and equipment	737	48	829	274	(683)	1,205
Impairment losses recognised in the statement of profit or loss, net	5,937,118	–	–	8,284	5,643	5,951,045
Fair value gains on investment properties	–	1,606,689	–	18,356	–	1,625,045
Fair value gains on transfer from properties held for sale to investment properties	–	34,725	–	–	–	34,725
Investments in associates	22,770,194	–	–	–	–	22,770,194
Investments in joint ventures	25,855,903	–	–	–	27,811	25,883,714
Capital expenditure*	2,243,418	342,931	199,240	216,967	257,868	3,260,424

Information about major customers

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue (2022: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	70,660,560	81,523,402
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	16,115	13,139
Other lease payments, including fixed payments	1,726,938	1,454,831
Subtotal	1,743,053	1,467,970
Total revenue	72,403,613	82,991,372

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

Segments	City and property development RMB'000	Hotel operations RMB'000	Jinmao services RMB'000	Others RMB'000	Total RMB'000
Types of goods or services					
Sale of completed properties	62,682,441	–	–	–	62,682,441
Land development	83,029	–	–	–	83,029
Hotel operations	–	2,080,434	–	–	2,080,434
Property management	–	–	2,139,082	–	2,139,082
Others	–	–	–	3,675,574	3,675,574
Total revenue from contracts with customers	62,765,470	2,080,434	2,139,082	3,675,574	70,660,560
Timing of revenue recognition					
Goods transferred at a point of time	62,765,470	–	243,959	–	63,009,429
Services transferred over time	–	2,080,434	1,895,123	3,675,574	7,651,131
Total revenue from contracts with customers	62,765,470	2,080,434	2,139,082	3,675,574	70,660,560

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2022

Segments	City and property development RMB'000	Hotel operations RMB'000	Jinmao services (Restated) RMB'000	Others (Restated) RMB'000	Total RMB'000
Types of goods or services					
Sale of completed properties	71,762,026	–	–	–	71,762,026
Land development	2,946,293	–	–	–	2,946,293
Hotel operations	–	1,143,874	–	–	1,143,874
Property management	–	–	1,778,670	–	1,778,670
Others	–	–	–	3,892,539	3,892,539
Total revenue from contracts with customers	74,708,319	1,143,874	1,778,670	3,892,539	81,523,402
Timing of revenue recognition					
Goods transferred at a point of time	74,708,319	–	442,155	–	75,150,474
Services transferred over time	–	1,143,874	1,336,515	3,892,539	6,372,928
Total revenue from contracts with customers	74,708,319	1,143,874	1,778,670	3,892,539	81,523,402

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2023

Segments	City and property development RMB'000	Hotel operations RMB'000	Jinmao services RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:					
Sales to external customers	62,765,470	2,080,434	2,139,082	3,654,574	70,660,560
Intersegment sales	16,401	–	565,330	669,649	1,251,380
Subtotal	62,781,871	2,080,434	2,704,412	4,345,223	71,911,940
Intersegment adjustments and eliminations	(16,401)	–	(565,330)	(669,649)	(1,251,380)
Total revenue from contracts with customers	62,765,470	2,080,434	2,139,082	3,654,574	70,660,560

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2022

Segments	City and property development RMB'000	Hotel operations RMB'000	Jinmao services (Restated) RMB'000	Others (Restated) RMB'000	Total RMB'000
Revenue from contracts with customers:					
Sales to external customers	74,708,319	1,143,874	1,778,670	3,892,539	81,523,402
Intersegment sales	–	10,000	657,365	821,111	1,488,476
Subtotal	74,708,319	1,153,874	2,436,035	4,713,650	83,011,878
Intersegment adjustments and eliminations	–	(10,000)	(657,365)	(821,111)	(1,488,476)
Total revenue from contracts with customers	74,708,319	1,143,874	1,778,670	3,892,539	81,523,402

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	47,557,887	58,278,351
Hotel operations	12,179	30,399
Property management services	334,641	278,551
Others	79,468	23,160
Total	47,984,175	58,610,461

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of completed properties

The performance obligation is satisfied upon delivery of the completed properties.

Land development

The performance obligation is satisfied when the land development is completed.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services.

Property management services

For property management services, the performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The Group recognises property management services revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. For value-added services, the Group agrees the price and the performance obligation for each service with customers upfront and issues monthly or quarterly bills to customers which vary based on the actual level of service completed. When the performance obligation related to the value-added services, e.g., sales assistance services and construction consultancy services, is satisfied over time as services are rendered, the related revenue is recognised over time in the amount to which the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group. When the performance obligation related to the value-added services, e.g. real estate agency services and preliminary planning and design consultancy services, is satisfied at the time when the services are accepted by the customers, the related revenue is recognised at the point in time when the services are rendered and accepted by the customers.

Design, construction and decoration services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

	Notes	2023 RMB'000	2022 RMB'000
Other income			
Bank interest income		499,021	274,210
Other interest income			
– From related parties		1,232,693	1,402,004
– From non-controlling shareholders		167,768	454,774
Other investment income		241,516	474,346
Government grants*		220,770	333,326
Default penalty income		49,884	45,535
Total other income		2,411,652	2,984,195
Gains			
Fair value gains on investment properties	18	–	1,625,045
Fair value gains on transfers from properties held for sale to investment properties		–	34,725
Gain on bargain purchase	42	1,223	3,926,368
Gain on disposal of subsidiaries	43	1,354,717	584,294
Fair value gains on the equity interests previously held as investments in joint ventures or associates	42	316,063	833,929
Fair value gains on other financial assets		–	1,249,700
Fair value gain on a convertible bond		–	48,544
Foreign exchange gain, net	6	–	41,019
Gain on disposal of other financial assets		13,794	–
Gain on disposal of investments in joint ventures and associates		231	87,258
Change in fair value of trade receivables at fair value through profit or loss		96,349	–
Others		160,443	275,531
Total gains		1,942,820	8,706,413
Total other income and gains		4,354,472	11,690,608

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Chinese Mainland. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of properties sold		57,352,465	63,273,395
Cost of land development		14,903	1,414,958
Cost of services provided		5,935,315	5,076,294
Cost of goods sold		79,449	81,105
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		295,610	238,024
Depreciation of property, plant and equipment	14	609,984	470,073
Depreciation of right-of-use assets	19(a)	183,295	166,769
Amortisation of intangible assets	21	215,645	35,205
Lease payments not included in the measurement of lease liabilities	19(c)	116,303	89,406
Auditor's remuneration		9,275	8,853
Employee benefit expense (including directors' and chief executive's remuneration (note (9)):			
Wages and salaries		2,949,151	3,280,435
Equity-settled share option expense	39	(1,690)	(48,308)
Pension scheme contributions (defined contribution schemes)*		218,212	252,815
Total		3,165,673	3,484,942
Foreign exchange differences, net		198,031	(41,019)
(Gain)/loss on disposal of items of property, plant and equipment		(2,993)	1,205
Gain on disposal of other financial assets		(13,794)	–
Fair value losses/(gains) on other financial assets***		129,694	(1,249,700)
Provision of impairment of trade and bills receivables**	25	11,744	8,118
Impairment of properties under development, net**		3,144,536	3,100,161
Impairment of properties held for sale, net**		1,247,886	1,259,329
Impairment of amounts due from related parties, net**	28	451,967	1,585,912
Fair value losses/(gains) on investment properties***	18	236,466	(1,625,045)

* At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: Nil).

** These items are included in "other expenses and losses, net" in the consolidated statement of profit or loss.

*** The fair value gains and losses on these items were included in "other income and gains" and "other expenses and losses, net", respectively, in the consolidated statement of profit and losses.

7. OTHER EXPENSES AND LOSSES, NET

An analysis of other expenses and losses, net is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Impairment of properties under development, net		3,144,536	3,100,161
Impairment of properties held for sale, net		1,247,886	1,259,329
Impairment of amounts due from joint ventures and associates,net	28	451,967	1,585,912
Fair value loss on investment properties	18	236,466	–
Foreign exchange differences, net		198,031	–
Fair value loss on other financial assets		129,694	–
Others		15,411	8,706
Total		5,423,991	5,954,108

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	6,501,862	5,269,712
Interest on amounts due to related parties (note 47(a))	1,593,065	1,215,270
Interest on lease liabilities (note 19(b))	51,384	49,644
Total interest expense	8,146,311	6,534,626
Less: Interest capitalised	(5,132,438)	(3,823,505)
Total	3,013,873	2,711,121

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Fees	1,656	1,580
Other emoluments:		
Salaries, allowances, benefits in kind and bonuses*	7,770	8,786
Equity-settled share option expense	215	1,407
Pension scheme contributions	1,061	445
Total	9,046	10,638
Total fees and other emoluments	10,702	12,218

* None of the executive directors of the Company is entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 39 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, are independent non-executive directors of the Company, and the fees paid to them during the year were RMB414,000 (2022: RMB395,000), RMB414,000 (2022: RMB395,000), RMB414,000 (2022: RMB395,000) and RMB414,000 (2022: RMB395,000), respectively.

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

Executive directors

i. Mr. ZHANG Zenggen was appointed as the chairman and an executive director of the Company with effect from 31 May 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB732,000 and pension scheme contributions of RMB158,000 (2022: Nil).

ii. Mr. LI Congrui was appointed as the chairman and ceased to be the chief executive officer of the Company with effect from 28 April 2023 and resigned as the chairman and an executive director of the Company with effect from 31 May 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB1,264,000 and pension scheme contributions of RMB138,000. During the year ended 31 December 2022, Mr. LI Congrui was the chief executive officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,037,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB130,000.

iii. Mr. TAO Tianhai was appointed as the chief executive officer and an executive director of the Company with effect from 28 April 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB1,536,000, equity-settled share option expense of RMB20,000, and pension scheme contributions of RMB222,000 (2022: Nil).

iv. Mr. JIANG Nan resigned as the chief financial officer and an executive director of the Company with effect from 28 April 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB1,032,000 and pension scheme contributions of RMB110,000. During the year ended 31 December 2022, Mr. JIANG Nan was the chief financial officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,066,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB179,000.

v. Ms. QIAO Xiaojie was appointed as the chief financial officer and an executive director of the Company with effect from 28 April 2023. During the year ended 31 December 2023, the remuneration paid to her included fees of nil, salaries, allowances and benefits in kind of RMB824,000, equity-settled share option expense of RMB13,000, and pension scheme contributions of RMB157,000 (2022: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

Executive directors (Continued)

vi. Mr. SONG Liuyi resigned as an executive director of the Company with effect from 19 October 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB2,038,000, equity-settled share option expense of RMB176,000, and pension scheme contributions of RMB230,000. During the year ended 31 December 2022, Mr. SONG Liuyi was the senior vice president of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB2,683,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB136,000.

vii. Mr. ZHANG Hui was appointed as an executive director of the Company with effect from 19 October 2023. During the year ended 31 December 2023, the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB344,000, equity-settled share option expense of RMB6,000, and pension scheme contributions of RMB46,000 (2022: Nil).

Non-executive directors

i. Mr. LI Fanrong was appointed as the chairman and a non-executive director of the Company with effect from 23 September 2022 and resigned as the chairman and a non-executive director of the Company with effect from 28 April 2023. There was no remuneration paid to him during the year (2022: Nil).

ii. Mr. LI Fuli was appointed as a non-executive director of the Company with effect from 15 June 2022 and resigned as a non-executive director of the Company with effect from 12 July 2023. There was no remuneration paid to him during the year (2022: Nil).

iii. Ms. CHEN Aihua was appointed as a non-executive director of the Company with effect from 12 July 2023. There was no remuneration paid to her during the year (2022: Nil).

iv. Mr. CHEN Chuan was appointed as a non-executive director of the Company with effect from 11 November 2022 and resigned as a non-executive director of the Company with effect from 29 November 2023. There was no remuneration paid to him during the year (2022: Nil).

v. Ms. WANG Wei was appointed as a non-executive director of the Company with effect from 29 November 2023. There was no remuneration paid to her during the year (2022: Nil).

vi. Mr. AN Hongjun and Mr. CHENG Yong are non-executive directors of the Company. There was no remuneration paid to them during the year (2022: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive (2022: three directors including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances, benefits in kind and bonuses	9,187	13,791
Equity-settled share option expense	254	1,959
Pension scheme contributions	1,315	1,046
Total	10,756	16,796

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	2	–
HK$2,500,001 to HK$3,000,000	2	–
HKD$3,000,001 to HKD$3,500,000	–	1
HKD$3,500,001 to HKD$4,000,000	–	1
HKD$4,000,001 to HKD$4,500,000	–	3
Total	5	5

In prior years, share options were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 39 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

	Note	2023 RMB'000	2022 RMB'000
Current			
PRC corporate income tax			
Charge for the year		1,837,186	2,829,866
Over-provision in prior years		21,778	50,815
PRC land appreciation tax		47,973	1,671,392
Subtotal		1,906,937	4,552,073
Deferred	36	138,879	(15,787)
Total tax charge for the year		2,045,816	4,536,286

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil).

PRC corporate income tax

Except for certain (2022: Nil) PRC subsidiaries which subject to a preferential income tax rate of 15%, the income tax provision of the Group in respect of its operation in Chinese Mainland was calculated at the tax rates of 25% (2022: 25%) on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretations and practice in respect thereof.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Chinese Mainland effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) for the year at the effective tax rates is as follows:

2023

	Hong Kong RMB'000	Chinese Mainland RMB'000	Total RMB'000
Loss before tax	(1,073,911)	(1,738,622)	(2,812,533)
Tax at the statutory income tax rate	(177,195)	(434,654)	(611,849)
Lower tax rates for specific provinces or local authority	–	43,714	43,714
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	60,087	–	60,087
Adjustments in respect of current tax of previous periods	–	21,778	21,778
Profits and losses attributable to joint ventures and associates	–	229,859	229,859
Income not subject to tax	(46,994)	(129,087)	(176,081)
Expenses not deductible for tax	224,189	1,453,366	1,677,555
Tax losses utilised from previous periods	–	(868,298)	(868,298)
Tax losses not recognised	–	1,633,071	1,633,071
LAT (note 35)	–	47,973	47,973
Tax effect of LAT	–	(11,993)	(11,993)
Tax charge for the year	60,087	1,985,729	2,045,816

11. INCOME TAX (Continued)

2022

	Hong Kong RMB'000	Chinese Mainland RMB'000	Total RMB'000
Profit before tax	917,022	8,840,158	9,757,180
Tax at the statutory income tax rate	151,309	2,210,034	2,361,343
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	(15,797)	–	(15,797)
Adjustments in respect of current tax of previous periods	–	50,815	50,815
Profits and losses attributable to joint ventures and associates	–	(124,358)	(124,358)
Income not subject to tax	(292,413)	(721,410)	(1,013,823)
Expenses not deductible for tax	141,104	1,240,917	1,382,021
Tax losses utilised from previous periods	–	(229,714)	(229,714)
Tax losses not recognised	–	872,255	872,255
LAT (note 35)	–	1,671,392	1,671,392
Tax effect of LAT	–	(417,848)	(417,848)
Tax charge for the year	(15,797)	4,552,083	4,536,286

The share of tax attributable to joint ventures and associates amounting to RMB1,090,876,000 (2022: RMB592,297,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

12. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Interim – HK1.5 cents (2022 interim dividend: HK9.0 cents) per ordinary share	184,312	999,781
Proposed final – nil (2022: HK2.0 cents) per ordinary share	–	231,974

Special dividend by mean of distribution in specie

On 10 March 2022, in connection of the listing of ordinary shares of Jinmao Services, a then wholly-owned subsidiary, on the Hong Kong Stock Exchange (the "Listing"), a distribution in specie of 191,680,031 ordinary shares of Jinmao Services was made to the qualifying shareholders of the Company (the "Special Distribution") with a total fair value of HK$1,560,275,000 (equivalent to RMB1,259,142,000), which is based on Jinmao Services' initial public offering price of HK$8.14 per share.

Scrip dividend scheme

On 30 August 2022, the board of directors of the Company resolved to declare and pay 2022 interim dividend of HK$0.09 per share for the six months ended 30 June 2022 to the shareholders of the Company (the "Shareholders"), and proposed to adopt a scrip dividend scheme to offer the Shareholders an option to receive the dividends to be declared or paid by the Company wholly or partly in the form of new and fully paid shares of the Company in lieu of cash. The resolution of the adoption of this scrip dividend scheme was duly passed by the Shareholders on 27 September 2022. The number of ordinary shares issued as scrip dividends was 625,166,822 and the total amount of dividend paid as scrip dividends was RMB594,337,000 while cash dividends amounted to RMB405,444,000.

On 28 March 2023, the board of directors of the Company recommended the payment of 2022 final dividend of HK$0.02 per share to the Shareholders, and resolved to offer the Shareholders an option to receive the 2022 final dividend wholly or partly in the form of new and fully paid shares of the Company in lieu of cash. At the annual general meeting of the Company held on 28 June 2023, Shareholders approved the payment of the 2022 final dividend. The number of ordinary shares issued as scrip dividends was 89,009,840 and the total amount of dividend paid as scrip dividends was RMB96,798,000 while cash dividends amounted to RMB147,808,000.

On 29 August 2023, the board of directors of the Company resolved to declare and pay 2023 interim dividend of HK$0.015 per share to the Shareholders, and resolved to offer the Shareholders an option to receive the 2023 interim dividend wholly or partly in the form of new and fully paid shares of the Company in lieu of cash. The number of ordinary shares issued as scrip dividends was 95,585,500 and the total amount of dividend paid as scrip dividends was RMB82,991,000 while cash dividends amounted to RMB101,321,000.

No final dividend for the year was proposed.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the earnings/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 13,361,224,450 (2022: 12,754,745,545) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amount presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023 RMB'000	2022 RMB'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculations	**(6,896,644)**	1,984,083

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**13,361,224,450**	12,754,745,545

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	9,252,262	61,703	2,708,564	3,156,103	82,333	3,321,802	18,582,767
Accumulated depreciation and impairment	(2,707,720)	(40,011)	(661,251)	(1,698,943)	(73,546)	–	(5,181,471)
Net carrying amount	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296
At 1 January 2023, net of accumulated depreciation and impairment	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296
Additions	70,533	46,010	259	79,692	5,623	624,503	826,620
Disposals	(2,182)	(3)	–	(4,426)	(1,925)	(2,857)	(11,393)
Depreciation provided during the year (note 6)	(267,460)	(28,270)	(90,367)	(219,806)	(4,081)	–	(609,984)
Acquisition of subsidiaries (note 42)	–	–	–	1,001	263	–	1,264
Disposal of subsidiaries (note 43)	(929,882)	–	–	(37,076)	(50)	(325)	(967,333)
Gain on properties revaluation in relation to the transfer to investment properties	–	–	99,840	–	–	–	99,840
Transfer to investment properties (note 18)	–	–	(199,369)	–	–	–	(199,369)
Transfer from investment properties (note 18)	–	–	113,702	–	–	–	113,702
Transfers	11,774	8,899	–	70,135	–	(90,808)	–
Exchange realignment	–	–	2,208	1	10	–	2,219
At 31 December 2023, net of accumulated depreciation and impairment	5,427,325	48,328	1,973,586	1,346,681	8,627	3,852,315	12,656,862
At 31 December 2023:							
Cost	8,005,453	116,550	2,909,431	3,080,741	70,480	3,852,315	18,034,970
Accumulated depreciation and impairment	(2,578,128)	(68,222)	(935,845)	(1,734,060)	(61,853)	–	(5,378,108)
Net carrying amount	5,427,325	48,328	1,973,586	1,346,681	8,627	3,852,315	12,656,862

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022							
At 1 January 2022:							
Cost	8,785,316	41,943	1,038,459	2,561,366	57,330	3,570,953	16,055,367
Accumulated depreciation and impairment	(2,495,466)	(21,380)	(230,147)	(1,526,062)	(49,376)	–	(4,322,431)
Net carrying amount	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936
At 1 January 2022, net of accumulated depreciation and impairment	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936
Additions	63,701	80,010	114,970	84,452	1,108	430,910	775,151
Disposals	(25,442)	(1,190)	–	(4,939)	(21)	(5,281)	(36,873)
Depreciation provided during the year (note 6)	(216,795)	(16,851)	(69,409)	(163,230)	(3,788)	–	(470,073)
Acquisition of subsidiaries (note 42)	–	–	753,849	7,401	3,716	159,397	924,363
Disposal of subsidiaries (note 43)	–	–	–	(1,124)	(182)	–	(1,306)
Transfer from investment properties (note 18)	–	–	54,200	–	–	–	54,200
Transfer from properties under development	422,892	–	–	–	–	–	422,892
Transfers	10,336	(60,840)	385,391	499,290	–	(834,177)	–
Exchange realignment	–	–	–	6	–	–	6
At 31 December 2022, net of accumulated depreciation and impairment	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296
At 31 December 2022:							
Cost	9,252,262	61,703	2,708,564	3,156,103	82,333	3,321,802	18,582,767
Accumulated depreciation and impairment	(2,707,720)	(40,011)	(661,251)	(1,698,943)	(73,546)	–	(5,181,471)
Net carrying amount	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296

At 31 December 2023, certain of the Group's hotel properties and buildings, construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately RMB5,472,565,000 (2022: RMB5,168,032,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

15. PROPERTIES UNDER DEVELOPMENT

The Group's properties under development are situated in Chinese Mainland.

At 31 December 2023, certain of the Group's properties included in properties under development with a net carrying amount of approximately RMB54,804,915,000 (2022: RMB70,679,210,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

16. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects (the "Projects") in Chinese Mainland. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

17. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in Chinese Mainland.

At 31 December 2023, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately RMB510,764,000 (2022: RMB488,501,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

18. INVESTMENT PROPERTIES

	Notes	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January		**37,088,686**	31,564,522
Additions		**101,835**	144,603
Net gain/(loss) from a fair value adjustment		**(236,466)**	1,625,045
Transfer from properties held for sale		**455,054**	4,675,289
Transfer to properties held for sale		**–**	(485,937)
Transfer from property, plant and equipment	14	**199,369**	–
Transfer to property, plant and equipment	14	**(113,702)**	(54,200)
Transfer from/(to) right-of-use assets	19(a)	**(41,858)**	19,764
Acquisition of subsidiaries	42	**–**	1,067,600
Disposal of subsidiaries	43	**(123,627)**	(1,468,000)
Disposals		**(30,100)**	–
Carrying amount at 31 December		**37,299,191**	37,088,686

18. INVESTMENT PROPERTIES (Continued)

The Group's investment properties consist of commercial properties and right-of-use assets in Chinese Mainland. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued individually on 31 December 2023 based on valuations performed by Cushman & Wakefield Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Zhongqihua Assets Appraisal Co., Ltd., and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers. Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

As at 31 December 2023, four of the Group's investment properties were right-of-use asset with total carrying amount of RMB692,677,000 (2022: RMB746,708,000) relating to buildings which were leased out under one or more operating leases. These investment properties are leased under operating leases, further summary details of which are included in note 19 to the financial statements.

At 31 December 2023, certain of the Group's investment properties with a carrying value of RMB21,963,015,000 (2022: RMB13,319,860,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2023 RMB'000	2022 RMB'000
Recurring fair value measurement for:		
Commercial properties	37,299,191	37,088,686

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 January 2022	31,564,322
Additions	144,603
Net gain from a fair value adjustment	1,625,245
Transfer from properties held for sale	4,675,289
Transfer to properties held for sale	(485,937)
Transfer from right-of-use assets	19,764
Transfer to property, plant and equipment	(54,200)
Acquisition of subsidiaries	1,067,600
Disposal of subsidiaries	(1,468,000)
Carrying amount at 31 December 2022 and 1 January 2023	37,088,686
Additions	101,835
Net loss from a fair value adjustment	(236,466)
Transfer from properties held for sale	455,054
Transfer from property, plant and equipment	199,369
Transfer from right-of-use assets	18,159
Transfer to right-of-use assets	(60,017)
Transfer to property, plant and equipment	(113,702)
Disposal of subsidiaries	(123,627)
Disposals	(30,100)
Carrying amount at 31 December 2023	37,299,191

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2023	2022
Commercial properties	Term and reversion method	Term yield	2.00% – 6.00%	2.00% – 6.00%
		Reversionary yield	2.00% – 6.50%	2.00% – 6.50%
		Market rent (per square metre ("sqm") per annum ("p.a."))	RMB314 – RMB18,600	RMB314 – RMB18,600
	Discounted cash flow method	Estimated rental value (per sqm p.a.)	RMB626 – RMB2,000	RMB626 – RMB2,600
		Rental growth p.a.	0.00% – 9.67%	0.00% – 6.74%
		Long term vacancy rate	0.00% – 5.00%	0.00% – 10.00%
		Discount rate	4.00% – 6.08%	4.00% – 7.00%
	Market comparable method	Price per sqm	RMB5,600 – RMB31,000	RMB5,600 – RMB59,928
Right-of-use assets	Term and reversion method	Term yield	3.50% – 5.50%	3.50% – 5.50%
		Reversionary yield	4.00% – 6.00%	4.00% – 6.00%
		Market rent (per sqm p.a.)	RMB634 – RMB2,252	RMB637 – RMB2,387
	Discounted cash flow method	Estimated rental value (per sqm p.a.)	RMB316-RMB563	RMB316 – RMB563
		Rental growth p.a.	(1%) – 11%	(1%) – 11%
		Discount rate	6.50%	6.50%

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

Under the market comparable method, a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis".

The market comparable method is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

The residual method is essentially a mean of valuing land with reference to its development potential by deducting construction cost, interest and developer's profit from its estimated gross development value assuming it would have been completed as at the valuation date in accordance with the latest development scheme provided to the Group by relevant parties. The estimated total and outstanding construction costs and development schedule to be advised by the relevant parties will also be considered.

A significant increase (decrease) in the developer's profit rate would result in a significant decrease (increase) in the fair value of the investment properties.

19. LEASES

The Group as a lessee

The Group has lease contracts mainly for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties, equipments and staff quarters generally have lease terms between 2 and 15 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Office properties, equipments and staff quarters RMB'000	Total RMB'000
As at 1 January 2022	1,378,710	319,176	1,697,886
Additions	37,726	123,091	160,817
Additions as a result of acquisition of subsidiaries (note 42)	167,358	8,683	176,041
Transferred to investment properties (note 18)	–	(66,472)	(66,472)
Transfer from investment properties (note 18)	–	46,708	46,708
Transfer from properties under development	104,944	–	104,944
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,480)	(1,480)
Depreciation charge (note 6)	(59,379)	(107,390)	(166,769)
As at 31 December 2022 and 1 January 2023	**1,629,359**	**322,316**	**1,951,675**
Additions	**1,615**	**137,237**	**138,852**
Additions as a result of acquisition of subsidiaries (note 42)	**–**	**1,463**	**1,463**
Transferred to investment properties (note 18)	**(4,062)**	**(14,097)**	**(18,159)**
Transfer from investment properties (note 18)	**–**	**60,017**	**60,017**
Termination	**–**	**(2,883)**	**(2,883)**
Depreciation charge (note 6)	**(59,669)**	**(123,626)**	**(183,295)**
Disposal of subsidiaries (note 43)	**(465,465)**	**–**	**(465,465)**
As at 31 December 2023	**1,101,778**	**380,427**	**1,482,205**

At 31 December 2023, certain of the Group's right-of-use assets with an aggregate net carrying amount of approximately RMB326,493,000 (2022: RMB666,323,000) were pledged to secure bank and other borrowing granted to the Group (note 34).

19. LEASES (Continued)

The Group as a lessee (Continued)

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	**1,126,102**	1,065,976
New leases	**125,407**	111,420
Additions as a result of acquisition of subsidiaries (note 42)	**1,554**	8,624
Accretion of interest recognised during the year (note 8)	**51,384**	49,644
Payments	**(190,138)**	(108,096)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	(1,466)
Carrying amount at 31 December	**1,114,309**	1,126,102
Analysed into		
Current portion	**194,171**	175,448
Non-current portion	**920,138**	950,654

The maturity analysis of lease liabilities is disclosed in note 50 to the financial statements.

The Group applied the practical expedient to all eligible covid-19-related rent concessions granted by the lessors during the year ended 31 December 2022.

19. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	51,384	49,644
Depreciation charge of right-of-use assets	183,295	166,769
Expense relating to short-term leases and leases of low-value assets	116,303	89,406
Total amount recognised in profit or loss	350,982	305,819

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 44(c) and 46(b), respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 18) consisting of commercial properties and right-of-use assets in Chinese Mainland under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB1,743,053,000 (2022: RMB1,467,970,000), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	1,387,077	1,172,635
After one year but within two years	1,129,205	765,922
After two years but within three years	407,538	647,819
After three years but within four years	263,785	310,666
After four years but within five years	215,509	270,431
After five years	348,251	573,021
Total	3,751,365	3,740,494

20. GOODWILL

	RMB'000
Cost and net carrying amount at 1 January 2022	–
Acquisition of a subsidiary (note 42)	249,122
Cost and net carrying amount at 31 December 2022, 1 January 2023 and 31 December 2023	**249,122**
At 31 December 2023	
Cost	**249,122**
Accumulated impairment	**–**
Net carrying amount	**249,122**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

- Beijing Capital Property Services Limited cash-generating unit

Beijing Capital Property Services Limited cash-generating unit

The recoverable amount of this cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 12.16% (2022: 11.98%). The growth rate used to extrapolate the cash flows of the upscale residential and commercial projects cash-generating unit beyond the five-year period is 3% (2022: 3%), which was the same as the long term average growth rate of the property management industry.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Beijing Capital Property Services Limited cash-generating unit	
	2023 RMB'000	2022 RMB'000
Carrying amount of goodwill	**249,122**	249,122

Assumptions were used in the value in use calculation of this cash-generating unit for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Notes to Financial Statements

31 December 2023

21. INTANGIBLE ASSETS

	Computer software RMB'000	Contractual rights RMB'000	Total RMB'000
31 December 2023			
At 1 January 2023			
Cost	513,483	86,200	599,683
Accumulated amortisation and impairment	(108,381)	(3,877)	(112,258)
Net carrying amount	405,102	82,323	487,425
Cost at 1 January 2023, net of accumulated amortisation and impairment	405,102	82,323	487,425
Additions	110,356	–	110,356
Disposal of subsidiaries (note 43)	(164)	–	(164)
Disposals	(799)	–	(799)
Amortisation provided during the year (note 6)	(208,462)	(7,183)	(215,645)
At 31 December 2023	306,033	75,140	381,173
At 31 December 2023			
Cost	563,571	86,200	649,771
Accumulated amortisation and impairment	(257,538)	(11,060)	(268,598)
Net carrying amount	306,033	75,140	381,173

	Computer software RMB'000	Contractual rights RMB'000	Total RMB'000
31 December 2022			
At 1 January 2022			
Cost	259,320	–	259,320
Accumulated amortisation and impairment	(84,432)	–	(84,432)
Net carrying amount	174,888	–	174,888
Cost at 1 January 2022, net of accumulated amortisation and impairment	174,888	–	174,888
Additions	86,447	–	86,447
Acquisition of subsidiaries (note 42)	176,060	86,200	262,260
Disposals	(965)	–	(965)
Amortisation provided during the year (note 6)	(31,328)	(3,877)	(35,205)
At 31 December 2022	405,102	82,323	487,425
At 31 December 2022			
Cost	513,483	86,200	599,683
Accumulated amortisation and impairment	(108,381)	(3,877)	(112,258)
Net carrying amount	405,102	82,323	487,425

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2023 RMB'000	2022 RMB'000
Share of net assets	**23,508,314**	22,552,160
Other investments in joint ventures	**2,887,187**	3,331,554
Total investments in joint ventures	**26,395,501**	25,883,714

Other investments in joint ventures represented the investments in perpetual capital instruments issued by joint ventures. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in joint ventures.

The amounts due from and to joint ventures are disclosed in note 28 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain joint ventures because the share of loss of the joint ventures exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the joint ventures for the current year and cumulatively were RMB199,580,000 (2022: RMB280,580,000) and RMB1,436,884,000 (2022: RMB1,237,304,000), respectively.

At 31 December 2023, certain of the Group's investments in joint ventures with a carrying amount of RMB832,594,000 (2022: RMB918,906,000) were pledged to secure bank and other borrowings granted to the joint ventures of the Group, further details of which are set out in note 45 to the financial statements.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' (loss)/profit for the year	**(1,051,173)**	73,467
Share of the joint ventures' total comprehensive (loss)/income for the year	**(1,051,173)**	73,467
Aggregate carrying amount of the Group's investments in the joint ventures	**26,395,501**	25,883,714

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

On 5 November 2010, Qingdao Jin Mao, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Jin Mao agreed to make a capital injection of RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, to subscribe for its new registered capital.

On 28 July 2011, Qingdao Jin Mao completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to the newly registered capital of Lanhai Xingang City. On the same day, Qingdao Jin Mao and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, where branch 1 would be unilaterally managed and controlled by Qingdao Jin Mao in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group considered this supplementary arrangement as a joint operation and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Non-current assets	179	158
Current assets	139,692	310,270
Current liabilities	171,904	205,658
Net current assets/(liabilities)	(32,212)	104,612
Total assets less current liabilities	(32,033)	104,770
Net assets/(liabilities)	(32,033)	104,770
Revenue	70,287	6,236
Profit/(loss) for the year	(87,781)	5,891

23. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**21,525,116**	21,873,426
Other investments in associates	**967,437**	896,768
Total investments in associates	**22,492,553**	22,770,194

Other investments in associates represented the investments in perpetual capital instruments issued by associates. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in the associates.

The amounts due from and to associates are disclosed in note 28 to the financial statements.

The Group has discontinued the recognition of its share of loss of certain associates because the share of loss of the associates exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the associates for the current year and cumulatively were RMB82,985,000 (2022: RMB176,409,000) and RMB1,345,331,000 (2022: RMB1,262,346,000), respectively.

At 31 December 2023, certain of the Group's investments in associates with a carrying amount of RMB252,114,000 (2022: RMB206,410,000) were pledged to secure bank and other borrowings granted to the associates of the Group, further details of which are set out in note 45 to the financial statements.

At 31 December 2023, the Group's investment in an associate with an aggregate net carrying amount of approximately RMB161,317,000 (2022: RMB165,605,000) was pledged to secure bank and other borrowings granted to the Group (note 34).

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2023 RMB'000	2022 RMB'000
Share of the associates' profit for the year	**131,739**	423,965
Share of the associates' total comprehensive income for the year	**131,739**	423,965
Aggregate carrying amount of the Group's investments in the associates	**22,492,553**	22,770,194

24. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	662,749	381,366
Consumables and tools	403	146
Hotel merchandise	12,713	10,355
Trading stock	3,138	3,677
Total	679,003	395,544

25. TRADE AND BILLS RECEIVABLES

	2023 RMB'000	2022 RMB'000
– At amortised cost		
Trade and bills receivables	2,010,876	2,248,997
Impairment	(47,493)	(35,749)
Total	1,963,383	2,213,248
– At fair value through profit or loss		
Trade receivables	2,448,330	2,429,970
Carrying amount at 31 December	4,411,713	4,643,218
Current portion	1,963,383	2,213,248
Non-current portion	2,448,330	2,429,970

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to six months for major customers. Each customer has a maximum credit limit.

25. TRADE AND BILLS RECEIVABLES (Continued)

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills 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 and bills receivable balances. Trade receivables are non-interest-bearing.

At 31 December 2023, certain of the Group's trade and bills receivables with a net carrying amount of approximately RMB10,399,000 (2022: RMB688,679,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

Trade and bills receivables at amortised cost

An ageing analysis of the trade and bills receivables at amortised cost as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 month	**211,468**	586,135
1 to 3 months	**467,889**	316,206
3 to 6 months	**209,760**	258,412
6 months to 1 year	**688,514**	576,996
Over 1 year	**385,752**	475,499
Total	**1,963,383**	2,213,248

The movements in the loss allowance for impairment of trade and bills receivables at amortised cost are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**35,749**	27,631
Impairment losses, net (note 6)	**11,744**	8,118
At 31 December	**47,493**	35,749

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

25. TRADE AND BILLS RECEIVABLES (Continued)

Trade and bills receivables at amortised cost (Continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables at amortised cost using a provision matrix:

As at 31 December 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.09%	2.15%	0.00%	22.38%	2.36%
Gross carrying amount (RMB'000)	1,791,501	15,655	–	203,720	2,010,876
Expected credit losses (RMB'000)	1,554	336	–	45,603	47,493

As at 31 December 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.09%	2.98%	2.95%	21.31%	1.59%
Gross carrying amount (RMB'000)	2,078,067	13,436	889	156,605	2,248,997
Expected credit losses (RMB'000)	1,949	401	26	33,373	35,749

Trade receivables at fair value through profit or loss

Trade receivables at fair value through profit or loss represents the income arising from land development for which the transaction price are determined on a cost-plus basis. The Group entered into service agreements with the relevant local government authorities, according to which the Group provides construction services and is entitled to service consideration on a cost-plus basis. According to the agreements, the relevant local government authorities has the right to defer payment under certain circumstances and the cash flows of the receivables could not pass the solely payments of principal and interest testing, thus, these were classified as fair value through profit or loss.

Included in the trade receivables at fair value through profit or loss from land development was an amount of RMB1,858,462,000 (2022: RMB1,748,390,000) which was bearing interest ranging from 5.46% to 10% (2022: 6.37% to 10%).

Details of fair value information of trade receivables at fair value through profit or loss are set out in note 49.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments	**9,198,738**	7,777,805
Deposits	**1,571,272**	925,790
Other receivables	**8,644,494**	4,633,987
Due from non-controlling shareholders	**16,153,530**	14,459,906
Others	**1,120,516**	1,015,560
Carrying amount at 31 December	**36,688,550**	28,813,048
Current portion	**36,385,149**	28,498,777
Non-current portion	**303,401**	314,271

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

The current balances of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of RMB6,896,130,000, in aggregate, which bear interest at rates from 1.78% to 6.00% per annum (2022: RMB9,966,813,000, in aggregate, which bear interest at rates from 1.83% to 6.00% per annum).

Management expects the contracts costs, primarily sale commission and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts as contract costs and charged to selling expenses when the related revenue are recognised.

27. CONTRACT ASSETS

	31 December 2023 RMB'000	31 December 2022 RMB'000	1 January 2022 RMB'000
Contract assets arising from design, construction and decoration services	**423,149**	476,017	1,400,898

Contract assets are initially recognised for other revenue earned from the design, construction and decoration services as the receipt of consideration is conditional on successful completion of services, respectively. Included in contract assets for design, construction and decoration services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2023 and 2022 was the result of the decrease in the ongoing provision of design, construction and decoration services at the end of each of the years.

The expected timing of recovery or settlement for contract assets as at 31 December 2023 is within one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade and bills receivables as the contract assets and the trade and bills receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade and bills receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

28. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Current:			
Due from related parties:			
The ultimate holding company		280	280
An intermediate holding company		229	4,158
The immediate holding company		451	1,269
An associate of the Group's ultimate holding company		215	47
Fellow subsidiaries		326,044	440,730
Associates*	(i)	9,941,829	8,183,077
Joint ventures*	(ii)	16,055,964	16,597,594
The substantial shareholder	(iii)	1,773,834	1,958,129
Impairment allowance		(3,349,059)	(2,897,092)
Total – current		24,749,787	24,288,192
Non-current:			
Due from related parties:			
Associates*	(iv)	266,884	2,141,740
Joint ventures*	(v)	1,225,782	3,202,442
The substantial shareholder	(vi)	785,428	785,348
Total – non-current		2,278,094	6,129,530
Total		27,027,881	30,417,722

* Balance included trade receivable from associates and joint ventures relating to provision of property management, green buildings technology, design and decoration services are included in due from related parties as at 31 December 2023 with amounts of approximately RMB268,082,000 (2022: RMB447,957,000) and RMB519,182,000 (2022: RMB738,475,000) respectively, which arose from ordinary course of the Group on normal commercial terms. Other than the aforesaid trade balances, the remaining balances due from associates and joint ventures as at 31 December 2023 represented loans or advances by the Group to its associates and joint ventures, according to the Group's shareholdings therein, as the working capital of these associates and joint ventures for their property projects.

28. BALANCES WITH RELATED PARTIES (Continued)

At each reporting date, an impairment analysis is performed using the general approach to recognise the ECLs on the amounts due from the related parties. For those associates and joint ventures undertaking property development projects, if applicable, the loss allowance is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2023, the loss allowance was assessed and recognised at an amount of RMB3,349,059,000 (2022: RMB2,897,092,000).

The amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due from associates as at 31 December 2023 of RMB1,898,897,000 in aggregate, which bear interest at rates ranging from 5.35% to 10.00% per annum (2022: RMB2,638,034,000 in aggregate, which bore interest at rates ranging from 5.35% to 10.00% per annum).

(ii) The current balances of amounts due from joint ventures as at 31 December 2023 of RMB7,425,417,000 in aggregate, which bear interest at rates ranging from 3.92% to 9.50% per annum (2022: RMB9,276,712,000 in aggregate, which bore interest at rates ranging from 1.93% to 13.88% per annum).

(iii) The current balances of amounts due from the substantial shareholder as at 31 December 2023 of RMB662,022,000 in aggregate, which bear interest at a rate of 2.18% per annum (2022: RMB995,712,000 in aggregate, which bore interest at a rate of 2.18% per annum).

(iv) The non-current balances of amounts due from associates as at 31 December 2023 of RMB266,884,000 in aggregate, which bear interest at a rate of 8.00% per annum (2022: RMB1,092,275,000 in aggregate, which bore interest at rates ranging from 6.00% to 8.00% per annum).

(v) The non-current balances of amounts due from joint ventures as at 31 December 2023 of RMB50,000,000 in aggregate which bear interest at a rate of 7.00% per annum (2022: RMB2,395,763,000 in aggregate which bore interest at rates ranging from 5.23% to 10.00% per annum).

(vi) The non-current balances of amounts due from the substantial shareholder as at 31 December 2023 include an amount of RMB752,282,000, which bear interest at a rate of 2.75% per annum (2022: RMB752,202,000, which bore interest at a rate of 2.75% per annum).

28. BALANCES WITH RELATED PARTIES (Continued)

An analysis of the amounts due to related parties is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Current:			
Due to related parties:			
The ultimate holding company		**2,184**	2,186
An intermediate holding company		**30,882**	32,037
The immediate holding company		**12,142,483**	10,229,643
Fellow subsidiaries		**1,043,356**	4,936,210
Associates	(i)	**17,535,918**	14,631,779
Joint ventures		**11,944,950**	12,353,053
Associates of the Group's ultimate holding company		**12,137**	15,443
The substantial shareholder		**1,583,554**	3,283,975
Total – current		**44,295,464**	45,484,326
Non-current:			
Due to related parties:			
An intermediate holding company	(ii)	**5,192,724**	11,121,904
Associates		**19,814**	296,440
Joint ventures	(iii)	**238,856**	801,925
Total – non-current		**5,451,394**	12,220,269
Total		**49,746,858**	57,704,595

The amounts due to related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due to associates as at 31 December 2023 of RMB1,505,970,000 in aggregate, which bear interest at rates ranging from 2.18% to 4.75% per annum (2022: RMB1,735,470,000 in aggregate, which bore interest at rates ranging from 2.18% to 4.75% per annum).

(ii) The non-current balances of amounts due to an intermediate holding company as at 31 December 2023 of RMB4,900,000,000, which bears interest from 4.20% to 4.35% per annum (2022: RMB10,700,000,000, which bore interest from 4.20% to 4.35% per annum).

(iii) The non-current balances of amounts due to a joint venture as at 31 December 2023 of RMB205,710,000, which bear interest at a rate of 5.80% per annum (2022: RMB205,710,000, which bore interest at a rate of 5.80% per annum).

29. OTHER FINANCIAL ASSETS

	2023 RMB'000	2022 RMB'000
Non-current balances		
Unlisted equity investments, at fair value	**105,000**	105,000
Investment in a land development project, at fair value	**5,571,566**	5,669,905
Other unlisted investments, at fair value	**170,803**	276,132
Total – non-current	**5,847,369**	6,051,037
Current balances		
Other unlisted investments, at fair value	**40**	41
Total	**5,847,409**	6,051,078

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognize the fair value gain or loss through other comprehensive income.

Investment in a land development project as at 31 December 2023 represented the interest in Phase II of Changsha Meixi Lake Primary Development Project. The other unlisted investments include wealth management products issued by financial institutions in Chinese Mainland and investments in unlisted funds. These investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

30. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND DEPOSITS

	2023 RMB'000	2022 RMB'000
Cash and bank balances	**30,919,968**	37,087,009
Time deposits	**6,915,984**	7,616,482
Subtotal	**37,835,952**	44,703,491
Less:		
Restricted bank balances	**(6,915,984)**	(7,614,247)
Cash and cash equivalents	**30,919,968**	37,089,244

At 31 December 2023, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB30,450,983,000 (2022: RMB32,759,090,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of RMB8,981,721,000 (2022: RMB9,944,226,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.55% to 1.90% per annum (2022: 0.35% to 1.90%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 47(a) to the financial statements.

As at 31 December 2023, restricted bank balances included the regulated pre-sales proceeds of properties of RMB4,307,384,000 (2022: RMB6,640,412,000), and guarantee deposits designated for certain property development projects.

At 31 December 2023, certain of the Group's restricted bank deposits with a carrying value of RMB4,000,000 (2022: RMB100,000,000) were pledged to secure bank and other borrowings granted to the Group (note 34).

31. DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders of RMB2,106,504,000 as at 31 December 2023 (2022: RMB4,492,278,000) represented loans (the "Loans") provided by certain non-wholly-owned subsidiaries of the Company (the "Lending Subsidiaries") to their non-controlling shareholders. The Loans were financed by the non-restricted cash from the Lending Subsidiaries' sale of properties generated in their ordinary course of business, and were provided to their shareholders in proportion to their shareholdings. The non-current balances of amounts due from non-controlling shareholders are unsecured, bear interest at rates ranging from 1.85% to 4.55% (2022: 2.18% to 4.55%) per annum and are not repayable within one year.

32. TRADE AND BILLS PAYABLES

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

	2023 RMB'000	2022 RMB'000
Within 1 year or on demand	**25,215,092**	25,517,380
Over 1 year	**6,077,712**	5,315,676
Total	**31,292,804**	30,833,056

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

33. OTHER PAYABLES AND ACCRUALS

	Notes	2023 RMB'000	2022 RMB'000
Other payables	(a)	**14,269,211**	18,116,971
Receipts in advance		**153,104**	768,191
Contract liabilities	(b)	**55,236,431**	60,147,539
Accruals		**582,071**	538,003
Due to non-controlling shareholders	(c)	**3,238,099**	1,000,883
Dividend payable to non-controlling shareholders		**–**	83,227
Deferred revenue		**961,173**	1,307,590
Carrying amount at 31 December		**74,440,089**	81,962,404
Current portion		**72,501,285**	79,981,676
Non-current portion		**1,938,804**	1,980,728

Notes:

(a) Other payables are non-interest-bearing with an average term of not more than one year. The value added taxes ("VAT") relating to pre-sale of properties are included in other payables as at 31 December 2023 with an amount of approximately RMB4,997,899,000 (2022: RMB5,237,899,000). VAT payable is recognised when or as the control of the properties is transferred to customers and revenue is recognised.

(b) Details of contract liabilities are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000	1 January 2022 RMB'000
Short-term advances received from customers:			
Sale of properties	**53,917,034**	59,171,384	77,681,366
Hotel operations	**49,737**	54,715	82,240
Property management services	**464,558**	345,010	302,006
Others	**805,102**	576,430	148,170
Total contract liabilities	**55,236,431**	60,147,539	78,213,782

Contract liabilities include short-term advances received to deliver completed properties and land development assets, render hotel operations, design and decoration services and management services. The decrease in contract liabilities in 2023 was mainly due to the recognition of revenue arising from contract liabilities in relation to short-term advances received from customers.

(c) The amounts due to non-controlling shareholders as at 31 December 2023 are unsecured and interest-free, except for the amounts of RMB579,951,000 in aggregate, which bear interest at rates ranging from 4.75% to 8.00% per annum (2022: RMB363,429,000 in aggregate, which bear interest at rates ranging from 4.75% to 8.00% per annum).

Notes to Financial Statements
31 December 2023

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, secured	4.80	2024	240,000	4.35-7.40	2023	465,000
Bank loans, unsecured	2.53-6.37	2024	5,690,590	0.96-9.78	2023	10,897,549
Other loans, unsecured	–	–	–	4.75	2023	1,020,000
Current portion of long term bank loans, secured	2.70-8.00	2024	2,385,578	3.10-8.50	2023	3,263,275
Current portion of long term bank loans, unsecured	2.40-8.50	2024	6,372,034	1.42-5.40	2023	3,889,042
Current portion of long term other loans, unsecured	2.60-3.10	2024	2,368,610	3.10-5.80	2023	1,987,700
Current portion of long term other loans, secured	3.00-5.82	2024	37,444	2.65-6.05	2023	24,728
Current portion of long term notes, unsecured	4.00	2024	1,768,191	–	–	–
Domestic corporate bonds, unsecured	3.65-3.74	2024	5,000,000	3.10-3.28	2023	5,000,000
Total – current			23,862,447			26,547,294
Non-current						
Bank loans, secured	2.29-8.00	2025-2041	19,742,333	3.10-10.65	2024-2041	20,664,532
Bank loans, unsecured	2.40-8.50	2025-2038	24,283,586	1.42-8.50	2024-2033	23,313,297
Other loans, unsecured	2.60-5.35	2025-2028	9,451,376	3.10-6.90	2024-2028	11,627,061
Other loans, secured	3.95-5.82	2025-2039	13,249,551	2.65-6.05	2024-2039	12,412,480
Notes, unsecured	3.20-4.40	2025-2029	12,253,056	3.20-6.40	2024-2029	13,800,426
Domestic corporate bonds, unsecured	3.20-4.00	2025-2027	18,050,000	3.10-3.74	2024-2027	14,300,000
Domestic corporate bonds, secured	3.60-4.68	2025-2041	6,487,000	–	–	–
Total – non-current			103,516,902			96,117,796
Total			127,379,349			122,665,090

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	14,688,202	18,514,866
In the second year	11,861,105	26,424,338
In the third to fifth years, inclusive	22,109,654	16,126,774
Beyond five years	10,055,160	1,426,717
Subtotal	58,714,121	62,492,695
Other borrowings repayable:		
Within one year	9,174,245	8,032,428
In the second year	8,420,905	13,663,388
In the third to fifth years, inclusive	30,665,171	22,768,702
Beyond five years	20,404,907	15,707,877
Subtotal	68,665,228	60,172,395
Total	127,379,349	122,665,090

Notes:

(a) As at 31 December 2023, the Group had loan facilities amounting to RMB165,082,943,000 (2022: RMB189,785,436,000), of which RMB90,308,103,000 (2022: RMB89,564,664,000) had been utilised.

(b) Certain of the Group's bank and other borrowings are secured by:

(i) certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of RMB5,472,565,000 (2022: RMB5,168,032,000);

(ii) certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately RMB54,804,915,000 (2022: RMB70,679,210,000);

(iii) certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of RMB510,764,000 (2022: RMB488,501,000);

(iv) certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB21,963,015,000 (2022: RMB13,319,860,000);

(v) certain of the Group's trade and bills receivables, which had an aggregate net carrying value at the end of the reporting period of RMB10,399,000 (2022: RMB688,679,000);

(vi) certain of the Group's right-of-use assets, which had an aggregate net carrying value at the end of the reporting period of RMB326,493,000 (2022: RMB666,323,000).

(vii) certain of the Group's investment in an associate, which had an aggregate net carrying value at the end of the reporting period of RMB161,317,000 (2022: RMB165,605,000).

(viii) certain of the Group's restricted bank deposits, which had an aggregate net carrying value at the end of the reporting period of RMB4,000,000 (2022: RMB100,000,000).

(ix) the revenue generated during the year by the Group's certain pledged investment properties and hotels with an aggregate amount of RMB495,605,000 (2022: Nil).

(c) Except for the bank and other borrowings amounting to approximately RMB12,681,695,000 (2022: RMB19,400,214,000) and RMB26,216,652,000 (2022: RMB25,452,585,000) which are denominated in United States dollars and Hong Kong dollars, respectively, all bank and other borrowings are denominated in RMB.

35. PROVISION FOR LAND APPRECIATION TAX

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Chinese Mainland is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1.0% to 5.0% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

36. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Accrued interest income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	4,119,620	787,891	1,069,693	142,197	38,895	817,349	6,975,645
Acquisition of subsidiaries (note 42)	–	–	2,408,033	–	–	–	2,408,033
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	425,938	91,876	(613,628)	–	26,804	132,809	63,799
Gross deferred tax liabilities at 31 December 2022 and 1 January 2023	4,545,558	879,767	2,864,098	142,197	65,699	950,158	9,447,477
Acquisition of subsidiaries (note 42)	–	–	306,616	–	–	–	306,616
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	(109,242)	138,053	(318,342)	(31,940)	10,531	(110,247)	(421,187)
Deferred tax charged to asset revaluation reserve during the year	24,960	–	–	–	–	–	24,960
Disposal of subsidiaries (note 43)	1,822	(6,872)	–	–	–	–	(5,050)
Gross deferred tax liabilities at 31 December 2023	4,463,098	1,010,948	2,852,372	110,257	76,230	839,911	9,352,816

36. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	413,825	1,148,139	1,188,169	511,233	3,261,366
Acquisition of subsidiaries (note 42)	–	308,350	–	65,737	374,087
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	(199,357)	50,049	(128,221)	357,115	79,586
Disposal of subsidiaries (note 43)	–	(13,491)	–	–	(13,491)
Gross deferred tax assets at 31 December 2022 and 1 January 2023	**214,468**	**1,493,047**	**1,059,948**	**934,085**	**3,701,548**
Acquisition of subsidiaries (note 42)	**–**	**36,146**	**–**	**–**	**36,146**
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	**(24,245)**	**(232,615)**	**(140,201)**	**(163,005)**	**(560,066)**
Disposal of subsidiaries (note 43)	**–**	**(38,061)**	**–**	**–**	**(38,061)**
Gross deferred tax assets at 31 December 2023	**190,223**	**1,258,517**	**919,747**	**771,080**	**3,139,567**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**3,151,193**	3,734,707
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(9,364,442)**	(9,480,636)
	(6,213,249)	(5,745,929)

36. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

The Group also has tax losses arising in Chinese Mainland of RMB12,473,792,000 (2022: RMB7,876,988,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2023, the Group recognised deferred tax liabilities of approximately RMB110,257,000 (2022: RMB142,197,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, associates, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, associates, joint ventures and joint operations in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB24,669,163,000 at 31 December 2023 (2022: RMB26,592,928,000).

There is no income tax consequence attaching to the payment of dividends by the Company to its shareholders.

37. PERPETUAL CAPITAL INSTRUMENTS

(a) 2017 Senior Guaranteed Perpetual Capital Securities

On 3 July 2017, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to RMB2,033,160,000). On 1 September 2017, Franshion Brilliant Limited completed another issue of the senior guaranteed perpetual capital securities with an amount of US$200,182,000 (equivalent to RMB1,319,380,000), at 100.091% of the principal amount of US$200,000,000 and an accrued distribution of US$1,289,000 (equivalent to RMB8,495,000) compensated from the bankers.

The securities confer a right to receive distribution at 4.00% per annum payable semi-annually in arrears beginning on 3 January 2018 with no stated maturity date. The transaction costs related to the issuance were approximately US$1,735,000 (equivalent to RMB11,566,000).

During the year ended 31 December 2023, the Group redeemed all of the 2017 Senior Guaranteed Perpetual Capital Securities with a principal amount of US$500,000,000.

(b) 2017 Subordinate Guaranteed Perpetual Capital Securities

On 6 November 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB1,987,410,000). The direct transaction costs attributable to the issuance amounted to US$196,000 (equivalent to approximately RMB1,296,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.875% per annum from and including 6 May 2018, payable semi-annually on May 6 and November 6 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

During the year ended 31 December 2023, the Group redeemed all of the 2017 Subordinate Guaranteed Perpetual Capital Securities with a principal amount of US$300,000,000.

(c) 2019 Subordinate Guaranteed Perpetual Capital Securities

On 6 December 2019, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,815,320,000). The direct transaction costs attributable to the issuance amounted to US$759,000 (equivalent to approximately RMB5,340,000).

The securities confer a right to receive distributions at the applicable distribution rate of 7.125% per annum from and including 6 June 2020, payable semi-annually on 6 June and 6 December of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(d) 2020 Sinochem Corporation Perpetual Debts

On 14 December 2020, Jinmao Tianjin entered into a perpetual debt agreement, in an aggregate principal amount of RMB5,000,000,000 with its intermediate holding company, Sinochem Corporation. The debts confer a right to receive distribution at 4.95% per annum payable annually in arrears beginning on 14 December 2021. Jinmao Tianjin, may at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

During the year ended 31 December 2023, the Group redeemed all of the 2020 Sinochem Corporation Perpetual Debts with a principal amount of RMB5,000,000,000.

37. PERPETUAL CAPITAL INSTRUMENTS (Continued)

(e) 2021 Subordinate Guaranteed Perpetual Capital Securities

On 8 February 2021, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$500,000,000 (equivalent to approximately RMB3,233,900,000). The direct transaction costs attributable to the issuance amounted to US$1,695,000 (equivalent to approximately RMB10,964,000).

The securities confer a right to receive distributions at the applicable distribution rate of 6.00% per annum from and including 8 August 2021, payable semi-annually on 8 February and 8 August of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(f) 2021 Yangguang Guaranteed Perpetual Debts

On 29 June 2021, Suzhou Yongmao Properties Limited, a wholly-owned subsidiary of the Company, entered into a perpetual debt agreement, in an aggregate principal amount of RMB1,000,000,000 with Yangguang Asset Management Co., Ltd. The debts are guaranteed by Shanghai Jinmao Investment Management Group Co., Ltd. The debts confer a right to receive distribution at 5.40% per annum from and including 20 September 2021, payable quarterly on 20 March, 20 June, 20 September and 20 December of each year. The Group may at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

(g) 2023 Sinochem Corporation Perpetual Debts

On 14 December 2023, Jinmao Tianjin entered into a perpetual debt agreement, in an aggregate principal amount of RMB5,000,000,000 with its intermediate holding company, Sinochem Corporation. The debts confer a right to receive distribution at 4.50% per annum payable annually in arrears beginning on 14 December 2024. Jinmao Tianjin may, at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

(h) 2023 Sinochem Hong Kong Perpetual Debts

On 21 December 2023, Franshion Properties (China) Limited, a wholly-owned subsidiary of the Company, entered into a perpetual debt agreement, in an aggregate principal amount of RMB3,000,000,000 with its intermediate holding company, Sinochem Hong Kong. The debts confer a right to receive distribution at 4.50% per annum payable annually in arrears beginning on 15 March 2024. Franshion Properties (China) Limited may, at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the perpetual capital instruments in (a) to (h) above due to redemption other than an unforeseen liquidation of the Company or the issuers. Accordingly, these instruments are classified as equity instruments.

Notes to Financial Statements

31 December 2023

38. SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares issued and fully paid	Share capital RMB'000
At 1 January 2022	12,688,342,090	26,140,465
Share options exercised (note)	1,484,000	3,224
Scrip dividends (note 12)	625,166,822	594,337
At 31 December 2022 and 1 January 2023	13,314,992,912	26,738,026
Scrip dividends (note 12)	184,595,340	179,789
31 December 2023	13,499,588,252	26,917,815

Note: 1,484,000 share options were exercised at the subscription price of HK$2.196 per share (note 39), resulting in the issue of 1,484,000 shares for a total cash consideration, before expenses, of RMB2,656,000. An amount of RMB568,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 39 to the financial statements.

39. SHARE OPTION SCHEME

2007 Scheme

The Company operates a share option scheme (the "2007 Scheme") which became effective on 22 November 2007 and expired on 22 November 2017, after 10 years from the effective date. However, the options granted under the 2007 Scheme continued to be valid and exercisable in accordance with the terms of issue. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the 2007 Scheme, if earlier.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2007 Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the 2007 Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	2.196	66,682,400	2.196	69,468,400
Forfeited/lapsed during the year	2.196	(66,682,400)	2.196	(1,302,000)
Exercised during the year	–	–	2.196	(1,484,000)
At 31 December	–	–	2.196	66,682,400

No share options were exercised during the year (2022: the weighted average share price at the date of exercise for share options exercised was HK$2.196 per share).

All the share options granted and yet to be exercised under the 2007 Scheme were expired and lapsed on 16 October 2023. Accordingly, there were no outstanding share options granted and yet to be exercised under the 2007 Scheme as at 31 December 2023.

The exercise prices and exercise periods of the share options outstanding under the 2007 Scheme as at 31 December 2022 are as follows:

Number of options	Exercise price* HK$ per share	Exercise period
5,104,800	2.196	17 October 2018 to 16 October 2023
23,566,800	2.196	17 October 2019 to 16 October 2023
38,010,800	2.196	17 October 2020 to 16 October 2023
66,682,400		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

39. SHARE OPTION SCHEME (Continued)

New Scheme

The Company operates a new share option scheme (the "New Scheme") which became effective on 29 January 2019. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the New Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the New Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	4.01	151,906,000	4.01	241,000,000
Forfeited during the year	3.99	(17,230,000)	3.99	(89,094,000)
At 31 December	4.00	134,676,000	4.01	151,906,000

39. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

The exercise prices and exercise periods of the share options outstanding under the New Scheme as at the end of the reporting period are as follows:

2023

Number of options	Exercise price* HK$ per share	Exercise period
66,944,000	3.99	8 February 2021 to 7 February 2026
65,732,000	3.99	8 February 2023 to 7 February 2026
1,000,000	4.58	9 September 2021 to 8 September 2026
1,000,000	4.58	9 September 2023 to 8 September 2026
134,676,000		

2022

Number of options	Exercise price* HK$ per share	Exercise period
72,844,000	3.99	8 February 2021 to 7 February 2026
73,062,000	3.99	8 February 2023 to 7 February 2026
3,000,000	4.58	9 September 2021 to 8 September 2026
3,000,000	4.58	9 September 2023 to 8 September 2026
151,906,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year ended 31 December 2019 was HK$257,594,000 of which the Group reversed an equity-settled share option expense of HK$1,877,000 (equivalent to RMB1,690,000) during year ended 31 December 2023 as a result of the service or non-market performance conditions related to these shares options not being fulfilled (2022: RMB48,308,000).

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had no share options outstanding under the 2007 Scheme and 134,676,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 134,676,000 additional ordinary shares of the Company and additional share capital of HK$538,537,000 (equivalent to RMB484,907,000) (before issue expenses).

40. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Chinese Mainland and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Hedging reserve

The hedging reserve represents reserves related to net investment hedges and cash flow hedges.

41. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Changshu Yumao RMB'000	Beijing Shengmao RMB'000
2023		
Percentage of equity interest held by non-controlling interests	90.00%	30.00%
Profit/(loss) for the year allocated to non-controlling interests	57,103	(12,604)
Dividends declared to non-controlling interests	–	–
Accumulated balances of non-controlling interests at the reporting date	3,630,812	3,059,652

	Changshu Yumao RMB'000	Suzhou Anmao RMB'000
2022		
Percentage of equity interest held by non-controlling interests	90.00%	73.50%
Profit for the year allocated to non-controlling interests	7,250	12,443
Dividends declared to non-controlling interests	–	58,800
Accumulated balances of non-controlling interests at the reporting date	3,573,709	3,638,509

41. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Changshu Yumao RMB'000	Beijing Shengmao RMB'000
2023		
Revenue	1,328,747	–
Total expenses	(1,265,299)	(42,014)
Profit/(loss) for the year	63,448	(42,014)
Total comprehensive income/(loss) for the year	63,448	(42,014)
Current assets	6,417,287	12,279,882
Non-current assets	19	767,623
Current liabilities	(1,602,089)	(5,262,516)
Non-current liabilities	(780,981)	(1,588,100)
Net cash flows from operating activities	479,664	4,704,420
Net cash flows used in investing activities	(30)	(5,525,116)
Net cash flows (used in)/from financing activities	(650,214)	2,351,978
Net (decrease)/increase in cash and cash equivalents	(170,580)	1,531,282

	Changshu Yumao RMB'000	Suzhou Anmao RMB'000
2022		
Revenue	970,162	629,777
Total expenses	(962,106)	(612,848)
Profit for the year	8,056	16,929
Total comprehensive income for the year	8,056	16,929
Current assets	7,474,024	5,759,140
Non-current assets	10,661	50
Current liabilities	(2,122,079)	(806,373)
Non-current liabilities	(1,391,818)	(2,465)
Net cash flows from operating activities	380,984	320,905
Net cash flows used in investing activities	(1,220,000)	–
Net cash flows from/(used in) financing activities	1,018,280	(80,000)
Net increase in cash and cash equivalents	179,264	240,905

42. BUSINESS COMBINATION

(a) 2023 business combination

The Group's business combination during the year ended 31 December 2023 mainly included the acquisitions of a number of property development companies and acquisition of additional interests in joint ventures (collectively referred to as the "2023 Acquirees"). The directors of the Company consider that none of the 2023 Acquirees acquired during the year was significant to the Group and thus the individual financial information of the 2023 Acquirees on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures at the date of acquisition, and fair value gains of RMB316,063,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2023 (note 5).

The Group has elected to measure the non-controlling interest in the 2023 Acquirees at the non-controlling interest's proportionate share of the 2023 Acquirees' identifiable net assets.

42. BUSINESS COMBINATION (Continued)

(a) 2023 business combination (Continued)

The fair values of the identifiable assets and liabilities of the 2023 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	1,264
Right-of-use assets	19(a)	1,463
Properties under development		10,702,058
Properties held for sale		845,617
Deferred tax assets	36	36,146
Investment in a joint venture		281,467
Prepayments, other receivables and other assets		3,447,273
Prepaid tax		353,260
Cash and cash equivalents		2,122,818
Trade and bills payables		(133,040)
Other payables and accruals		(6,623,912)
Interest-bearing bank and other borrowings		(3,345,300)
Tax payable		(107,369)
Lease liabilities	19(b),44	(1,554)
Deferred tax liabilities	36	(306,616)
Total identifiable net assets at fair value		7,273,575
Non-controlling interests		(3,536,132)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(1,223)
Satisfied by:		3,736,220
Cash*		1,288,216
Fair value of equity interest previously held as investments in joint ventures		2,448,004
Total purchase consideration		3,736,220

* Cash consideration of RMB575,000,000 had been pre-paid by the Group as at 31 December 2022 and the remaining consideration of RMB713,216,000 was paid during the year.

42. BUSINESS COMBINATION (Continued)

(a) 2023 business combination (Continued)

The fair values of its other receivables as at the date of acquisition amounted to RMB3,447,273,000, which are equal to its gross contractual amounts.

The Group incurred transaction costs of RMB405,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB1,223,000 in the consolidated statement of profit or loss for the year ended 31 December 2023, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

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

	RMB'000
Cash consideration	(713,216)
Cash and bank balances acquired	2,122,818
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,409,602
Transaction costs of the acquisition included in cash flows used in operating activities	(405)
Total net cash inflow	1,409,197

Since the acquisition, the 2023 Acquirees contributed RMB3,295,551,000 to the Group's revenue and RMB91,715,000 to the consolidated profit for the year ended 31 December 2023 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2023, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 December 2023 would have been RMB72,403,613,000 and RMB4,867,621,000 respectively.

42. BUSINESS COMBINATION (Continued)

(b) 2022 business combination – acquisition of China VAST

During the year ended 31 December 2022, the Group acquired 60.2% equity interest in China VAST from independent third parties at a cash consideration of RMB1,995,031,000. China VAST is engaged in the business of (i) planning, development and operation of large-scale industrial towns, (ii) property development, and (iii) property leasing, in the PRC. The acquisition was made in line with the strategic development of the Group's real estate business. Before the acquisition, the Group held 29.9% equity interest in China VAST and accounted for China VAST as an associate of the Group.

The Group remeasured the fair value of the equity interest previously held as an associate at the date of acquisition, and fair value gains of RMB264,677,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2022 (note 5).

The Group has elected to measure the non-controlling interest in China VAST at the non-controlling interest's proportionate share of the China VAST's identifiable net assets.

42. BUSINESS COMBINATION (Continued)

(b) 2022 business combination – acquisition of China VAST (Continued)

The fair values of the identifiable assets and liabilities of China VAST as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	919,107
Right-of-use assets	19(a)	174,264
Intangible assets	21	2,168
Properties under development		1,075,229
Properties held for sale		726,175
Land under development		11,989,323
Investment properties	18	1,067,600
Deferred tax assets	36	237,946
Investments in joint ventures		107,299
Investments in associates		232,223
Trade and bill receivables		2,639,782
Prepayments, other receivables and other assets		503,345
Prepaid tax		67,316
Other financial assets		103,199
Restricted bank balance		179,474
Cash and cash equivalents		232,501
Trade and bills payables		(692,896)
Other payables and accruals		(1,633,706)
Interest-bearing bank and other borrowings		(5,462,900)
Derivative financial instruments		(32,552)
Tax payable		(467,347)
Lease liabilities	19(b), 44	(7,140)
Deferred tax liabilities	36	(2,018,404)
Provision for land appreciation tax		(188,930)
Total identifiable net assets at fair value		9,753,076
Non-controlling interests		(963,591)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(3,877,632)
		4,911,853
Satisfied by:		
Cash*		1,995,031
Fair value of equity interest previously held as an investment in an associate		2,916,822
Total purchase consideration		4,911,853

* Cash consideration of RMB921,182,000 was paid during the year ended 31 December 2022. As at 31 December 2022, the consideration of RMB1,073,849,000 remained outstanding.

42. BUSINESS COMBINATION (Continued)

(b) 2022 business combination – acquisition of China VAST (Continued)

The fair values of its trade and bills receivables and other receivables as at the date of acquisition amounted to RMB2,639,782,000 and RMB503,345,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,355,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB3,877,632,000 in the consolidated statement of profit or loss for the year ended 31 December 2022, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third party, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	(921,182)
Cash and bank balances acquired	232,501
Net outflow of cash and cash equivalents included in cash flows from investing activities	(688,681)
Transaction costs of the acquisition included in cash flows used in operating activities	(1,355)
Total net cash outflow	(690,036)

Since the acquisition, China VAST contributed RMB0 to the Group's revenue and RMB428,000 to the consolidated profit for the year ended 31 December 2022 in aggregate.

Had the combination of China Vast taken place at the beginning of the year ended 31 December 2022, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2022 would have been RMB83,960,929,000 and RMB3,399,567,000 respectively.

42. BUSINESS COMBINATION (Continued)

(c) 2022 business combination – other acquisitions

Other than China VAST, the Group's business combination during the year ended 31 December 2022 mainly included the acquisitions of a number of property development companies, property services companies, and acquisition of additional interests in joint ventures and associates (collectively referred to as the "2022 Acquirees"). The directors of the Company consider that none of the 2022 Acquirees acquired during the year was significant to the Group and thus the individual financial information of the 2022 Acquirees on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB569,252,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2022 (note 5).

The Group has elected to measure the non-controlling interest in the 2022 Acquirees at the non-controlling interest's proportionate share of the 2022 Acquirees' identifiable net assets.

42. BUSINESS COMBINATION (Continued)

(c) 2022 business combination – other acquisitions (Continued)

The fair values of the identifiable assets and liabilities of the 2022 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	5,256
Right-of-use assets	19(a)	1,777
Intangible assets	21	260,092
Properties under development		24,004,819
Properties held for sale		231,139
Deferred tax assets	36	136,141
Investments in joint ventures		146,371
Trade and bill receivables		54,821
Prepayments, other receivables and other assets		5,568,009
Prepaid tax		819,453
Restricted bank balances		1,108,549
Cash and cash equivalents		1,342,962
Trade and bills payables		(2,058,706)
Other payables and accruals		(16,800,159)
Interest-bearing bank and other borrowings		(2,440,204)
Tax payable		(87,325)
Lease liabilities	19(b), 44	(1,484)
Deferred tax liabilities	36	(389,629)
Total identifiable net assets at fair value		11,901,882
Non-controlling interests		(2,145,134)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(48,736)
Goodwill on acquisition	20	249,122
		9,957,134
Satisfied by:		
Cash*		7,273,349
Fair value of equity interest previously held as investments in joint ventures and associates		2,683,785
Total purchase consideration		9,957,134

* Cash consideration of RMB4,669,000 had been pre-paid by the Group as at 31 December 2021 and the consideration of RMB6,592,622,000 was paid during the year ended 31 December 2022. As at 31 December 2022, the consideration of RMB676,058,000 remained outstanding.

42. BUSINESS COMBINATION (Continued)

(c) 2022 business combination – other acquisitions (Continued)

The fair values of its trade and bills receivables and other receivables as at the date of acquisition amounted to RMB54,821,000 and RMB5,568,009,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,049,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB48,736,000 in the consolidated statement of profit or loss for the year ended 31 December 2022, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

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

	RMB'000
Cash consideration	(6,592,622)
Cash and bank balances acquired	1,342,962
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,249,660)
Transaction costs of the acquisition included in cash flows used in operating activities	(1,049)
Total net cash outflow	(5,250,709)

Since the acquisition, the 2022 Acquirees contributed RMB3,927,300,000 to the Group's revenue and RMB534,683,000 to the consolidated profit for the year ended 31 December 2022 in aggregate.

Had the combination of the 2022 Acquirees taken place at the beginning of the year ended 31 December 2022, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2022 would have been RMB84,582,048,000 and RMB6,248,717,000 respectively.

43. DISPOSAL OF SUBSIDIARIES

During the years ended 31 December 2023 and 31 December 2022, the Group lost control over certain subsidiaries.

	Notes	2023 RMB'000	2022 RMB'000
Net assets disposed of:			
Property, plant and equipment	14	967,333	1,306
Intangible assets	21	164	–
Right-of-use assets	19(a)	465,465	–
Investment properties	18	123,627	1,468,000
Deferred tax assets	36	38,061	13,491
Cash and cash equivalents		150,785	425,193
Inventories		790	–
Properties under development		283,974	12,241,106
Properties held for sale		850,982	–
Prepayments, other receivables and other assets		1,348,014	1,719,182
Prepaid tax		18,942	134,870
Trade and bills payables		(287,804)	(695,655)
Other payables and accruals		(1,045,369)	(11,092,872)
Deferred tax liabilities	36	(5,050)	–
Interest-bearing bank and other borrowings		–	(1,770,000)
		2,909,914	2,444,621
Non-controlling interests		(655,445)	(1,820,471)
Subtotal		2,254,469	624,150
Gain on disposal of subsidiaries	5	1,354,717	584,294
Total consideration		3,609,186	1,208,444
Satisfied by:			
Cash		3,609,186	160,000
Fair value of interests retained by the Group		–	1,048,444
		3,609,186	1,208,444

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

	2023 RMB'000	2022 RMB'000
Cash consideration	3,609,186	160,000
Cash and cash equivalents disposed of	(150,785)	(425,193)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	3,458,401	(265,193)

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB125,407,000, including those classified under investment properties of RMB18,159,000 (2022: RMB66,472,000) and RMB125,407,000 (2022: RMB111,420,000), respectively.

(b) Changes in liabilities arising from financing activities:

2023

	Bank and other borrowings RMB'000	Payable to non-controlling shareholders and others RMB'000	Lease liabilities RMB'000
At 1 January 2023	122,665,090	12,550,764	1,126,102
Changes from financing cash flows	(333,656)	(3,683,052)	(190,138)
Foreign exchange movement	833,638	–	–
New leases	–	–	125,407
Interest expense	868,977	–	51,384
Dividends to non-controlling shareholders	–	1,351,633	–
Increase arising from acquisition of subsidiaries (note 42)	3,345,300	–	1,554
At 31 December 2023	127,379,349	10,219,345	1,114,309

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities: (Continued)

2022

	Bank and other borrowings RMB'000	Payable to non-controlling shareholders and others RMB'000	Lease liabilities RMB'000
At 1 January 2022	107,028,089	12,107,014	1,065,976
Changes from financing cash flows	5,457,022	(452,686)	(108,096)
Foreign exchange movement	3,831,276	–	–
New leases	–	–	111,420
Interest expense	215,599	–	49,644
Dividends to non-controlling shareholders	–	896,436	–
Increase arising from acquisition of subsidiaries (note 42)	7,903,104	–	8,624
Decrease arising from disposal of subsidiaries (note 43)	(1,770,000)	–	–
Revision of a lease term arsing from a change in the non-cancellable period of a lease	–	–	(1,466)
At 31 December 2022	122,665,090	12,550,764	1,126,102

(c) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	22,393	10,871
Within financing activities	190,138	108,096
Total	212,531	118,967

45. FINANCIAL GUARANTEES

At the end of the reporting period, the Group has provided guarantees amounting to approximately RMB11,357,331,000 (2022: RMB19,656,769,000) in respect of mortgage facilities for certain purchasers of the Group's properties.

Besides, as at 31 December 2023, the Group provided guarantees of RMB2,022,260,000 (2022: RMB2,352,283,000) and RMB936,530,000 (2022: RMB836,645,000) to certain joint ventures and associates of the Group related to their bank loans, respectively. At 31 December 2023, certain of the Group's investments in joint ventures and associates, which had an aggregate net carrying amount of RMB1,084,708,000 (2022: RMB1,125,316,000) were also pledged to secure their bank loans aforementioned.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the year were not significant.

46. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Properties under development	**62,505,066**	64,027,930
Land under development	**5,108,636**	5,931,464
Property, plant and equipment	**180,683**	34,085
Capital contributions to joint ventures and associates	**7,898,039**	11,118,208
Total	**75,692,424**	81,111,687

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2023. The future lease payments for these non-cancellable lease contracts are RMB22,954,000 (2022: RMB42,135,000) due within one year.

Notes to Financial Statements

31 December 2023

47. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2023 RMB'000	2022 RMB'000
Fellow subsidiaries:			
Rental income*	(i)	**222,302**	235,764
Property management fee income*	(i)	**59,093**	39,416
Interest expense*	(ii)	**283,918**	89,116
Interest income*	(iii)	**148,147**	136,512
Building decoration service income	(i)	**2,727**	385
Consulting fee income	(i)	**–**	2,567
The immediate holding company:			
Rental expense	(i)	**3,473**	4,599
Interest expense	(ii)	**667,947**	291,436
An intermediate holding company:			
Rental income*	(i)	**108,662**	107,661
Property management fee income*	(i)	**10,008**	9,259
Interest expense	(ii)	**341,768**	469,177
Building decoration service income	(i)	**2,239**	3,554
The ultimate holding company:			
Rental income*	(i)	**7,910**	7,910
Property management fee income*	(i)	**701**	701
Other service income	(i)	**–**	62
Joint ventures:			
Interest income	(iii)	**504,003**	714,102
Interest expense	(ii)	**81,773**	206,900
Rental income	(i)	**5,560**	7,976
Property management fee income	(i)	**191,811**	126,183
Building decoration service income	(i)	**464,721**	691,379
Consulting fee income	(i)	**106,665**	35,857
Other service income	(i)	**39,433**	24,970
Associates:			
Interest income	(iii)	**322,974**	128,608
Interest expense	(ii)	**115,540**	93,664
Property management fee income	(i)	**107,452**	79,787
Building decoration service income	(i)	**308,930**	347,273
Consulting fee income	(i)	**138,712**	75,329
Rental income	(i)	**2,880**	3,106
Other service income	(i)	**7,560**	11,766
Associates of the Group's ultimate holding company:			
Rental income*	(i)	**27,491**	38,806
Property management fee income*	(i)	**4,204**	5,478
The substantial shareholder:			
Interest income*	(iii)	**54,721**	52,541
Interest expense*	(ii)	**102,119**	64,977

47. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 2.18% to 5.80% (2022: 2.18% to 5.80%) per annum.

(iii) The interest income was determined at rates ranging from 2.18% to 10.00% (2022: 1.93% to 13.88%) per annum.

* A certain portion of these related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

	2023 RMB'000	2022 RMB'000
Short term employee benefits	14,296	19,071
Post-employment benefits	1,878	1,569
Equity-settled share option expense	281	2,487
Total compensation paid to key management personnel	16,455	23,127

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management services and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

(d) Provision of guarantees to certain joint ventures and associates related to their borrowings

As at 31 December 2023, the Group provided guarantees of RMB2,022,260,000 (2022: RMB2,352,283,000) and RMB936,530,000 (2022: RMB836,645,000) to certain joint ventures and associates of the Group related to their borrowings, respectively.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the year were not significant.

48. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2023			2022		
	Financial assets at fair value through profit or loss			Financial assets at fair value through profit or loss		
	Designated as such upon initial recognition RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000	Designated as such upon initial recognition RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets						
Trade and bills receivables	2,448,330	1,963,383	4,411,713	2,429,970	2,213,248	4,643,218
Financial assets included in prepayments, other receivables and other assets	–	27,489,812	27,489,812	–	21,035,243	21,035,243
Due from related parties	–	27,027,881	27,027,881	–	30,417,722	30,417,722
Due from non-controlling shareholders	–	2,106,504	2,106,504	–	4,492,278	4,492,278
Other financial assets	5,847,409	–	5,847,409	6,051,078	–	6,051,078
Derivative financial instruments	–	–	–	6,312	–	6,312
Restricted bank balances	–	6,915,984	6,915,984	–	7,614,247	7,614,247
Cash and cash equivalents	–	30,919,968	30,919,968	–	37,089,244	37,089,244
Total	8,295,739	96,423,532	104,719,271	8,487,360	102,861,982	111,349,342

48. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	2023 Financial liabilities at amortised cost RMB'000	2022 Financial liabilities at amortised cost RMB'000
Financial liabilities		
Trade and bills payables	31,292,804	30,833,056
Financial liabilities included in other payables and accruals	17,507,310	19,835,988
Due to related parties	49,746,858	57,704,595
Interest-bearing bank and other borrowings	127,379,349	122,665,090
Lease liabilities	1,114,309	1,126,102
Total	227,040,630	232,164,831

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Financial assets				
Other financial assets	5,847,409	6,051,078	5,847,409	6,051,078
Derivative financial instruments	–	6,312	–	6,312
Trade receivables, non-current portion	2,448,330	2,429,970	2,448,330	2,429,970
Financial liabilities				
Interest-bearing bank and other borrowings	127,379,349	122,665,090	134,277,572	113,246,659

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade and bills receivables-current portion, financial assets included in prepayments, other receivables and other assets, other financial assets, trade and bills payables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of trade receivables, interest-bearing bank and other borrowings except for notes and domestic corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of notes and domestic corporate bonds are based on quoted market prices. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2023 were assessed to be insignificant.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Other financial assets	**201,117**	**5,646,292**	**5,847,409**
Trade receivables, non-current portion	**–**	**2,448,330**	**2,448,330**

As at 31 December 2022

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Other financial assets	381,173	5,669,905	6,051,078
Derivative financial instruments	6,312	–	6,312
Trade receivables, non-current portion	–	2,429,970	2,429,970

The Group's assets were not categorised in Level 1 as at 31 December 2023 (2022: Nil).

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	8,099,875	806,403
Transfer from land under development (note 16)	–	5,612,580
Derecognition	–	(962,675)
Acquisition of subsidiaries	–	2,386,992
Additions	233,650	–
Revenue recognised in the statement of profit or loss	–	42,978
Received	(205,558)	–
Fair value change recognised in profit or loss (note 5)	96,349	–
Total gains/(losses) recognised in the statement of profit or loss included in other income/(losses)	(129,694)	105,869
Total gains recognised in other comprehensive income	–	107,728
At 31 December	8,094,622	8,099,875

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 (2022: Nil).

Assets for which fair values are disclosed:

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2023 and 2022.

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	42,941,899	91,335,673	–	134,277,572

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	32,367,144	80,879,515	–	113,246,659

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative financial instruments, including forward currency contracts and interest rate swaps. The purpose is to manage foreign currency risk arising from the Group's net investment in foreign operations, and to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
31 December 2023		
RMB	25	95,160
US$	25	331
HK$	25	42,495
RMB	(25)	(95,160)
US$	(25)	(331)
HK$	(25)	(42,495)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profits before tax RMB'000
31 December 2022		
RMB	25	(29,360)
US$	25	(11,139)
HK$	25	(50,264)
RMB	(25)	29,360
US$	(25)	11,139
HK$	(25)	50,264

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Chinese Mainland. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Chinese Mainland to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars and Hong Kong dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Chinese Mainland to reduce the Group's exposure to exchange rate fluctuations between the RMB and other currencies. The Group has refrained from utilising derivative financial instruments in respect of the cash flow hedges to minimise the foreign currency exposures. The Group may decide to enter into hedging transactions in the future in an effort to reduce the Group's exposure to foreign currency exchange risk, the availability and effectiveness of these hedges may be limited, and the Group may not be able to hedge the Group's exposure successfully, or at all.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and US$ of the Group's (loss)/profit for the years ended 31 December 2023 and 2022.

Increase/(decrease) in US$ rate	Decrease/ (increase) in loss for the year 2023 RMB'000	Increase/ (decrease) in profit for the year 2022 RMB'000
1%	(124,401)	(152,445)
(1%)	124,401	152,445

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ of the Group's (loss)/profit for the years ended 31 December 2023 and 2022.

Increase/(decrease) in US$ rate	Decrease/ (increase) in loss for the year 2023 RMB'000	Increase/ (decrease) in profit for the year 2022 RMB'000
5%	384	302
(5%)	(384)	(302)

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	423,149	423,149
Trade and bills receivables at amortised cost*	–	–	–	2,010,876	2,010,876
Trade and bills receivables at fair value through profit or loss	–	–	–	2,448,330	2,448,330
Financial assets included in prepayments, other receivables and other assets – Normal**	27,489,812	–	–	–	27,489,812
Due from non-controlling shareholders	2,106,504	–	–	–	2,106,504
Due from related parties	19,836,032	10,540,908	–	–	30,376,940
Other financial assets	5,847,409	–	–	–	5,847,409
Restricted bank balances – Not yet past due	6,915,984	–	–	–	6,915,984
Cash and cash equivalents – Not yet past due	30,919,968	–	–	–	30,919,968
Guarantee given to banks for mortgage facilities	11,357,331	–	–	–	11,357,331
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	2,958,790	–	–	–	2,958,790
Total	107,431,830	10,540,908	–	4,882,355	122,855,093

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	476,017	476,017
Trade and bills receivables at amortised cost*	–	–	–	2,248,997	2,248,997
Trade and bills receivables at fair value through profit or loss	–	–	–	2,429,970	2,429,970
Financial assets included in prepayments, other receivables and other assets – Normal**	21,035,243	–	–	–	21,035,243
Due from non-controlling shareholders	4,492,278	–	–	–	4,492,278
Due from related parties	25,368,169	7,946,645	–	–	33,314,814
Other financial assets	6,051,078	–	–	–	6,051,078
Derivative financial instruments	6,312	–	–	–	6,312
Restricted bank balances					
– Not yet past due	7,614,247	–	–	–	7,614,247
Cash and cash equivalents					
– Not yet past due	37,089,244	–	–	–	37,089,244
Guarantee given to banks for mortgage facilities	19,656,769	–	–	–	19,656,769
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	3,188,928	–	–	–	3,188,928
Total	124,502,268	7,946,645	–	5,154,984	137,603,897

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 27 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and contract assets are disclosed in notes 25 and 27 to the financial statements.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	26,397,204	22,874,665	56,312,242	31,624,893	137,209,004
Lease liabilities	206,650	150,329	357,226	728,247	1,442,452
Trade and bills payables	31,292,804	–	–	–	31,292,804
Other payables	15,568,506	–	1,938,804	–	17,507,310
Due to related parties	44,295,464	–	5,451,394	–	49,746,858
Guarantee given to banks for mortgage facilities	11,357,331	–	–	–	11,357,331
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	2,958,790	–	–	–	2,958,790
Total	132,056,749	23,024,994	64,059,666	32,373,140	251,514,549

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	2022				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	29,370,199	42,213,949	41,881,024	19,964,524	133,429,696
Lease liabilities	183,946	151,966	343,758	852,652	1,532,322
Trade and bills payables	30,833,056	–	–	–	30,833,056
Other payables	17,855,260	–	1,980,728	–	19,835,988
Due to related parties	45,484,326	–	12,220,269	–	57,704,595
Guarantee given to banks for mortgage facilities	19,656,769	–	–	–	19,656,769
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	3,188,928	–	–	–	3,188,928
Total	146,572,484	42,365,915	56,425,779	20,817,176	266,181,354

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain financial assets at fair value through profit or loss. Adjusted capital comprises all components of equity (including non-controlling interests) and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Note	2023 RMB'000	2022 RMB'000
Interest-bearing bank and other borrowings	34	**127,379,349**	122,665,090
Less: Cash and cash equivalents, restricted bank balances and certain other financial assets		**(37,835,992)**	(44,703,532)
Net debt		**89,543,357**	77,961,558
Total equity		**109,837,117**	112,686,740
Add: the Company's amounts due to the immediate holding company		**12,142,483**	9,738,328
Adjusted capital		**121,979,600**	122,425,068
Net debt-to-adjusted-capital ratio		**73.4%**	63.7%

51. EVENT AFTER THE REPORTING PERIOD

In March 2024, the Group had disposed of its 100% equity interest in Changsha Xiumao Business Management Co., Ltd. (the "Project Company") which owns 100% interest in the Changsha Jinmao Mall of Splendor (the "Project") to the CAMC-Jinmao Shopping Mall Close-end Infrastructure Securities Investment Fund (the "REIT") (the "Spin-off") and subscribed 34% of the units in issue of the REIT upon its listing on the Shanghai Stock Exchange (the "Subscription"). Immediately after the Spin-off and the "Subscription", the Group effectively held 34% equity interest in the Project through the REIT, and the Project Company was no longer a subsidiary of the Group. The amount of net proceeds from the Spin-off (being the proceeds received from the REIT after repayment of the relevant debts in accordance with the relevant agreements, payment of taxes and subscription monies payable by the Group for the Subscription) is approximately RMB267.3 million.

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	57	66
Right-of-use assets	5,238	9,748
Investments in subsidiaries	33,971,878	33,410,585
Total non-current assets	33,977,173	33,420,399
CURRENT ASSETS		
Due from subsidiaries	52,343,848	48,011,937
Prepayments, other receivables and other assets	357,642	589,415
Due from related parties	571	207,114
Other financial assets	–	6,312
Cash and cash equivalents	387,714	4,272,062
Total current assets	53,089,775	53,086,840
CURRENT LIABILITIES		
Other payables and accruals	776,913	193,571
Due to related parties	13,216,332	10,812,240
Interest-bearing bank and other borrowings	9,317,510	11,038,590
Lease liabilities	3,353	3,512
Total current liabilities	23,314,108	22,047,913
NET CURRENT ASSETS	29,775,667	31,038,927
TOTAL ASSETS LESS CURRENT LIABILITIES	63,752,840	64,459,326
NON-CURRENT LIABILITIES		
Due to subsidiaries	20,650,494	21,678,471
Interest-bearing bank and other borrowings	15,262,711	15,090,195
Lease liabilities	–	4,968
Total non-current liabilities	35,913,205	36,773,634
Net assets	27,839,635	27,685,692
EQUITY		
Share capital	26,917,815	26,738,026
Reserves (note)	921,820	947,666
Total equity	27,839,635	27,685,692

TAO Tianhai
Director

QIAO Xiaojie
Director

52. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	(2,045,203)	(28,072)	206,723	378,522	(1,488,030)
2022 interim dividend settled by scrip dividends	–	–	–	(594,337)	(594,337)
2022 interim dividend settled by cash	–	–	–	(405,444)	(405,444)
Distribution in specie	–	–	–	(1,259,142)	(1,259,142)
Total comprehensive income for the year	2,345,363	–	–	2,398,132	4,743,495
Equity-settled share option arrangements	–	–	(48,308)	–	(48,308)
Exercise of share options	–	–	(568)	–	(568)
At 31 December 2022 and 1 January 2023	300,160	(28,072)	157,847	517,731	947,666
2022 final dividend settled by scrip dividends	–	–	–	(96,798)	(96,798)
2022 final dividend settled by cash	–	–	–	(147,808)	(147,808)
2023 interim dividend settled by scrip dividends	–	–	–	(82,991)	(82,991)
2023 interim dividend settled by cash	–	–	–	(101,321)	(101,321)
Total comprehensive income for the year	373,171	28,072	–	3,519	404,762
Equity-settled share option arrangements	–	–	(1,690)	–	(1,690)
At 31 December 2023	673,331	–	156,157	92,332	921,820

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

Five-Year Financial Information

31 December 2023

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000
RESULTS					
Revenue	43,355,941	60,053,878	90,059,934	82,991,372	**72,403,613**
Cost of sales	(30,591,198)	(47,939,514)	(73,302,309)	(69,845,752)	**(63,382,132)**
Gross profit	12,764,743	12,114,364	16,757,625	13,145,620	**9,021,481**
Other income and gains	6,135,704	8,698,685	7,028,274	11,690,608	**4,354,472**
Selling and marketing expenses	(1,302,401)	(1,600,582)	(2,378,428)	(2,616,703)	**(2,962,631)**
Administrative expenses	(3,056,412)	(3,529,395)	(4,675,358)	(4,294,548)	**(3,868,557)**
Other expenses and losses, net	(6,916)	(4,381,312)	(2,806,638)	(5,954,108)	**(5,423,991)**
Finance costs	(2,270,766)	(2,726,978)	(2,787,670)	(2,711,121)	**(3,013,873)**
Share of profits and losses of:					
Joint ventures	722,390	371,098	996,077	73,467	**(1,051,173)**
Associates	(132,653)	698,297	580,388	423,965	**131,739**
PROFIT BEFORE TAX	12,853,689	9,644,177	12,714,270	9,757,180	**(2,812,533)**
Income tax expense	(4,195,030)	(3,449,056)	(5,009,439)	(4,536,286)	**(2,045,816)**
PROFIT FOR THE YEAR	8,658,659	6,195,121	7,704,831	5,220,894	**(4,858,349)**
Attributable to:					
Owners of the parent	6,481,751	3,880,986	4,689,944	1,984,083	**(6,896,644)**
Non-controlling interests	2,176,908	2,314,135	3,014,887	3,236,811	**2,038,295**
	8,658,659	6,195,121	7,704,831	5,220,894	**(4,858,349)**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000
Total non-current assets	158,941,891	162,530,406	206,091,016	230,423,143	**219,967,817**
Total current assets	175,939,517	225,225,768	205,911,288	191,472,496	**187,151,384**
Total assets	334,881,408	387,756,174	412,002,304	421,895,639	**407,119,201**
Total current liabilities	166,730,932	197,079,975	201,244,879	188,458,816	**176,090,404**
Total non-current liabilities	75,716,122	88,849,117	103,963,797	120,750,083	**121,191,680**
Total liabilities	242,447,054	285,929,092	305,208,676	309,208,899	**297,282,084**
Equity attributable to:					
Owners of the parent	45,948,360	46,762,064	49,961,349	47,445,427	**39,291,296**
Non-controlling interests	46,485,994	55,065,018	56,832,279	65,241,313	**70,545,821**
Total equity	92,434,354	101,827,082	106,793,628	112,686,740	**109,837,117**

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our customers, business partners, shareholders and various local governments for their long-term support and trust, and to all the employees for their assiduous efforts.

By order of the Board
China Jinmao Holdings Group Limited
ZHANG Zenggen
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the Directors of the Company are Mr. ZHANG Zenggen (Chairman), Mr. TAO Tianhai, Mr. ZHANG Hui and Ms. QIAO Xiaojie as Executive Directors; Mr. CHENG Yong, Ms. CHEN Aihua, Mr. AN Hongjun and Ms. WANG Wei as Non-executive Directors; and Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as Independent Non-executive Directors.