LOGAN
龙光集团

LOGAN GROUP Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)


Shenzhen Logan • One Splendid Park

CONTENTS

COMPANY PROFILE

Logan Group Company Limited ("Logan Group" or the "Group") was founded in 1996, and listed on the main board of the Hong Kong Stock Exchange in 2013 (Stock Code: 3380.HK). In 2017, the Group embarked on its business footprint into overseas market and the Hong Kong Special Administrative Region. The Group possesses the national first-class qualification for real estate development, the national first-class qualification for general construction contracting projects and the first-class qualification for engineering design.

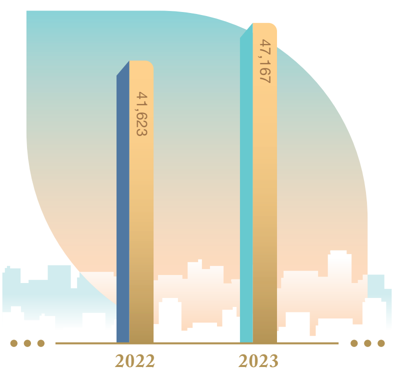
Logan Group is an integrated city service provider dedicated to building a better life. Since its founding, adhering to the brand concept of "Shaping Cities and Homes with Responsibility and Sincerity", the Group has been pursuing a four-wheel drive strategy of "residential development, urban redevelopment, commercial operation and industrial chain services". The Group's national strategic footprint spreads across the most valuable core metropolises in China, such as Guangdong-Hong Kong-Macao Greater Bay Area, the core metropolises of the Yangtze River Delta, and southwest China and central China city-clusters. As of 31 December 2023, the Group's short to medium term land reserves available for development reached approximately 25.61 million square meters, of which the value of land reserves in Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta Region accounted for approximately 76%, reflecting our well-structured urban mix. For more than 20 years of development, the Group has formed product lines, including the "Tian", "Jiu", "Jiangnan" and other collections, which so far developed more than 200 real estate projects, providing high-quality residential services to over one million people.

Owing to its commitment to a sustainable development strategy, in 2023, the Group has been granted an "A" ESG rating by MSCI, a renowned global index complier.

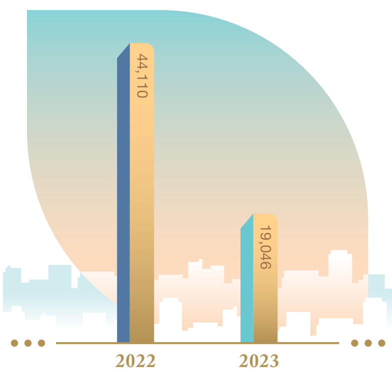
FINANCIAL HIGHLIGHTS

Summary of Consolidated Statement of Profit or Loss (RMB million)	Year ended 31 December 2023	2022
Revenue	**47,167**	41,623
Net loss	**(8,858)**	(8,870)
(Loss)/profit Attributable to Equity Shareholders of the Company	**(8,935)**	(8,524)
Loss Per Share		
— Basic (RMB cents)	**(161.65)**	(155.69)
— Diluted (RMB cents)	**(161.65)**	(155.69)
Total Dividend per Share (HK cents)	**—**	—
— Interim Dividend per Share (HK cents)	**—**	—
— Final Dividend per Share (HK cents)	**—**	—

Revenue
(RMB million)



Contracted Sales
(RMB million)



AWARDS

1 **BERLIN DESIGN AWARDS 2023: Interior Design — International Residential — Villa (Silver award) (Chengdu Logan Tianying Villa)**

Presented by:
Global creative platform BETTER FUTURE

2 **London International Creative Competition 2022 — Official selection (Decorate (interior) — professional) (Chengdu Logan Tianying Villa)**

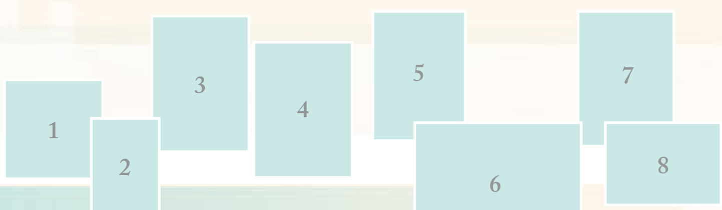
Presented by:
London International Creative Competition

3 **MUSE Design Awards 2023: Interior Design — Commercial (Platinum winner) (Hainan Logan Coastal Skyline)**

Presented by:
International Awards Association (IAA)

4 **London Design Awards 2023: Interior Design — Commercial (Platinum winner) (Hainan Logan Coastal Skyline)**

Presented by:
International Awards Association (IAA)



5 Singapore Interior Design Awards (SIDA) 2023: Bronze award (Hainan Logan Coastal Skyline)

Presented by:
Society of Interior Designers Singapore (SIDS)

6 Boao Real Estate Forum: Influence Indexes • Performance of Outstanding Real Estate Companies, 2023 Urban Promoting Real Estate Enterprise and 2023 Influential Real Estate Project (Logan Group Company Limited and Shanghai Lingang Logan • Sirius)

Presented by:
Guandian Index Academy

7 Excellence Index • Annual Superior Performance of Real Estate, 2023 Real Estate Enterprise with Superior Performance of Quality and Delivery (Logan Group Company Limited)

Presented by:
Guandian Index Academy

8 2023 China Real Estate Innovative Lifestyle Brand Project (Shantou Logan Xi Coastal Garden)

Presented by:
China Real Estate Business and China Urban & Regional Governance Research Institute

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kei Hoi Pang (紀海鵬) *(Chairman)*
Mr. Lai Zhuobin (賴卓斌) *(Chief Executive Officer)*
Ms. Huang Xiangling (黃湘玲)
Mr. Chen Yong (陳勇)
Mr. Zhou Ji (周吉)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)
Ms. Liu Ka Ying, Rebecca (廖家瑩)
Mr. Cai Suisheng (蔡穗聲)
Dr. Liu Yongping (劉勇平)

AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca *(Chairman)*
Mr. Cai Suisheng
Mr. Zhang Huaqiao

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao *(Chairman)*
Mr. Kei Hoi Pang
Ms. Liu Ka Ying, Rebecca

NOMINATION COMMITTEE

Mr. Kei Hoi Pang *(Chairman)*
Mr. Zhang Huaqiao
Ms. Liu Ka Ying, Rebecca

COMPANY SECRETARY

Ms. Li Yan Wing, Rita

AUTHORIZED REPRESENTATIVES

Mr. Chen Yong
Ms. Li Yan Wing, Rita

AUDITOR

Prism Hong Kong and Shanghai Limited
Certified Public Accountants and Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center
Xinghua Road South
Bao'An District
Shenzhen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02–03A, Level 68
International Commerce Centre
1 Austin Road West
Hong Kong

COMPANY'S WEBSITE

http://www.logangroup.com

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANKER

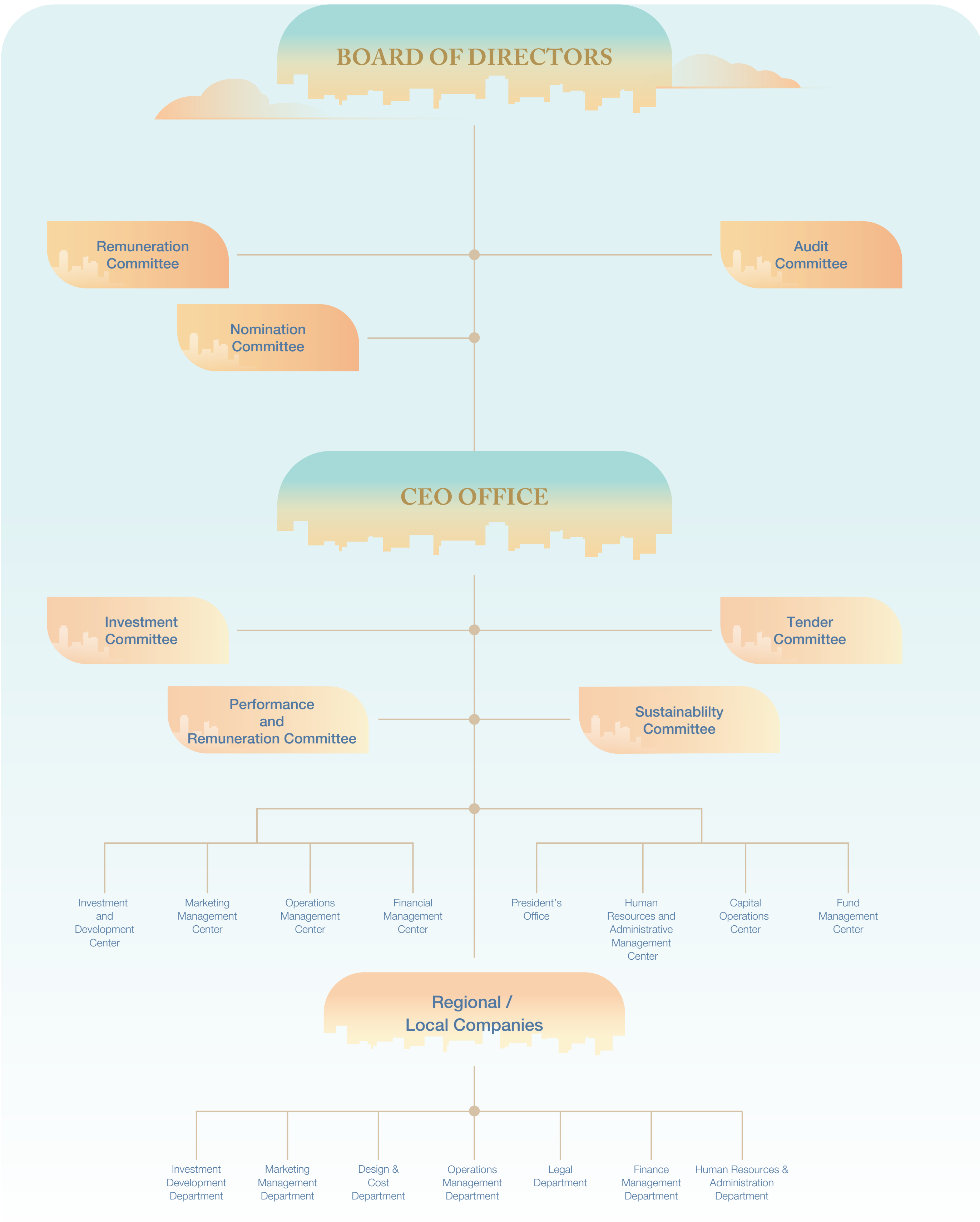
Industrial and Commercial Bank of China (Asia) Limited

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)

Shanghai Logan • Sirius

CORPORATE STRUCTURE



To Create Greater Value for

SHAREHOLDERS AND CUSTOMERS

Shaping Cities and Homes with RESPONSIBILITY AND SINCERITY

The Corniche

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Logan Group Company Limited, I hereby present the annual results of the Group for the year ended 31 December 2023.

Business Review

In 2023, China's real estate industry remained in an adjustment cycle. Investment in real estate development in the country decreased by 9.6% year-on-year to RMB11,091.3 billion; among which, investment in residential properties amounted to RMB8,392.0 billion, representing a year-on-year decrease of 9.3%. The sales area of commercial properties was 1,117.35 million square meters, representing a year-on-year decrease of 8.5%, with the sales area of residential properties decreasing by 8.2%. The sales revenue of commercial properties was RMB11,662.2 billion, down 6.5% from the previous year, with the sales of residential properties decreasing by 6.0%.

In the face of a tough year, the Group proactively responded to the challenges by timely adjusting its business strategies, continuously strengthening refined management, implementing measures to bolster project sales and recoup capital for ensuring the development and operation of the projects. The Group made all efforts to achieve the goal of "stabilizing operations and ensuring property deliveries". Throughout 2023, the Group successfully completed a total delivery of 99 batches of projects and over 53,000 units, fulfilling its corporate commitments and demonstrating its sense of responsibility.

During the year under review, the Group continued to focus on differentiated high-quality products, with continuous improvements in product innovation. Several projects received international and local design awards, including the Idea-Tops Award — the Community Landscape Design Global Top 5 Award received by Shantou Logan • Fairyland Coastal Garden (汕頭龍光 • 天境海岸花園), the Berlin Design Awards 2023 — Interior Design — International Residential — Villa (Silver Award) received by Chengdu Logan • Tianying Villa (成都龍光 • 天瀛別墅合院) and the MUSE Design Awards 2023 — Platinum Winner received by Hainan Logan • Coastal Skyline (海南龍光 • 天境海岸).

In relation to the offshore debt management proposal, the Group has been actively communicating with all creditors and treats all creditors adhering to the principle of fairness. In January of this year, the Group made significant progress by reaching an agreement on the terms of the restructuring of the notes with the ad hoc group ("AHG") of certain holders of the existing US$ senior notes and their advisors, and the AHG signed a creditor support agreement ("CSA"), to which such terms are appended. Subsequently, the Group also actively invited other noteholders to accede to the CSA, and to date, noteholders holding over 90% of the total outstanding principal amount of the US$ senior notes have acceded the CSA.

In addition, the Group received an "A" rating in 2023 from MSCI ESG Ratings, which is one of the environmental, social and governance evaluation systems highly recognized by global investment institutions.

Future Prospects

China's Central Government has introduced various policies to support the real estate industry over the past year, which will help the industry to gradually recover and stabilize. However, the effects of these policies will take time to materialize. The Group will continue to focus on both operation and debt management. On one hand, the Group will continue to implement proactive measures to "ensure stable operations and quality deliveries", and will also persistently focus on stabilizing its core operations, reducing costs and strengthening risk management and control.

On the other hand, the Group is actively engaged in ongoing constructive negotiations with creditors across different classes of the offshore debt restructuring, making every effort to expedite the completion of offshore holistic debt management work at the earliest. The proposal aims to alleviate the pressure of the Group's debt repayment, restore capital structure, pave the Group's steady return to the path of healthy development, unlock the potential value of its assets, and to ensure the long-term business development of the Group, so as to safeguard the interests of the Group's stakeholders.

Acknowledgements

On behalf of the Board, I express my heartfelt gratitude to all the Group's shareholders, investors, partners, customers, and the community for their support and trust. I would also like to extend my thanks to all employees for their dedication and contributions to the sustainable and steady development of the Group. The Group will continue to strive for sustainable development by upholding its long established transparent, healthy and impartial development value.

Kei Hoi Pang
Chairman
Hong Kong
28 March 2024

Hainan Lingshui Logan Coastal Skyline


5

Development STRATEGY

to Positioning as the "Integrated City Service Provider"

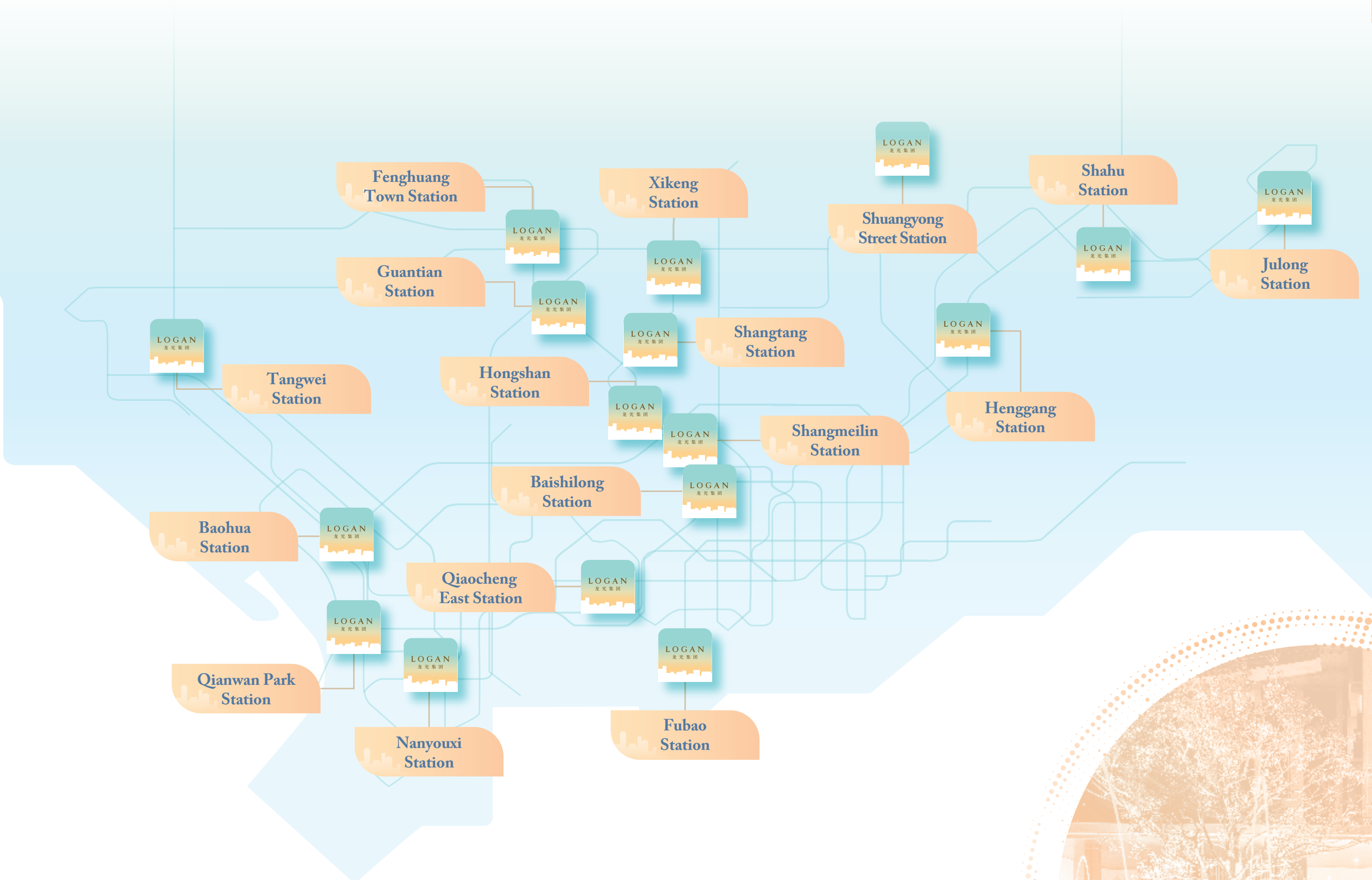
- Industrial Operation
- Commercial Operation
- Residential Development
- Urban Redevelopment

Chengdu Tianying

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Highlights

	2023 RMB'000	2022 RMB'000
Revenue	47,166,787	41,622,653
Among which: Property development	46,781,883	41,334,433
Property operation income	384,904	288,220
Gross loss	(4,509,443)	(4,782,416)
(Loss)/profit for the year		
— Attributable to equity shareholders	(8,934,542)	(8,524,081)
— Attributable to non-controlling shareholders	76,430	(345,502)
— Total	(8,858,112)	(8,869,583)
Total assets	248,382,061	278,321,567
Cash and bank balances	13,171,546	14,101,705
Total equity	32,733,411	51,869,650
Total equity attributable to equity shareholders	27,482,946	36,782,728




Foshan Tianchen

ISLAND SOUTH, HONG KONG

THE CORNICHE

Project Description:

Total saleable areas

673,067 sq.ft.

The Group's debut waterfront residential project located along the renowned coastline of Island South in Hong Kong, completed in Q4 of 2022

SHENZHEN

LOGAN • ONE SPLENDID PARK

Project Description:

Total GFA

388,043 sq.m.

A luxury residential project in the central park at the main axis entrance of Shenzhen, refreshing the new standard of housing and creating a treasure of the Bay Area era

Hainan Lingshui Logan Coastal Skyline

Business Review

Property Development

During the first quarter in 2023, the real estate market saw slight recovery, as the domestic pandemic control was lifted. In the second quarter, however, the industrial confidence was further dampened, as the market rapidly lost its recovery momentum in the wake of a number of adverse factors, such as supply contraction and weaker demand. Despite stronger policy intervention in the second half of the year, the market found it challenging to turn the table. Against this backdrop, the Company saw an inevitable decline in its sales for 2023 in line with lower industrial confidence. However, by exercising the flexibility in adjusting its marketing strategies and rationalizing the allocation of saleable resources, the Company strived to minimize the adverse impacts.

Contracted sales

For the year ended 31 December 2023, the Group achieved contracted sales of approximately RMB19.05 billion. For the contracted sales in 2023, Greater Bay Area, Yangtze River Delta region, Southwest region and other regions accounted for approximately 36.0%, 23.2%, 16.9% and 23.9%, respectively.

	Contracted sales in 2023				
Region	**Amount** (RMB million)	**Percentage**	**GFA[1]** (sq.m.)	**Percentage**	**ASP** (RMB/sq.m.)
Greater Bay Area	6,859	36.0%	414,359	31.0%	16,214
Yangtze River Delta region	4,414	23.2%	195,736	14.6%	22,452
Southwest region	3,215	16.9%	245,606	18.3%	12,889
Other regions	4,558	23.9%	482,860	36.1%	9,051
Total	19,046	100.0%	1,338,561	100.0%	13,932

1. Excluding car parking spaces

Newly commenced projects

For the year ended 31 December 2023, the Group had a total planned GFA of approximately 0.45 million sq.m..

Completed projects

For the year ended 31 December 2023, the Group had a total planned GFA of approximately 11.46 million sq.m..

Developing projects

As at 31 December 2023, the Group had a total planned GFA of approximately 10.78 million sq.m..

Land Reserves

For the year ended 31 December 2023, The Group did not acquire any new projects by means of "tender, auction and listing (招拍掛)" in the open market.

Shenzhen Logan • One Splendid Park

As at 31 December 2023, the total GFA of the Group's land reserves was approximately 25,614,566 sq.m.*. Based on project value, the Greater Bay Area and Yangtze River Delta Region accounted for approximately 76% of the total land reserves.

Land reserves as at 31 December 2023

	GFA (sq.m.)	Percentage
Greater Bay Area	12,332,941	48.1%
Yangtze River Delta Region	2,005,960	7.8%
Southwest Region	6,217,865	24.3%
Other Regions	5,057,800	19.8%
Total	25,614,566*	100.0%

Note: * Represents land bank available for development in the short to medium term.

FINANCIAL REVIEW

Performance Highlights

	2023 RMB'000	2022 RMB'000
Revenue	**47,166,787**	41,622,653
Among which: Property development	**46,781,883**	41,334,433
Property operation income	**384,904**	288,220
Gross loss	**(4,509,443)**	(4,782,416)
(Loss)/profit for the year		
— Attributable to equity shareholders	**(8,934,542)**	(8,524,081)
— Attributable to non-controlling shareholders	**76,430**	(345,502)
— Total	**(8,858,112)**	(8,869,583)
Total assets	**248,382,061**	278,321,567
Cash and bank balances	**13,171,546**	14,101,705
Total equity	**32,733,411**	51,869,650
Total equity attributable to equity shareholders	**27,482,946**	36,782,728

(I) Revenue

Total revenue of the Group for the year ended 31 December 2023 increased by approximately RMB5,544.1 million, or approximately 13.3% to RMB47,166.8 million, as compared with 2022. The increase was mainly due to the increase in revenue from property development as compared to 2022. Revenue from property development for the year ended 31 December 2023 amounted to approximately RMB46,781.9 million, representing an increase of approximately 13.2% as compared to RMB41,334.4 million in 2022. Greater Bay Area, Southwest Region, Yangtze River Delta Region and other regions contributed to the revenue from property development in 2023, accounting for 71.1%, 14.7%, 12.4% and 1.8%, respectively.

	Revenue from property development in 2023	
	Amount (RMB Million)	Percentage
Greater Bay Area	**33,257**	**71.1%**
Southwest Region	**6,855**	**14.7%**
Yangtze River Delta Region	**5,793**	**12.4%**
Other regions	**877**	**1.8%**
Total	**46,782**	**100%**

(II) Cost of sales

Cost of sales of the Group for the year ended 31 December 2023 increased by approximately RMB5,271.2 million to RMB51,676.2 million, or approximately 11.4%, as compared with 2022, primarily due to the increase in revenue recognized as compared to 2022. In addition, the Group has made an inventory impairment provision of approximately RMB6,030.0 million due to the sharp decline in the industry in 2023. Key components of costs are as follows:

	2023 RMB'000	2022 RMB'000	Change per year %
Total cost of sales	**51,676,220**	46,405,069	11.4%
— Property development	**51,627,780**	46,365,889	11.3%
— Property operation	**48,440**	39,180	23.6%

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2023 amounted to approximately RMB1,452.6 million (2022: RMB1,755.8 million). The relevant selling and marketing expenses decreased by approximately 17.3% as compared with 2022.

The administrative expenses of the Group for the year ended 31 December 2023 amounted to approximately RMB892.5 million (2022: RMB1,267.9 million), representing a decrease of approximately 29.6% as compared with 2022, which was mainly due to the decrease in staff costs.

(IV) Finance costs

The net finance costs of the Group for the year ended 31 December 2023 decreased to approximately RMB1,620.8 million (2022: RMB1,831.8 million), primarily due to the increase in capitalized interest on projects and decrease in expensed interest.

(V) Tax

Taxes of the Group for the year ended 31 December 2023 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB707.9 million and RMB1,078.3 million, respectively (2022: approximately RMB704.5 million and RMB477.2 million).

(VI) Liquidity and financial resources

As at 31 December 2023, total assets of the Group amounted to approximately RMB248,382.1 million (2022: approximately RMB278,321.6 million), of which current assets amounted to approximately RMB192,495.1 million (2022: approximately RMB215,252.5 million). Total liabilities amounted to approximately RMB215,648.7 million (2022: approximately RMB226,451.9 million), of which non- current liabilities amounted to approximately RMB52,259.0 million (2022: approximately RMB45,433.5 million). Total equity amounted to approximately RMB32,733.4 million (2022: approximately RMB51,869.7 million), of which total equity attributable to owners of the parent amounted to RMB27,482.9 million (2022: approximately RMB36,782.7 million).

As at 31 December 2023, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, land and buildings, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Kei Hoi Pang, aged 57, was appointed as an executive Director of the Company on 18 November 2013. Mr. Kei is also the founder and Chairman of the Company. He is the chairman of Nomination Committee ("Nomination Committee") and a member of Remuneration Committee ("Remuneration Committee") of the Company. Mr. Kei was also the chief executive officer of the Company from April 2011 to 29 January 2018. He is primarily responsible for the overall strategic planning of the Group's business. In March 1996, Mr. Kei held the position as an executive director and the chief executive officer of Guangdong Logan (Group) Co., Ltd., one of the Group's predecessors. Since October 2009, Mr. Kei has also served as a director and chief executive officer of Shenzhen Logan Holdings Company Limited. Mr. Kei is a member of the 13th National Committee of Chinese People's Political Consultative Conference. Mr. Kei has over 20 years of experience in the property development industry and possesses experience in corporate strategic planning and management as well as project management.

Mr. Lai Zhuobin, aged 52, was appointed as an executive Director of the Company on 18 November 2013. He was appointed as the chief financial officer of the Company in July 2015. In September 2019, he was appointed as the chief executive officer of the Company. Mr. Lai was employed by Logan Property Limited Liability Company (formerly known as "Logan Real Estate Holdings Co., Ltd.") in 2007 and held various senior positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was served as the financial controller of Shenzhen Logan Holdings Company Limited. He is a member of the Chinese Institute of Certificate Public Accountants. Mr. Lai obtained a bachelor's degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master's degree in engineering from Beijing Institute of Technology in July 2003. Mr. Lai also obtained an executive master of business administration from Peking University in 2013.

Ms. Huang Xiangling, aged 47, was appointed as the executive president of the Group on 7 March 2022 and an executive Director of the Company on 31 March 2022, being primarily responsible for the management of public affairs of the Group as well as the Group's businesses in Shenzhen, Huizhou and western cities. Ms. Huang joined the Group in 2005. Since August 2005, she has held various positions in the Group, including general manager of subsidiaries, assistant to the president, and vice president of the Group. Ms. Huang has extensive experience in project management, internal management and external liaison. In June 2007, Ms. Huang obtained a diploma in public affairs management from Zhejiang University through a distance learning program.

Mr. Chen Yong, aged 45, was appointed as the vice president of the Group in June 2022 and an executive Director of the Company on 3 October 2023, being primarily responsible for the offshore capital and financial management of the Group. Prior to joining the Group, Mr. Chen held various important and senior management positions in many professional institutions and large enterprises including PricewaterhouseCoopers, China Resources Group and CDH Investments, and has extensive experience in corporate financial management, investment and capital management. Mr. Chen is currently a non-practicing member of the Chinese Institute of Certified Public Accountants. He obtained a bachelor's degree in economics from Dongbei University of Finance and Economics in July 2000 and a master's degree in economics from Sun Yat-sen University in 2003.

Mr. Zhou Ji, aged 42, was appointed as the vice president of the Group in January 2022 and an executive Director of the Company on 3 October 2023, being primarily responsible for the operation management of the Group as well as risk management and legal affairs of the Group. Mr. Zhou joined the Group in February 2021 and has held various positions including the Group's assistant president, general manager of the operations management center, general manager of the marketing center and vice president. Prior to joining the Group, Mr. Zhou worked in Country Garden Group and Longfor Group in various positions including project general manager, investment director and regional general manager. He has extensive experience in real estate investment analysis, project development and management, internal management, etc. Mr. Zhou obtained a bachelor's degree in architecture from Shijiazhuang Tiedao University in 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Huaqiao, aged 60, was appointed as an independent non-executive Director of the Company on 18 November 2013. Mr. Zhang is a member of Audit Committee ("Audit Committee") and Nomination Committee, and chairman of Remuneration Committee of the Company. Mr. Zhang is a director of various companies the shares of which are listed on the Hong Kong Stock Exchange, including an independent non-executive director of Fosun International Limited (Stock Code: 656), Zhong An Group Limited (Stock Code: 672), Luye Pharma Group Ltd. (Stock Code: 2186) and Radiance Holdings (Group) Company Limited (Stock Code: 9993). Mr. Zhang resigned as a non-executive director and the chairman of the board of China Smartpay Group Holdings Limited (formerly known as "Oriental City Group Holdings Limited") (Stock Code: 8325) on 20 January 2020, an independent non-executive director of Yancoal Australia Ltd (Stock Code: YAL, a company listed on the Australia Securities Exchange) on 30 January 2018, Sinopec Oilfield Service Corporation (formerly known as "Sinopec Yizheng Chemical Fibre Company Limited") (Stock Code: 1033) on 20 June 2018, Wanda Hotel Development Company Limited (Stock Code: 169) on 30 May 2018, China Rapid Finance Limited (Stock Code: XRF, a company listed on the New York Exchange) on 28 March 2019 and Haitong International Securities Group Limited (Delisted, Stock Code: 665) on 13 March 2024 respectively. He retired as a non-executive director of Boer Power Holdings Limited (Stock Code: 1685) on 6 May 2019 and an independent non-executive director of China Huirong Financial Holdings Limited (Stock Code: 1290) on 28 May 2021 respectively. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China Research team. Mr. Zhang obtained a master's degree in economics from the Graduate School of the People's Bank of China in July 1986 and obtained a master's degree in economics of development from the Australian National University in April 1991.

Ms. Liu Ka Ying, Rebecca, aged 54, was appointed as an independent non-executive Director of the Company on 18 November 2013. Ms. Liu is chairman of Audit Committee, and a member of Nomination Committee and Remuneration Committee of the Company. She is an independent non-executive director of SITC International Holdings Company Limited (Stock Code: 1308), Renaissance Asia Silk Road Group Limited (Stock Code: 274) and Paradise Entertainment Limited (Stock Code: 1180), and a non-executive director and the vice chairman of the board of Culturecom Holdings Limited (Stock Code: 343). From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (竣富(資產)管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management. Ms. Liu is currently the senior vice president of Fortune (Shanghai) Limited.

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor's degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral's degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited, Hong Kong Professionals and Senior Executives Association. She was also a former member of the Tenth and the Eleventh Jilin Provincial Committee of the Chinese People's Political Consultative Conference.

Mr. Cai Suisheng, aged 73, was appointed as an independent non-executive Director of the Company on 18 November 2013. Mr. Cai is a member of Audit Committee of the Company. Mr. Cai is currently the honorary president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會). Mr. Cai was appointed as a senior consultant of Shenzhen Real Estate Intermediary Association (深圳市房地產中介協會) in January 2019. Also, in 2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). In October 2013, Mr. Cai was appointed as visiting professor of College of Real Estate of Beijing Normal University Zhuhai. From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). From 2007 to 2016, Mr. Cai was appointed as the president of Guangdong Provincial Real Estate Association and the vice president of Guangdong Economics Association (廣東經濟學會) respectively. During the period from June 2008 to July 2020, Mr. Cai served as an independent non-executive director and an external director of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. During the period from October 2013 to August 2020, Mr. Cai was appointed as the honorary professor and the visiting professor of the department of urban planning and design of the University of Hong Kong. Mr. Cai has in-depth knowledge and extensive experience in real estate policies, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

Dr. Liu Yongping, aged 68, was appointed as an independent non-executive Director of the Company on 30 March 2023. Dr. Liu is a consultant of a firm of solicitors in Hong Kong. Dr. Liu graduated from Renmin University of China (中國人民大學) in 1983 with a bachelor degree in law, and graduated from the University of London in 1987 with a master degree in law. In 1994, Dr. Liu graduated from the University of Oxford with a doctor of philosophy. Previously, Dr. Liu worked for the People's Government of Beijing. At present, Dr. Liu is a practicing solicitor in Hong Kong. Dr. Liu has profound knowledge in the laws of the PRC, Hong Kong and England. Since 1994, Dr. Liu has embarked in areas on listing application for PRC based companies in Hong Kong and work on merger and acquisition. Dr. Liu is acquainted with matters concerning the Listing Rules. Dr. Liu is currently an independent non-executive director of Wanjia Group Holdings Limited (Stock code: 401) and Yue Da International Holdings Limited (Stock code: 629).

SENIOR MANAGEMENT

Name	Position
Mr. Kei Hoi Pang	Chairman
Mr. Lai Zhuobin	Chief Executive Officer
Ms. Huang Xiangling	Executive President
Mr. Chen Yong	Vice President
Mr. Zhou Ji	Vice President

Please refer to the section headed "Executive Directors" above for the biographies of Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Ms. Huang Xiangling, Mr. Chen Yong and Mr. Zhou Ji.

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to present this corporate governance report for the period from 1 January 2023 to 31 December 2023.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the "Shareholders") and enhance corporate value. The Company's corporate governance practices are based on the principles set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has adopted, applied and complied with the CG Code for the year ended 31 December 2023.

Corporate Culture and Development Strategy

Since its establishment, the Company has always adhered to its core values of "pragmatic, innovative, sunshine and efficient", upheld the business philosophy of "customer first, service excellence", constantly enhanced its product and service quality, and turned itself into an "integrated city service provider" dedicated to building a better life, by providing high-quality residential services for more than one million people.

The Board integrates such corporate culture into forging the core competencies and formulates strategic planning for sustainable development and unremittingly strives to achieve the corporate vision of "Building a better life and an evergreen Logan", with a view to creating greater value for its shareholders and customers.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2023. In addition, the Board has also adopted the principles and rules of the Model Code as written guidelines for relevant employees (the "Employees Written Guidelines") in respect of their dealings in the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board of Directors

The Company is headed by an effective Board which is collectively responsible and works with the management for the long-term success of the Company. All directors act objectively in the best interests of the Company and hold management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone from the top and promotes positive corporate culture, and ensures the Company's culture aligns with its purpose, values and strategies.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five executive Directors and four independent non-executive Directors. Independent non-executive Directors constitute not less than one-third of the Board.

The list of the Directors is set out in the section headed "Corporate Information" on page 6 and their biographies are set out in the section headed "Biographies of Directors and Senior Management" on pages 24 to 26 of this annual report. There is no relationship (including financial, business, family or other material relationship) between any members of the Board.

Chairman and Chief Executive Officer

The positions of chairman and chief executive officer are currently held by Mr. Kei Hoi Pang and Mr. Lai Zhuobin respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the year 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has confirmed each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Directors is appointed for a specific term of three years. In accordance with the articles of association of the Company (the "Articles of Association") and Code Provision B.2.2 in Part 2 of the CG Code, each of the Directors is subject to retirement by rotation at least once every three years. In case of any Director appointed by the Board to fill a casual vacancy, or as an addition to the existing Board, such Director shall hold office until the next following annual general meeting and shall then be eligible for re-election by the Shareholders. Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the Shareholders in accordance with Code Provision B.2.3 of the CG code.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have timely access to appropriate information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. The Board reserves its decision on all major matters which relate to policies, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by senior management.

The Board believes that independent non-executive Directors have brought their independent judgment on issues in connection with the Group's strategies, performance, conflict of interests and management process so that the interests of all Shareholders are considered and safeguarded.

Continuous Professional Development of Directors

Every newly appointed Director (if any) shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors' training is an on-going process. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also updates Directors on any latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

The training records of the Directors for year 2023 are summarized as follows:

Name of Directors	Participated in online training and reading materials relevant to corporate governance, regulatory updates and director's duties
Executive Directors	
Mr. Kei Hoi Pang	✓
Mr. Lai Zhuobin	✓
Ms. Huang Xiangling	✓
Mr. Chen Yong *(appointed on 3 October 2023)*	✓
Mr. Zhou Ji *(appointed on 3 October 2023)*	✓
Mr. Xiao Xu *(resigned on 3 October 2023)*	✓
Mr. Zhong Huihong *(resigned on 3 October 2023)*	✓
Independent Non-executive Directors	
Mr. Zhang Huaqiao	✓
Ms. Liu Ka Ying, Rebecca	✓
Mr. Cai Suisheng	✓
Dr. Liu Yongping *(appointed on 30 March 2023)*	✓

Board Meetings

The Board meets regularly to review the financial and operating performance of the Company and to discuss future strategies.

The attendance record of each Director at the Board meetings and the general meeting of the Company held in 2023 is set out in the table below:

	Attendance/Number of	
Name of Director	**Board Meetings**	**Annual General Meeting**
Executive Directors		
Mr. Kei Hoi Pang	3/4	1/1
Mr. Lai Zhuobin	4/4	1/1
Ms. Huang Xiangling	3/4	1/1
Mr. Chen Yong *(appointed on 3 October 2023)*	1/1	N/A
Mr. Zhou Ji *(appointed on 3 October 2023)*	0/1	N/A
Mr. Xiao Xu *(resigned on 3 October 2023)*	2/2	1/1
Mr. Zhong Huihong *(resigned on 3 October 2023)*	2/2	1/1
Independent Non-executive Directors		
Mr. Zhang Huaqiao	3/4	1/1
Ms. Liu Ka Ying, Rebecca	3/4	1/1
Mr. Cai Suisheng	3/4	1/1
Dr. Liu Yongping *(appointed on 30 March 2023)*	2/3	1/1

The chairman also held a meeting solely with the independent non-executive Directors without the presence of other Directors on 30 March 2023.

Board Committees

The Board has established Audit Committee, Remuneration Committee and Nomination Committee in assisting the Board to discharge its functions. The terms of reference of such committees are posted on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 6 of this annual report.

Audit Committee

According to the terms of reference of the Audit Committee, its main duties include (but not limited to) making recommendations on the appointment of external auditor and monitoring the effectiveness of external audit, supervision of internal audit and oversight of the integrity of financial information and the financial reporting system, overseeing internal audit, risk management and internal control systems of the Company and ensuring such functions are adequately resourced as well as to perform the corporate governance function.

During the year 2023, the Audit Committee reviewed 2022 annual financial statements and 2023 half-year financial statements and recommended the same to the Board for approval. The Audit Committee oversaw matters concerning the Company's external auditors including reviewing the scope and quality of audit, the external auditors' independence and objectivity as well as their fees and making recommendations to the Board regarding the appointment of the external auditors, the nature and scope of their audit and their fees. The Audit Committee also reviewed the effectiveness of the internal audit function of the Company and the effectiveness of the risk management and internal control system of the Group which cover all material controls including financial, operational and compliance controls. During the year ended 31 December 2023, the Audit Committee communicated with the external auditors twice to discuss 2022 annual financial statements, 2023 half-year financial statements and other issues arising from the audit.

The attendance record of each member at the Audit Committee meetings of the Company held in 2023 is set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Ms. Liu Ka Ying, Rebecca *(Chairman)*	2/2
Mr. Zhang Huaqiao	2/2
Mr. Cai Suisheng	2/2

Remuneration Committee

According to the terms of reference of the Remuneration Committee and the model adopted whereby the Remuneration Committee is responsible for making recommendation to the Board on the remuneration packages of individual executive Director and senior management. The Remuneration Committee is also responsible for making recommendation to the Board on the remuneration matters of independent non-executive Directors, the setting up of adequate and transparent procedures for setting such remuneration.

No Director or any of the senior management is allowed to determine their own remuneration. In making recommendation to the Board on the remuneration of Directors and senior management, the Remuneration Committee shall consider factors such as time commitment and responsibilities of Directors, employment conditions of other positions within the Group and whether their remuneration are performance-related.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to working experience, duties and responsibilities with the Company and the prevailing market situation of each executive Directors. The remuneration for the executive Directors comprises basic salary and discretionary bonus. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

During the year 2023, the Remuneration Committee had reviewed the remuneration of the Directors and the package of the new executive Directors and the new independent non-executive Director.

The attendance record of each member at the Remuneration Committee meeting of the Company held in 2023 is set out in the table below:

Name of Director	**Attendance/ Number of Meetings**
Mr. Zhang Huaqiao *(Chairman)*	2/2
Mr. Kei Hoi Pang	2/2
Ms. Liu Ka Ying, Rebecca	2/2

The remuneration of the senior management by band for the year ended 31 December 2023 is set out below:

Annual Income	**Number of Persons**
Less than RMB3,000,000	5
RMB3,000,000 to 5,000,000	2

Nomination Committee

According to the terms of reference of the Nomination Committee, its duties mainly include (but not limited to) reviewing the structure, size and composition of the Board and reviewing the policy on board diversity, assessing the independence of the independent non-executive Directors as well as making recommendations to the Board on the selection of individuals nominated for directorships.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year 2023, the Nomination Committee reviewed the structure, size and composition of the Board. It also reviewed the retirement and re-election of Directors at the forthcoming annual general meeting (the "AGM"), the independence of the independent non-executive Directors and recommended the appointment of new executive Directors and the new independent non-executive Director to the Board for approval. The attendance record of each member at the Nomination Committee meeting of the Company held in 2023 is set out in the table below:

Name of Director	Attendance/ Number of Meetings
Mr. Kei Hoi Pang *(Chairman)*	2/2
Mr. Zhang Huaqiao	2/2
Ms. Liu Ka Ying, Rebecca	2/2

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Board consists of a diverse mix of Board members in terms of age and gender. Currently, the Board has two female Directors out of nine Directors and the Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company is committed to improving the diversity of the Board, senior management and the workforce based on its needs and as and when suitable candidates are identified. As at 31 December 2023, the full-time employees of the Group (including senior management) comprise about 66% male and 34% female. For details of the diversity of the Group's employees, please refer to the environmental, social and governance report of the Company.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition (in particular with regard to gender diversity) of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to striving for diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy and consider it to be effective during the year.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy (the "Director Nomination Policy") which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and Board committees.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

During the year ended 31 December 2023, the Nomination Committee recommended to the Board the appointment of new Directors, namely Mr. Chen Yong, Mr. Zhou Ji and Dr. Liu Yongping. The appointment was subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Independence Mechanism

The Company has adopted a board independence mechanism (the "Board Independence Mechanism") that is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgement to better safeguard the Shareholders' interests.

The objectives of the mechanism are to improve the Board's effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board's performance, for instance, addressing individual training and development needs of each Director.

The Board Independence Mechanism sets out the mechanism for assessing the independence of the Board, including but not limited to the following:

- The Nomination Committee will assess annually the independence of all independent non-executive Directors and to confirm if each of them still satisfies the criteria of independence as set out in the Listing Rules. Every Nomination Committee member should abstain from assessing his/her own independence;
- A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense; and
- An annual review of the Board's independence will be conducted, with the aim to ensure that it remains independent in judgement, and that the Board continues to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.

During the year ended 31 December 2023, the Board has reviewed the implementation and effectiveness of the Board Independence Mechanism and the results were satisfactory.

Dividend Policy

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Company's dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders' approval.

The declaration of dividends by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, the Articles of Association and any applicable laws, rules and regulations.

In determining payment of dividends, the Company shall share its profits with Shareholders while maintaining adequate reserves for meeting its future growth, with a view to declaring dividends higher than the industrial average level and achieving a stable and better return for the Shareholders.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- tax issue;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may consider appropriate.

Anti-Corruption Policy

The Company has established an anti-corruption policy to combat all offences involving bribery, extortion, fraud and money laundering, and has been implementing the "zero tolerance" strategy for any corruption and illegal behavior in accordance with the Criminal Law of the People's Republic of China. The policy applies to all employees of the Group. The Company's audit and supervision department, under the leadership of the audit committee of the Board of the Company and the president's office, conducts comprehensive supervision of the integrity of the Company's system.

Whistleblowing Policy

The Company has also established a whistleblowing policy and has committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Company expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to come forward and voice those concerns. Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. The Board's Audit Committee has overall responsibility for this policy. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the audit committee. The Audit Committee will review and monitor the effectiveness of this whistleblowing policy from time to time.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the Code Provision A.2.1 in Part 2 of the CG Code.

During the year 2023, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to environmental, social and governance. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The procedures and guidelines comprise the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has also in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has established the "Notice in respect of Further Regulations on Joint Ventures Management" which formalised the management of the joint ventures and related affairs.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

The Group's audit inspection office is responsible for internal audit function of the Company in performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The audit inspection office examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. In addition, the Group has engaged SHINEWING Risk Services Limited to carry out the internal audit function such as the analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls for the year ended 31 December 2023. The assessments were conducted annually and the results have been finalized in March 2024 and communicated with the Audit Committee.

The Board, through the Audit Committee, had reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function, staff qualifications, experiences and relevant resources, as well as those relating to the issuer's environmental, social and governance performance and reporting. The Board's annual review has confirmed that there is no change, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), and the Company is capable to respond to changes in its business and the external environment. The Company had also reviewed the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and where applicable, the work of its internal audit function.

The Company has developed respective disclosure policy which provides a general guide to the Company's Directors, senior management, officers and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. This includes but is not limited to the following:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Company enters into significant negotiations.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing and reviewing the financial statements of the Company for the year ended 31 December 2023. The Director was of the view that the preparation of such financial statements are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

Save as disclosed, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 60 to 66.

Auditor's Remuneration and Auditor related matters

The remuneration of external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

Service Category	Fees
Audit Services	RMB3,040,000
Non-audit Services	
— Interim review service fee	RMB1,060,000
Total	RMB4,100,000

Company Secretary

Ms. Li Yan Wing, Rita has been appointed as the Company's company secretary. Ms. Li is an executive director of Corporate and Trust Administration Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Chen Yong, an executive Director, has been designated as the primary contact person at the Company who would work and communicate with Ms. Li on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2023, Ms. Li has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening General Meeting by Shareholders

Pursuant to Articles 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing Shareholders to move new resolutions at general meetings under the Companies Act of the Cayman Islands or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit Nos. 02–03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 2175 5098
Email: i.r@logan.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The detailed procedures for Shareholders to propose a person for election as a Director can be found on the website of the Company headed "Corporate Governance" section.

Shareholders may call the Company at (852) 2823 9200 or (86) 755 8528 8221 for any enquiry.

Communication with Shareholders and Investors/Investor Relations

The Board has established a Shareholders' communication policy and posted it on the website of the Company setting out the principles of the Company in relation to Shareholders' communications, with the objective of ensuring that Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investors relations and investors' understanding of the Group's business performance and strategies.

The Company has established various communication channels between itself and Shareholders which endeavour to maintain an on-going dialogue with Shareholders including (i)holding annual general meetings and other general meetings during which the Directors (or their delegates as appropriate) are available to meet Shareholders, answer their enquiries and understand the views of Shareholders; (ii) announcements (including voluntary business updates) and corporate communications such as annual reports, interim reports and circulars are published on the Stock Exchange's website at http://www.hkexnews.hk and the Company's website at http://www.logangroup.com; (iii) corporate information of the Group is available at the Company's website; and (iv) Shareholders may contact the Investor Relations Department under the section "Contact Details" for enquiries.

In light of the above, the Company considers that it has sufficient channels to maintain close communication with its Shareholders and the Shareholders' communication policy is effective during the year.

The Board has reviewed the Shareholders' communication policy and considered that the policy was effectively implemented.

During the year 2023, the Company has not made any changes to its Memorandum of Association and Articles of Association. An up-to-date version of the Second Amended and Restated Memorandum of Association and Articles of Association is available on the Company's website and the Stock Exchange's website.

DIRECTORS' REPORT

The Board of Directors of the Company is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2023.

Principal Place of Business

The Company is a company incorporated and has its registered office in the Cayman Islands. The Company's principal place of business in Hong Kong is situated at Unit Nos. 02–03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong.

Principal Activities

The Company is an investment holding company, and the Group is principally engaged in property development and property operation. The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 5 and 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in "Chairman's Statement" on pages 12 to 13 of this annual report. Description of possible risks and uncertainties facing by the Company is set out in "Management Discussion and Analysis" on pages 16 to 23 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's "Five Years' Financial Summary" on page 191 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

The Group is committed to supporting the environmental sustainability. Being a property developer and integrated city service provider in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Relationship with Stakeholders

The Group believes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery of our products.

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2023 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 67 to 190 of this annual report.

Results and Appropriations

Loss attributable to shareholders for the year ended 31 December 2023 of RMB8,934,542,000 (2022: 8,524,081,000) have been transferred to reserves. Other movements in reserves are set out on pages 71 to 72 of "Consolidated Statement of Changes in Equity".

Final Dividend

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

Closure of Register of Members

To ascertain the shareholders' entitlement to attend and vote at the AGM of the Company to be held on Friday, 14 June 2024, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 7 June 2024.

Investment Properties and Other Property, Plant and Equipment

Details of the movements in the investment properties and other property, plant and equipment are set out in notes 15 and 14 to the consolidated financial statements, respectively.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2023 and as at that date is set out in note 29 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group and the Company for the year ended 31 December 2023 are set out in "Consolidated Statements of Changes in Equity" and note 44 to the consolidated financial statements, respectively.

Borrowings

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in this annual report and notes 25, 26 and 27 to the consolidated financial statements.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 191 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Directors

The list of Directors is set out on page 6 of this annual report.

In accordance with the Company's articles of association, Ms. Huang Xiangling, Mr. Chen Yong, Mr. Zhou Ji, Ms. Liu Ka Ying, Rebecca and Mr. Cai Suisheng shall retire from office at the AGM and, being eligible, offer themselves for re-election.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company. The appointment of each Director is for a period of three years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

None of the Directors who are proposed for election or re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

Other than those transactions disclosed in note 40 to the consolidated financial statements and in the section "Continuing Connected Transactions" below, no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

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

Indemnity and Insurance Provisions

The Articles of Association of the Company provides that every Director shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. Such provisions were in force during the course of the financial year ended 31 December 2023 and remained in force as of the date of this annual report. The Company has also arranged appropriate directors and officers liability insurance in respect of legal action against them.

Deed of Non-competition

The Company shall receive, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not or will procure that his/her/its associates (other than members of the Group) not to, engage in the development of residential properties or mixed-use properties, which mainly represent residential properties with developments ancillary to the Group's residential projects, such as retail units, supermarkets and car parks, etc.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 10 December 2013 under the section headed "Relationship with Our Controlling Shareholders".

For the year ended 31 December 2023, the Company had received an annual written confirmation from each of the Company's controlling shareholders in respect of their and their associates' compliance with the Deed of Non-Competition. The independent non-executive Directors had reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2023.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Continuing Disclosure Requirements under Rule 13.21 of the Listing Rules

2019 Facility Agreement

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK$1,610,000,000 (the "2019 Facility Agreement"), which may be increased to not more than HK$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement. On 15 July 2019, term loan facility has been increased by HK$150,000,000 to HK$1,760,000,000. On 25 July 2022, a letter agreement was entered into whereby the final maturity date of the term loan facility was extended to 24 January 2023. The parties to the 2019 Facility Agreement are in negotiation for a further extension of the maturity date.

Pursuant to the 2019 Facility Agreement, it shall constitute an event of default if (i) Ms. Kei Perenna Hoi Ting, her spouse and any of her child under the age of 18, collectively do not or cease to beneficially own, directly or indirectly, at least 51% of the beneficial shareholding interests in the issued share capital of, and carrying at least 51% of all the voting rights in the Company, such shareholding interest and voting rights being free from any security; (ii) Mr. Kei Hoi Pang does not or ceases to have management control of the Company or the Group and/or control over the business of the Group; or (iii) any person other than any one of Mr. Kei Hoi Pang and Mr. Ji Jiande is or becomes the chairman of the Company. Upon and at any time after the occurrence of an event of default, the lenders may cancel all or any parts of their commitments and declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable.

As at the date of this annual report, the term loan facility of HK$880,000,000 remained outstanding.

2020 Facility Agreement

On 8 April 2020, the Company as borrower entered into a facility agreement with certain banks as lenders pursuant to which a dual currency USD and HKD term loan facility of HK$2,525,640,000 equivalent (with green shoe option of up to HK$770,000,000) was made available to the Company (the "2020 Facility Agreement"). The facility has to be fully repaid within 36 months after the date of the 2020 Facility Agreement. The parties to the 2020 Facility Agreement are in negotiation for a further extension of the maturity date.

Pursuant to the 2020 Facility Agreement, if (i) Ms. Kei Perenna Hoi Ting and her family collectively cease to own, directly or indirectly, more than 50% of the Company's total issued share capital, free from any security; and/or (ii) Mr. Kei Hoi Pang and his family cease to maintain control of the Group's business, if the majority lenders under the facilities so require, the Company shall prepay the facilities in full within the time specified under the 2020 Facility Agreement.

As at the date of this annual report, the term loan facility of HK$780,000,000 and US$223,880,000 remained outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 31 December 2023, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 18 November 2013. The Share Option Scheme was effective for 10 years commencing from 18 November 2013 and expired on 17 November 2023. No further share option will be granted under the Share Option Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary of the principal terms of the Share Option Scheme was as follows:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, agents, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.

3. Maximum number of Shares available for issue:

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the global offering of the Company (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the over-allotment option), being 500,000,000 shares (representing approximately 8.79% of the number of the issued shares of the Company as at the date of this annual report), excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No further options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall the maximum number of Shares in respect of which options may be granted exceed the limit prescribed in this paragraph.

On acceptance of the options granted under the Share Option Scheme, the grantee is required to pay HK$1.0 to the Company as consideration for the grant of options.

A total number of 280,095,250 options were available for grant under the Share Option Scheme as at 1 January 2023. Following the expiry of the Share Option Scheme on 17 November 2023, no options were available for grant as at 31 December 2023. As at the date of this report, a total number of 73,795,000 shares (representing approximately 1.3% of the shares in issue as at the date of this report), are available for issue under the Share Option Scheme.

4. **Maximum entitlement of each participant under the Share Option Scheme:**

   The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

   (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

   (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. **The period within which the options must be exercised under the Share Option Scheme:**

   An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**

   There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. **The basis of determining the exercise price:**

   Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary Shares as stated in the Stock Exchange daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average of the closing price of the ordinary Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary Share.

8. The remaining life of the Share Option Scheme:

The Share Option Scheme expired on 17 November 2023. No further share option will be granted under the Share Option Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect.

No share option has been granted during 2023. Details of the share options granted under the Share Option Scheme were as follows:

			Number of share options							
Name of grantee	Date of grant	Exercise Price (HK$)	Outstanding at 1 January 2023	Granted during this year	Exercised during this year	Cancelled/ Lapsed during this year	Outstanding as at 31 December 2023	Percentage of total issued share capital[1]	Exercise period	Closing price of the shares immediately before the date on which the options were offered (HK$)
Name of Director										
Mr. Kei Hoi Pang	25 August 2017	7.43	8,000,000	–	–	–	8,000,000	0.14%	25 August 2017 to 24 August 2027[2]	7.34
Mr. Lai Zhuobin	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.05%	25 August 2017 to 24 August 2027[2]	7.34
Ms. Huang Xiangling	25 August 2017	7.43	2,602,000	–	–	–	2,602,000	0.05%	25 August 2017 to 24 August 2027[2]	7.34
Mr. Xiao Xu *(resigned on 3 October 2023)*	25 August 2017	7.43	2,800,000	–	–	(2,800,000)	–	0.00%	25 August 2017 to 24 August 2027[2]	7.34
Mr. Zhong Huihong *(resigned on 3 October 2023)*	22 October 2018	7.64	882,000	–	–	(882,000)	–	0.00%	22 October 2018 to 21 October 2028[4]	7.33
Total number held by Directors	25 August 2017	7.43	**16,202,000**	**–**	**–**	**(2,800,000)**	**13,402,000**	0.24%	25 August 2017 to 24 August 2027[2]	7.34
	22 October 2018	7.64	**882,000**	**–**	**–**	**(882,000)**	**–**	0.00%	22 October 2018 to 21 October 2028[4]	7.33
Name of Substantial Shareholder										
Ms. Kei Perenna Hoi Ting	25 August 2017	7.43	1,800,000	–	–	–	1,800,000	0.03%	25 August 2017 to 24 August 2027[2]	7.34
Total number held by Substantial Shareholder	25 August 2017	7.43	**1,800,000**	**–**	**–**	**–**	**1,800,000**	0.03%	25 August 2017 to 24 August 2027[2]	7.34
Total number held by Employees	25 August 2017	7.43	**23,740,000**	**–**	**–**	**(702,000)**	**23,038,000**	0.41%	25 August 2017 to 24 August 2027[2]	7.34
	8 June 2018	12.50	**23,357,000**	**–**	**–**	**(2,046,000)**	**21,311,000**	0.37%	8 June 2018 to 7 June 2028[3]	12.44
	22 October 2018	7.64	**12,300,000**	**–**	**–**	**(1,516,500)**	**10,783,500**	0.19%	22 October 2018 to 21 October 2028[4]	7.33
	28 June 2019	12.64	**4,145,500**	**–**	**–**	**(734,000)**	**3,411,500**	0.06%	28 June 2019 to 27 June 2029[5]	12.56
	12 June 2020	13.08	**3,092,000**	**–**	**–**	**(918,000)**	**2,174,000**	0.04%	12 June 2020 to 11 June 2030[6]	13.02

Notes:

(1) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2023.

(2) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:

(i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;

(ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;

(iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and

(iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.

(3) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:

(i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 8 June 2018;

(ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and

(iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 8 June 2018.

(4) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:

(i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 22 October 2018;

(ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and

(iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 22 October 2018.

(5) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:

(i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and

(ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.

(6) The share options are exercisable within a period of 10 years from the 12 June 2020 and will be vested after the expiration of 36 months from 12 June 2020.

For further details, please refer to note 30 to the consolidated financial statements of this annual report.

Given that as mentioned above, no share option has been granted during 2023, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Share Option Scheme during the year ended 31 December 2023 divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2023.

Share Award Scheme

A share award scheme (the "Share Award Scheme") was adopted by the Company on 13 May 2020 (the "Adoption Date"). Unless early termination as determined by the Board pursuant to the Share Award Scheme, it shall be valid and effective for a term of 15 years commencing on the Adoption Date, subject to any extension of the period by the Board. As at the date of this annual report, the Share Award Scheme will have a remaining term of approximately 11 years. The purpose of the Share Award Scheme is (i) to promote the effective realization of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustainable growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is a share scheme that is funded by existing shares of the Company. The Share Award Scheme will continue to operate in accordance with the "Transitional arrangements for share schemes existing as at 1 January 2023" set out in the attachment to Frequently Asked Questions No. 083–2022 to 101–2022 published by the Stock Exchange.

Subject to the terms of the Share Award Scheme, the Board may from time to time, select any employee, director, officer, consultant, or advisor of any member of the Group or any affiliate who the Board considers, in its sole discretion, to have significantly contributed or will significantly contribute to the development of the Group, to be a selected participant ("Selected Participant") and grant award shares ("Award Shares") to such Selected Participant during the duration of the Share Award Scheme. Where any grant of Award Shares is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or chief executive of the Company, such grant must first be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the Award Shares). Where any grant of Award Shares is proposed to be made to any person who is a connected person (as defined under the Listing Rules), the Company shall comply with such provisions of the Listing Rules as may be applicable. No amount is payable by a Selected Participant upon acceptance of the Award Shares, and the Award Shares may be granted to a Selected Participant at nil consideration.

According to the Share Award Scheme, Shares up to 3% of the issued share capital of the Company (from time to time) will be purchased by the trustee from the market out of cash contributed by the Company and be held in trust for the relevant selected participants until the Award Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. As of 31 December 2023, the Company had through the trustee purchased a total of 158,230,000 Shares from the market, none of such Shares was purchased during the twelve months ended 31 December 2023. As at the date of this annual report, the maximum number of Award Shares available for grant under the Share Award Scheme are 170,562,223 Shares, representing approximately 3% of issued Shares of the Company as at the date of this annual report.

There is no maximum entitlement of Award Shares for each Selected Participant under the Share Award Scheme.

The Board or the committee of the Board or person(s) to which the Board delegated its authority may from to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award Shares to be vested hereunder.

Since the Adoption Date, no Award Shares had been granted. For further details, please refer to note 30 to the consolidated financial statements of this annual report. Given that as at the date of this annual report, the Company has not granted any Award Shares under the Share Award Scheme, it is not applicable for the Company to set out any details of the grant in accordance with Rule 17.07(1) of the Listing Rules. It is also not applicable for the Company to set out the number of Shares that may be issued in respect of options and awards granted under both the Share Option Scheme and the Share Award Scheme during the year ended 31 December 2023 divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2023. There were a maximum of 170,562,223 Shares which may be granted under the Share Award Scheme at the beginning and the end of the year ended 31 December 2023.

Equity-linked Agreements

Save as the Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the year under review.

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of The Company or any of its Associated Corporations

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares[1]	Underlying Shares Interested[2]	Aggregate interests	Approximate Percentage of Issued Share Capital[4]
Mr. Kei Hoi Pang	Beneficiary of a family trust[3]	3,401,600,000 (L)	–	3,401,600,000	59.83%
	Deemed interest[3]	851,281,250 (L)	–	851,281,250	14.97%
	Beneficial owner	8,200,000 (L)	8,000,000	16,200,000	0.28%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	2,800,000	5,406,250	0.10%
Ms. Huang Xiangling	Beneficial owner	–	2,602,000	2,602,000	0.05%
Mr. Chen Yong	Beneficial owner	62,000	–	62,000	0.00%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The number of Shares represents the Shares in which the Directors are deemed to be interested as a result of holding share options.

(3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.

(4) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2023.

(ii) Interest in Debentures of the Company

Name of Director	Capacity in which the Debentures are Held	Amount of Debentures
Mr. Kei Hoi Pang	Interest of controlled corporation[1]	US$20,000,000[2]

Notes:

(1) The entire issued share capital of Prance Thrive Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.

(2) The US$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US$450,000,000 5.25% senior notes due 2023 issued by the Company.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

As at 31 December 2023, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares[(1)]	Approximate Percentage of the Company's Issued Share Capital[(5)]
Mr. Kei Hoi Pang	Beneficiary of a family trust[(2)]	3,401,600,000 (L)	59.83%
	Deemed interest[(2)]	851,281,250 (L)	14.97%
	Beneficial owner	16,200,000 (L)	0.28%
Ms. Kei Perenna Hoi Ting	Interest of controlled corporations[(3)]	850,000,000 (L)	14.95%
	Beneficial owner[(3)]	3,081,250 (L)	0.05%
Brock Nominees Limited[(4)]	Nominee	3,401,600,000 (L)	59.83%
Credit Suisse Trust Limited[(4)]	Trustee	3,401,600,000 (L)	59.83%
Junxi Investments Limited[(4)]	Beneficial owner	3,401,600,000 (L)	59.83%
Kei Family United Limited[(4)]	Interest of a controlled corporation	3,401,600,000 (L)	59.83%
Tenby Nominees Limited[(4)]	Nominee	3,401,600,000 (L)	59.83%
Dragon Julibee Investments Limited	Beneficial owner	425,000,000 (L)	7.48%

Notes:

(1) The letter "L" denotes the person's long position in Shares.

(2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the Shares through Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.

(3) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively approximately 850,000,000 shares of the Company. She also holds 1,281,250 shares and 1,800,000 share options of in the Company.

(4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the shares on behalf of Credit Suisse Trust Limited as trustee.

(5) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this annual report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Major Suppliers and Customers

For the year ended 31 December 2023, no sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for 30% or more of the total sales for the year and of the total purchases for the year, respectively.

None of the Directors, their close associates or any shareholders (according to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers or major customers noted above.

Continuing Connected Transactions

Details of the continuing connected transactions of the Company during the year ended 31 December 2023 are as follows:

2022 Master Project Development Management Agreement

On 30 December 2022, Shenzhen Logan Holdings Co., Ltd.* (深圳市龍光控股有限公司) ("Shenzhen Logan"), a wholly-owned subsidiary of the Company, entered into the master project development management agreement (the "2022 Master Project Development Management Agreement") with Logan Foundation Group Co., Ltd.* (龍光交通集團有限公司) ("Logan Foundation") pursuant to which Shenzhen Logan has agreed to provide, and procure its subsidiaries to provide, project development management service, including, but not limited to, construction services and design and architectural services (the "Project Development Management Service"), to Logan Foundation and its subsidiaries at development stages for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB320,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected amount of service fees payable to Shenzhen Logan for the provision of Project Development Management Service taking into account (a) the anticipated demand of Project Development Management Service required by Logan Foundation during the term of the 2022 Master Project Development Management Agreement taking into account of the number of property development projects of Logan Foundation in the PRC and the expected GFA to be completed for each year during the term of the 2022 Master Project Development Management Agreement, including at least one project with anticipated service demand in value of approximately RMB200,000,000, to be required by the Group in 2023; (b) the estimated costs (including labour and construction raw materials) required by the Group; and (c) the prevailing service fees charged by other independent service providers; and (ii) the historical transaction amount taking into account the expected recovery of the real estate sector in PRC from 2023.

* For identification purposes only

2022 Master Property Management Service Agreement

On 30 December 2022, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the master property management service agreement (the "2022 Master Property Management Service Agreement") with Guangdong Logan Group Property Management Co., Ltd.* (廣東龍光集團物業管理有限公司) ("Logan Property Management"), pursuant to which Logan Property Management has agreed to provide, and procure its subsidiaries to provide services, including, but not limited to property management services and consultation services at the pre-delivery stage of property development (the "Property Management Service"), to Shenzhen Logan and its subsidiaries for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB320,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected demand of Property Management Services of the Group having regards to the expected GFA requiring property management services, the contracted sales of the Group and the expected land bank during the term of the 2022 Master Property Management Services Agreement; (ii) the prevailing market rate of similar property management services; and (iii) the historical transaction amounts.

2022 Master Lease Agreement

On 30 December 2022, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the master lease agreement (the "2022 Master Lease Agreement") with Logan Foundation, pursuant to which Shenzhen Logan, as lessor, has agreed to lease and procure its subsidiaries to lease properties held by them in the PRC to Logan Foundation and its subsidiaries, as lessee, for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB120,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected space that Logan Foundation has indicated to the Group that it would rent for hotel business and office use during the term of the 2022 Master Lease Agreement. Under the existing arrangement, Logan Foundation has leased two mixed use complexes for its hotel business located in Nanning and Huizhou from the Group; and (ii) the prevailing market rent of the premises that are expected to be leased by Logan Foundation and its subsidiaries.

Logan Foundation is held as to 47% by Mr. Kei Hoi Pang ("Mr. Kei"). Logan Property Management is wholly-owned by Ms. Kei Perenna Hoi Ting, who is the daughter of Mr. Kei. As such, each of Logan Foundation and Logan Property Management is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the 2022 Master Project Development Management Agreement, the 2022 Master Property Management Service Agreement and the 2022 Master Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the 2022 Master Project Development Management Agreement, the 2022 Master Property Management Service Agreement and the 2022 Master Lease Agreement are set out in the announcement of the Company dated 30 December 2022.

The Company has complied with the disclosure requirements as prescribed in Chapter 14A of the Listing Rules with respect to the above continuing connected transactions of the Group.

* For identification purposes only

All independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;

2. under normal commercial terms, or on terms better than terms available to or from independent third parties; and

3. in accordance with the agreements governing the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. have been approved by the Board;

2. are in accordance with the pricing policy of the Group;

3. have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

4. have not exceeded the relevant caps allowed by the Stock Exchange and as stated in the announcement of the Company dated 30 December 2022.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions of the Group to the Company.

Save as otherwise disclosed, there are no related party transactions disclosed in note 40 to the financial statements which constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules during the year ended 31 December 2023.

Sufficiency of Public Float

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities to be maintained. This normally means that at least 25% of an issuer's total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

(a) the issuer will have an expected market capitalization at the time of listing of over HK$10.0 billion;

(b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;

(c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;

(d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and

(e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the over-allotment option as defined in the Company's prospectus dated 10 December 2013) of the Company's issued share capital (the "Company's Minimum Public Float") subject to:

(i) the Company's minimum public float upon the listing date was 15%;

(ii) the sponsor and the Company were able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the listing;

(iii) the Company has implemented appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and

(iv) the Company has made appropriate disclosure of the lower prescribed percentage of public float in the Company's prospectus dated 10 December 2013 and confirms sufficiency of public float as at the date of this annual report.

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2023 and as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained on pages 27 to 40 of this annual report.

Auditor

The consolidated financial statements for the year ended 31 December 2023 have been audited by Prism Hong Kong and Shanghai Limited, who will retire and, being eligible, offer themselves for re-appointment as the auditor of the Company at the AGM.

On 11 May 2022, Ernst & Young resigned as the Company's auditor. Prism Hong Kong and Shanghai Limited (formerly known as UniTax Prism (HK) CPA Limited) was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Ernst & Young.

Professional Tax Advice Recommended

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board
Logan Group Company Limited

Kei Hoi Pang
Chairman

28 March 2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Logan Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Logan Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 190 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 disclosure requirements of 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.

Material Uncertainty Related to the Going Concern

We draw attention to note 2.1 to the consolidated financial statements. The events and conditions stated in note 2.1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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
Valuation of investment properties and inventory properties acquired through business combinations	
As at 31 December 2023, the Group held investment properties with a carrying amount of approximately RMB39,292 million representing 15.82% of the total assets of the Group. In addition, the Group acquired property projects with significant amount of inventory properties through business combinations during the current year. The Group has engaged external valuers to assist management in determining the fair value of the investment properties at the end of the reporting period and the fair values of the inventory properties at the date of acquisitions. We identified this as a key audit matter because the carrying amounts of the investment properties and the inventory properties acquired through business combinations are significant to the Group and significant management estimations are involved in determining their fair values. The determination of valuation models adopted also involved significant management judgements. Related disclosures are included in notes 3, 4, 15 and 34(b) to the consolidated financial statements	We evaluated management's assessment on the valuation of investment properties and inventory properties acquired through business combinations by performing the following procedures: — Evaluated the objectivity, independence and competence of the external valuers engaged by the management of the Group. — Engaged independent valuation specialists to assist us in evaluating the valuations models, assumptions and parameters adopted in the valuation. — Compared the valuation determined by the management to the range provided by the independent valuation specialists. — Evaluated the significant inputs to the valuation used. — Assessed the adequacy of the disclosures of the valuation of the investment properties and inventory properties acquired through business combinations in the consolidated financial statements.

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Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of receivables from joint ventures and associates	
As at 31 December 2023, the Group had receivables from joint ventures and associates amounting to approximately RMB5,312 million represented 2.14% of the total assets of the Group as at 31 December 2023. The measurement of impairment losses of these receivables under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default, changes in which can result in different levels of allowances. The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risk of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period.	We evaluated management's assessment on the recoverability of or the expected credit losses for balances by performing the following procedures: — Discussed with management to gain an understanding of the purpose and background of the underlying investments made by the joint ventures and associates. — Examined the cooperation contracts and agreements for the projects acquired and title documents of the underlying assets acquired by the joint ventures and associates. — Reviewed the valuation reports or investment return analyses of the projects acquired and evaluated the key estimates and assumptions adopted in the valuation reports or investment return analyses. — Examined supporting documents for significant payments made by the joint ventures and associates and obtained direct confirmations from joint ventures and associates on the balance of receivables.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of receivables from joint ventures and associates (Continued)	
The Group has engaged external valuers to assist in determining the expected credit loss for receivables from joint ventures and associates at the end of the reporting period. We identified this as a key audit matter because the carrying amount of the receivables from joint ventures and associates is significant to the Group and significant estimation and judgement are required by management to assess the recoverability of these receivables from joint ventures and associates. Related disclosures are included in notes 3, 4, 17, 18 and 20 to the consolidated financial statements.	— Inspected the title documents of land or development right agreements held by the joint ventures and associates. — Performed site visit to evaluate the status of construction and existence of projects. — Evaluated the impairment assessment of the receivables from joint ventures and associates made by management. — Engaged independent valuation specialists to assist us to evaluate the assumptions and other inputs including probability of default, loss given default and forward looking element in determining the expected credit loss on receivables from joint ventures and associates. — Assessed the adequacy of the disclosures of the recoverability of receivables from joint ventures and associates in the consolidated financial statements.

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, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors 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.

Those charged with Governance are responsible 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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 those charged with governance 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 those charged with governance 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

From the matters communicated with those charged with governance, 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 Lee Kwok Lun.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
28 March 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Represented)
REVENUE	6	**47,166,787**	41,622,653
Cost of sales		**(51,676,220)**	(46,405,069)
Gross loss		**(4,509,433)**	(4,782,416)
Other income and gains	6	**284,524**	468,745
Other expenses		**(168,839)**	(344,388)
Selling and marketing expenses		**(1,452,599)**	(1,755,838)
Administrative expenses		**(892,507)**	(1,267,890)
Fair value gains on investment properties, net	15	**1,287,851**	1,568,242
Fair value losses on derivative financial instruments, net		**–**	(4,238)
Share of (losses)/profits of associates and joint ventures, net		**(105)**	261,725
LOSS FROM OPERATIONS		**(5,451,108)**	(5,856,058)
Finance costs	7	**(1,620,802)**	(1,831,848)
LOSS BEFORE TAX	8	**(7,071,910)**	(7,687,906)
Income tax expense	11	**(1,786,202)**	(1,181,677)
LOSS FOR THE YEAR		**(8,858,112)**	(8,869,583)
Attributable to:			
Owners of the parent		**(8,934,542)**	(8,524,081)
Non-controlling interests		**76,430**	(345,502)
		(8,858,112)	(8,869,583)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	13		
Basic		**(161.65)**	(155.69)
Diluted		**(161.65)**	(155.69)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
LOSS FOR THE YEAR	**(8,858,112)**	(8,869,583)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	**(303,555)**	(2,096,060)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(9,161,667)**	(10,965,643)
Attributable to:		
Owners of the parent	**(9,238,097)**	(10,620,141)
Non-controlling interests	**76,430**	(345,502)
	(9,161,667)	(10,965,643)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Investment properties	15	**39,291,659**	37,579,008
Other property, plant and equipment	14	**297,232**	197,665
Deferred tax assets	28	**1,517,135**	2,085,963
Investments in associates	17	**3,798,204**	3,779,486
Investments in joint ventures	18	**10,982,752**	18,854,096
Trade and other receivables, prepayments and other assets	20	**—**	572,829
Total non-current assets		**55,886,982**	63,069,047
CURRENT ASSETS			
Inventories	19	**149,905,175**	148,123,695
Trade and other receivables, prepayments and other assets	20	**25,567,080**	44,981,837
Tax recoverable		**3,851,278**	4,405,810
Assets under cross-border guarantee arrangements	21	**—**	3,639,473
Cash and bank balances	22	**13,171,546**	14,101,705
Total current assets		**192,495,079**	215,252,520
CURRENT LIABILITIES			
Trade and other payables	23	**63,172,411**	50,807,546
Contract liabilities	24	**26,286,356**	56,844,029
Liabilities under cross-border guarantee arrangements	21	**829,074**	4,755,373
Bank and other loans	25	**34,068,321**	30,382,995
Senior notes	26	**11,134,222**	7,976,225
Other current liabilities	27	**19,409,908**	21,910,680
Tax payable		**8,489,362**	8,341,615
Total current liabilities		**163,389,654**	181,018,463
NET CURRENT ASSETS		**29,105,425**	34,234,057
TOTAL ASSETS LESS CURRENT LIABILITIES		**84,992,407**	97,303,104

Consolidated Statement of Financial Position
31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**84,992,407**	97,303,104
NON-CURRENT LIABILITIES			
Bank and other loans	25	**28,546,307**	21,710,828
Corporate bonds	27	**16,154,520**	17,694,157
Deferred tax liabilities	28	**7,558,169**	6,028,469
Total non-current liabilities		**52,258,996**	45,433,454
Net assets		**32,733,411**	51,869,650
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	**450,227**	450,227
Perpetual capital securities	31	**2,363,346**	2,363,346
Reserves	32	**24,669,373**	33,969,155
		27,482,946	36,782,728
Non-controlling interests		**5,250,465**	15,086,922
Total equity		**32,733,411**	51,869,650

Lai Zhuobin
Director

Chen Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent											
	Share capital RMB'000 (note 29)	Share premium RMB'000 (note 32(i))	Shares held under share award scheme RMB'000 (note 30)	Share-based compensation reserve RMB'000 (note 30)	Exchange reserve RMB'000 (note 32(ii))	PRC statutory reserves RMB'000 (note 32(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 31)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	450,227	934,188	(1,617,174)	112,202	(1,055,303)	1,898,424	(2,216,691)	35,913,509	2,363,346	36,782,728	15,086,922	51,869,650
(Loss)/profit for the year	–	–	–	–	–	–	–	(8,934,542)	–	(8,934,542)	76,430	(8,858,112)
Other comprehensive loss												
Exchange differences on translation of financial statements of group entities	–	–	–	–	(303,555)	–	–	–	–	(303,555)	–	(303,555)
Total comprehensive loss for the year	–	–	–	–	(303,555)	–	–	(8,934,542)	–	(9,238,097)	76,430	(9,161,667)
Equity-settled share-based transactions	–	–	–	3,959	–	–	–	–	–	3,959	–	3,959
Effect of forfeited or expired share options	–	–	–	(18,989)	–	–	–	18,989	–	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(105,931)	(105,931)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(277,329)	(277,329)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	48,861	48,861
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(65,644)	–	–	(65,644)	(9,578,488)	(9,644,132)
At 31 December 2023	450,227	934,188*	(1,617,174)*	97,172*	(1,358,858)*	1,898,424*	(2,282,335)*	26,997,956*	2,363,346	27,482,946	5,250,465	32,733,411

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent											
	Share capital RMB'000 (note 29)	Share premium RMB'000 (note 32(i))	Shares held under share award scheme RMB'000 (note 30)	Share-based compensation reserve RMB'000 (note 30)	Exchange reserve RMB'000 (note 32(ii))	PRC statutory reserves RMB'000 (note 32(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 31)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	450,569	953,291	(1,566,640)	115,318	1,040,757	1,898,424	(1,861,360)	44,500,911	2,363,346	47,894,616	19,873,667	67,768,283
Loss for the year	–	–	–	–	–	–	–	(8,524,081)	–	(8,524,081)	(345,502)	(8,869,583)
Other comprehensive loss												
Exchange differences on translation of financial statements of group entities	–	–	–	–	(2,096,060)	–	–	–	–	(2,096,060)	–	(2,096,060)
Total comprehensive loss for the year	–	–	–	–	(2,096,060)	–	–	(8,524,081)	–	(10,620,141)	(345,502)	(10,965,643)
Repurchase and cancellation of own shares	(342)	(19,103)	–	–	–	–	–	–	–	(19,445)	–	(19,445)
Equity-settled share-based transactions	–	–	–	15,791	–	–	–	–	–	15,791	–	15,791
Effect of forfeited or expired share options	–	–	–	(18,907)	–	–	–	18,907	–	–	–	–
Shares purchased under share award scheme	–	–	(50,534)	–	–	–	–	–	–	(50,534)	–	(50,534)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(253,725)	(253,725)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(355,331)	–	–	(355,331)	(4,187,518)	(4,542,849)
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(82,228)	–	(82,228)	–	(82,228)
At 31 December 2022	450,227	934,188*	(1,617,174)*	112,202*	(1,055,303)*	1,898,424*	(2,216,691)*	35,913,509*	2,363,346	36,782,728	15,086,922	51,869,650

* These reserve accounts comprise the consolidated reserves of RMB24,669,373,000 (2022: RMB33,969,155,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Represented)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,071,910)**	(7,687,906)
Adjustments for:			
Interest income	6	**(368,691)**	(950,975)
Finance costs	7	**1,620,802**	1,831,848
Depreciation	8	**53,502**	40,234
Net loss on disposal of items of other property, plant and equipment	8	**339**	178
Share of (losses)/profits of associates and joint ventures, net		**105**	(261,725)
Net increase in fair value of investment properties		**(1,287,851)**	(1,568,242)
Net decrease in fair value of derivative financial instruments		**—**	4,238
Loss on remeasurement of pre-existing interests in joint ventures	6	**265,420**	336,725
Gain on disposal of subsidiaries, net	6	**(51,418)**	(92,910)
Gain/(loss) on disposal of joint ventures, net	6	**(10,155)**	432,415
Equity-settled share-based transactions	8	**3,959**	15,791
Write-down of inventories to net realisable value	8	**6,030,000**	9,230,000
		(815,898)	1,329,671
Decrease in inventories and land deposits		**27,498,399**	23,257,483
Decrease in trade and other receivables, prepayments and other assets		**42,536,789**	38,558,271
Decrease in trade and other payables		**(25,967,468)**	(52,668,090)
Decrease in contract liabilities		**(35,454,885)**	(20,035,572)
Cash generated from/(used in) operations		**7,796,937**	(9,558,237)
Tax paid		**(611,909)**	(2,304,792)
Net cash flows from/(used in) operating activities		**7,185,028**	(11,863,029)

Consolidated Statement of Cash Flows
Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Represented)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**368,691**	913,366
Addition to investment properties	15	**(418,005)**	(689,516)
Addition to other property, plant and equipment	14	**(64,036)**	(140,524)
Disposal of subsidiaries	35(a)	**(146,294)**	60,900
Acquisition of subsidiaries that are not a business	34(a)	**–**	11,041
Acquisition of subsidiaries	34(b)	**699,310**	10,848,929
Disposal of joint ventures		**20,117**	789,679
Investments in joint ventures and associates		**(34,936)**	(30,247)
Advances to joint ventures and associates		**(59,486)**	(121,780)
Proceeds from disposal of other property, plant and equipment		**57,603**	2,904
Increase in assets under cross-border guarantee arrangements		**–**	(806,313)
Decrease in assets under cross-border guarantee arrangements		**3,639,473**	7,182,083
Decrease in pledged deposits or restricted deposits		**33,384**	10,878,288
Dividends received from joint ventures		**247,338**	150,000
Net cash flows from investing activities		**4,343,159**	29,048,810

	Notes	2023 RMB'000	2022 RMB'000 (Represented)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(1,563,224)**	(4,175,258)
Proceeds from bank and other loans		**–**	2,234,306
Repayment of bank and other loans		**(6,516,785)**	(16,301,285)
Proceeds from issuance of senior notes		**–**	1,585,109
Repayment of senior notes		**–**	(557,063)
Repayment of corporate bonds		**(986,955)**	(1,545,573)
Proceeds from liabilities under cross-border guarantee arrangements		**–**	900,000
Repayment of liabilities under cross-border guarantee arrangements		**(4,202,523)**	(9,041,280)
Repayment of asset-backed securities		**(13,125)**	(1,070,512)
Repurchase of own shares		**–**	(19,445)
Shares purchased under share award scheme		**–**	(50,534)
Advances from shareholders		**–**	378,917
Advances from/(repayment to) non-controlling shareholders		**242,874**	(495,986)
Advances from/(repayment to) joint ventures and associates		**93,037**	(805,002)
Payments for acquisition of non-controlling interests		**–**	(1,394,425)
Dividends paid to non-controlling shareholders		**(105,931)**	–
Dividends paid to ordinary equity shareholders of the Company		**–**	(378,917)
Net cash flows used in financing activities		**(13,052,632)**	(30,736,948)

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Represented)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,524,445)**	(13,551,168)
Cash and cash equivalents at beginning of year		**11,134,447**	24,390,778
Effect of foreign exchange rate changes		**627,670**	294,837
CASH AND CASH EQUIVALENTS AT END OF YEAR		**10,237,672**	11,134,447
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**10,237,672**	11,134,447
Cash and cash equivalents as stated in the consolidated statement of cash flows and included in the consolidated statement of financial position	22	**10,237,672**	11,134,447

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. Corporate and Group Information

Logan Group Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development and property operation in the People's Republic of China (the "PRC" or "Mainland China") during the year.

In the opinion of the directors, Junxi Investments Limited, which is incorporated in the British Virgin Islands, is the immediate holding company of the Company.

Information about subsidiaries

The following list contains particulars of the Company's principal subsidiaries. All of them are established in the PRC unless otherwise stated.

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiary	Principal activities
Shenzhen Longguang Junrong Real Estate Co., Ltd. (note) (深圳市龍光駿榮房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Longguang Engineering Construction Co., Ltd. (note) (龍光工程建設有限公司)	RMB80,000,000	91%	–	91%	Property construction
Shanghai Junhui Real Estate Co., Ltd. (note) (上海駿惠房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Heyuan Meiping Industrial City Co., Ltd. ("Heyuan Meiping") (note) (河源美平房地產發展有限公司)	RMB1,681,261,000	100%	–	100%	Property development
Shantou Juncheng Real Estate Co., Ltd. (note) (汕頭市駿誠房地產有限公司)	RMB50,505,000	100%	–	100%	Property development
Suzhou Longguang Junying Real Estate Co., Ltd. (note) (蘇州市龍光駿盈房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Nanning Longguang Junjia Real Estate Development Co., Ltd. (note) (南寧市龍光駿佳房地產開發有限公司)	RMB20,000,000	100%	–	100%	Property development
Guangdong Yuhui Decoration Engineering Co., Ltd. (note) (廣東省煜暉裝飾工程有限公司)	RMB100,101,000	100%	–	100%	Provision of decoration services
Shenzhen Longguang Junkai Real Estate Co., Ltd. (note) (深圳市龍光駿凱房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Shantou Longguang Junhui Real Estate Co., Ltd. (note) (汕頭市龍光駿暉房地產有限公司)	RMB50,505,000	100%	–	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Foshan Chancheng Longguang Junhan Real Estate Co., Ltd. (note) (佛山市禪城區龍光駿翰房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Shenzhen Longguang Junze Real Estate Co., Ltd. (note) (深圳市龍光駿澤房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Shantou Longguang Junyi Real Estate Co., Ltd. (note) (汕頭市龍光駿奕房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Shantou Longguang Jinjun Real Estate Co., Ltd. (note) (汕頭市龍光金駿房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Guangxi Tangqin Tongguang Investment Co., Ltd.@ ("Guangxi Tangqin") (note) (廣西唐沁同光投資有限公司)	RMB320,000,000	33%	–	33%	Property development
Ningbo Junyi Real Estate Co., Ltd. (note) (寧波駿逸房地產有限公司)	RMB1,238,273,000	100%	–	100%	Property development
Foshan Chancheng Longguang Junjia Real Estate Co., Ltd. (note) (佛山市禪城區龍光駿嘉房地產有限公司)	RMB20,202,000	100%	–	100%	Property development
Heyuan Longguang Junrong Real Estate Co., Ltd. (note) (河源市龍光駿榮房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Shantou Longguang Junjia Real Estate Co., Ltd. (note) (汕頭市龍光駿嘉房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Nanning Longguang Junchi Real Estate Development Co., Ltd.^ ("Longguang Junchi") (note) (南寧市龍光駿馳房地產開發有限公司)	RMB35,000,000	100%	–	100%	Property development
Boluo County Jiaxin Real Estate Development Co., Ltd. (note) (博羅縣嘉信房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Liuzhou Longguang Junfei Real Estate Development Co., Ltd. (note) (柳州市龍光駿飛房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Zhuhai Junchen Real Estate Development Co., Ltd. (note) (珠海市駿宸房地產開發有限公司)	RMB171,430,000	100%	–	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Chaozhou Jingjun Real Estate Co., Ltd. (note) (潮州市景駿房地產有限公司)	RMB119,780,000	100%	–	100%	Property development
Zhongshan Hengsheng Real Estate Co., Ltd. (note) (中山市恒升房地產有限公司)	RMB332,980,000	100%	–	100%	Property development
Kunming Longguang Real Estate Development Co., Ltd. (note) (昆明龍光房地產開發有限公司)	RMB206,061,000	100%	–	100%	Property development and investment
Liuzhou Longguang Junde Real Estate Development Co., Ltd. (note) (柳州市龍光駿德房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Shantou Weida Real Estate Co., Ltd. (note) (汕頭市偉達房地產有限公司)	RMB185,000,000	100%	–	100%	Property development
Foshan Longguang Junshen Real Estate Co., Ltd. (note) (佛山市龍光駿紳房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Shenzhen Runjing Decoration Engineering Co., Ltd. (note) (深圳市潤景裝飾工程有限公司)	RMB200,000,000	100%	–	100%	Provision of decoration services to joint ventures and associates
Huizhou Hongyu Real Estate Co., Ltd. (note) (惠州市宏裕房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Nan'ao Rongnanhai Products Trading Co., Ltd. (note) (南澳縣榮南海產品貿易有限公司)	RMB60,000,000	100%	–	100%	Property development
Shantou Longguang Hongbo Real Estate Co., Ltd. (note) (汕頭市龍光宏博房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Huizhou Dayawan Dongzhen Real Estate Co., Ltd. (note) (惠州大亞灣東圳房地產有限公司)	RMB100,100,000	100%	–	100%	Property development
Zhongshan Baode Real Estate Development Co., Ltd. (note) (中山市寶德房地產發展有限公司)	RMB14,152,000	100%	–	100%	Property development
Zhejiang Shengrong Supply Chain Management Co., Ltd. (note) (浙江盛榮供應鏈管理有限公司)	RMB10,101,000	100%	–	100%	Urban redevelopment

Notes to Financial Statements
31 December 2023

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Nanning Longguang Construction Engineering Co., Ltd. (note) (南寧市龍光建設工程有限公司)	RMB50,050,000	100%	–	100%	Property construction
Foshan Nanhai Longguang Junhui Real Estate Co., Ltd.@ (note) (佛山市南海區龍光駿惠房地產有限公司)	RMB562,127,000	50%	–	50%	Property development
Liuzhou Longguang Junhong Real Estate Development Co., Ltd. (note) (柳州市龍光駿宏房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development
Huizhou Jicheng Construction Engineering Co., Ltd. (note) (惠州市吉城建築工程有限公司)	RMB100,100,000	100%	–	100%	Property construction
Nanning Yaohui Real Estate Development Co., Ltd. (note) (南寧市耀輝房地產開發有限公司)	RMB196,000,000	100%	–	100%	Property development
Foshan Longguang JunXin Real Estate Co., Ltd. (note) (佛山市龍光駿鑫房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Nanning Yaotai Real Estate Development Co., Ltd. (note) (南寧市耀泰房地產開發有限公司)	RMB20,000,000	100%	–	100%	Property development
Longguang Century (Zhaoqing) Real Estate Co., Ltd. (note) (龍光世紀(肇慶)置業有限公司)	RMB101,010,000	100%	–	100%	Property development
Zhongshan Henghui Real Estate Co., Ltd. (note) (中山市恒匯房地產有限公司)	RMB206,960,000	100%	–	100%	Property development
Nanning Longguang Jiujun Real Estate Development Co., Ltd. (note) (南寧市龍光玖駿房地產開發有限公司)	RMB20,202,000	100%	–	100%	Property development
Foshan Shunde Longguang Junlang Real Estate Co., Ltd. (note) (佛山市順德區龍光駿朗房地產有限公司)	RMB20,000,000	100%	–	100%	Property development
Nanning Longguang Jiuyao Real Estate Development Co., Ltd. (note) (南寧市龍光玖曜房地產開發有限公司)	RMB20,202,000	100%	–	100%	Property development
Nanning Longguan Century Real Estate Co., Ltd. (note) (南寧市龍光世紀房地產有限公司)	RMB100,000,000	100%	–	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Chengdu Longguang Donghua Real Estate Development Co., Ltd. (note) (成都市龍光東華房地產開發有限公司)	RMB1,307,693,000	100%	–	100%	Property development
Foshan Nanhai Longguang Juncheng Real Estate Co., Ltd. (note) (佛山市南海區龍光駿誠房地產有限公司)	RMB21,212,000	100%	–	100%	Property development
Shantou Ruifeng Real Estate Development Co., Ltd. (note) (汕頭市瑞豐房地產開發有限公司)	RMB40,000,000	75%	–	75%	Property development
Shenzhen Jinjun Real Estate Co., Ltd. (note) (深圳市金駿房地產有限公司)	RMB200,000,000	100%	–	100%	Property development
Huizhou Longguang Junjia Real Estate Co., Ltd. (note) (惠州市龍光駿佳房地產有限公司)	RMB101,010,000	100%	–	100%	Property development
Meishan Longguang Juncheng Real Estate Development Co., Ltd. (note) (眉山龍光駿誠房地產開發有限公司)	RMB10,101,000	100%	–	100%	Property development
Shenzhen Kaifeng Industrial Co., Ltd. (note) (深圳市凱豐實業有限公司)	RMB75,000,000	100%	–	100%	Property development
Shenzhen Logan Real Estate Co., Ltd. (note) (深圳市龍光房地產有限公司)	RMB1,001,001,000	100%	–	100%	Property development and investment
Jiangxi Guanjie Supply Chain Management Co., Ltd. (note) (江西省貫捷供應鏈管理有限公司)	RMB10,101,000	100%	–	100%	Property development
Huizhou Longguang Junying Real Estate Co., Ltd. (note) (惠州市龍光駿盈房地產有限公司)	RMB50,000,000	100%	–	100%	Property development
Liuzhou Longguang Juncheng Real Estate Development Co., Ltd. (note) (柳州市龍光駿誠房地產開發有限公司)	RMB50,050,000	100%	–	100%	Property development
Huizhou Huigang Real Estate Co., Ltd.# (note) (惠州惠港置業有限公司)	RMB200,000,000	100%	–	100%	Property development
Shenzhen Longguang Holding Co., Ltd.# (note) (深圳市龍光控股有限公司)	RMB443,440,000	100%	–	100%	Investment holding
Zhongshan Xiaolan Changwang Real Estate Development Co., Ltd. (note) (中山市小欖鎮長旺房地產開發有限公司)	RMB71,376,000	100%	–	100%	Property development

Notes to Financial Statements
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1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Shenzhen Longguang Junye Real Estate Co., Ltd. (note) (深圳市龍光駿業房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Guangdong Modern Architectural Design & Consulting Co., Ltd. (note) (廣東現代建築設計與顧問有限公司)	RMB6,000,000	100%	–	100%	Property development
Huizhou Longguang Real Estate Co., Ltd. (note) (惠州市龍光房地產有限公司)	RMB30,000,000	100%	–	100%	Property development and investment
Zhuhai Hengqin Haojing Real Estate Co., Ltd. (note) (珠海市橫琴好景置業有限公司)	RMB100,000,000	73%	–	73%	Property development
Shenzhen Longguang JunJing Real Estate Development Co., Ltd. (note) (深圳市龍光駿景房地產開發有限公司)	RMB100,000,000	100%	–	100%	Property development
Boluo County Yejie Industry Investment Co., Ltd. (note) (博羅縣燁傑實業投資有限公司)	RMB5,000,000	100%	–	100%	Property development
Jiangxi Chuangteng Landscaping Co., Ltd. (note) (江西省創騰園林綠化有限公司)	RMB50,505,000	100%	–	100%	Urban redevelopment
Chaoan XIN FA Stainless Steel Products Co., Ltd. (note) (潮州市景欣房地產有限公司)	RMB49,253,000	100%	–	100%	Property development
Shenzhen Qianhai Longguang Management Consulting Co., Ltd. (note) (深圳市前海龍光管理諮詢有限公司)	RMB10,000,000	100%	–	100%	Management consulting
Nanning Longguang Jiuxin Real Estate Development Co., Ltd. (note) (南寧市龍光玖鑫房地產開發有限公司)	RMB50,505,000	100%	–	100%	Property development
Guangzhou Longjun Guangcheng Real Estate Co., Ltd. (note) (廣州市龍駿光誠房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Nanning Longguang Mingyu Real Estate Development Co., Ltd. (note) (南寧市龍光銘譽房地產開發有限公司)	RMB10,010,000	100%	–	100%	Property development
Zhongshan Tong'an Real Estate Co., Ltd. (note) (中山市同安置業有限公司)	RMB183,671,000	100%	–	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Zhuhai Doumen Fuxing Property Development Co., Ltd. (note) (珠海市斗門區富星物業發展有限公司)	RMB30,410,000	100%	–	100%	Property development
Chengdu Junlong Real Estate Development Co., Ltd. (note) (成都駿隴房地產開發有限公司)	RMB10,000,000	100%	–	100%	Property development
Jiashan JunJing Real Estate Co., Ltd. (note) (嘉善縣駿景房地產有限公司)	RMB101,111,000	100%	–	100%	Property development
Foshan Longguang Junye Real Estate Co., Ltd. (note) (佛山市龍光駿業房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Chaozhou Jingrong Real Estate Development Co., Ltd. (note) (潮州市景榮房地產開發有限公司)	RMB161,261,000	100%	–	100%	Property development
Dongguan Longguang Junyu Real Estate Development Co., Ltd. (note) (東莞市龍光駿譽房地產開發有限公司)	RMB20,000,000	100%	–	100%	Property development
Nanning Hengliang Real Estate Development Co., Ltd. (note) (南寧市恒亮房地產開發有限公司)	RMB10,101,000	100%	–	100%	Property development
Foshan Longguang Junfei Real Estate Co., Ltd. (note) (佛山市龍光駿飛房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Shantou Longguang JunJing Real Estate Co., Ltd. (note) (汕頭市龍光駿景房地產有限公司)	RMB110,908,000	100%	–	100%	Property development
Nanning Longguang Juncheng Real Estate Development Co., Ltd. (note) (南寧市龍光駿誠房地產開發有限公司)	RMB20,202,000	100%	–	100%	Property development
Shenzhen Longguang Century Business Management Co., Ltd. (note) (深圳市龍光世紀商業管理有限公司)	RMB303,030,000	99%	–	99%	Business management
Shantou Jinfengyuan Real Estate Co., Ltd. (note) (汕頭市金鋒園置業有限公司)	RMB66,066,000	100%	–	100%	Property development
Logan Real Estate Co., Ltd. (note) (南寧市龍光金駿房地產開發有限公司)	RMB50,000,000	100%	–	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiary	Principal activities
Shantou Longguang Real Estate Co., Ltd.# (note) (汕頭市龍光房地產有限公司)	RMB50,000,000	100%	–	100%	Property development and investment
Shantou Longguang Junyu Real Estate Co., Ltd. (note) (汕頭市龍光駿譽房地產有限公司)	RMB100,000,000	100%	–	100%	Property development
Nanning Logan Estate Co., Ltd. (note) (南寧市龍光房地產開發有限公司)	RMB100,000,000	100%	–	100%	Property development
Zhuhai Longguangyaorong Real Estate Development Co., Ltd. (note) (珠海市龍光耀榮房地產開發有限公司)	RMB20,202,000	100%	–	100%	Property development
Zhongshan Haixin Real Estate Co., Ltd. (note) (中山市海心置業有限公司)	RMB226,852,000	100%	–	100%	Property development
Guangxi Jinkaili Real Estate Co., Ltd. (note) (廣西金凱利置業有限公司)	USD 18,000,000	100%	–	100%	Property development
Guangdong Runjing Printing Co., Ltd. (note) (廣東省潤璟印刷有限公司)	RMB666,120,000	100%	–	100%	Urban redevelopment
Nantong Junxiu Real Estate Development Co., Ltd. (note) (南通駿秀房地產開發有限公司)	RMB840,000,000	51%	–	51%	Property development
Nanning Longguang Pujun Real Estate Development Co., Ltd. (note) (南寧市龍光鉑駿房地產開發有限公司)	RMB700,000,000	100%	–	100%	Property development
Zhaoqing Longguang Runyue Real Estate Co., Ltd. (note) (肇慶市龍光潤悦房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Huizhou Xinhuachang Transportation Equipment Co., Ltd. (note) (惠州德捷運輸設備有限公司)	RMB146,656,000	100%	–	100%	Urban redevelopment
Hangzhou Junjia Real Estate Co., Ltd. ("Hangzhou Junjia") (note) (杭州駿佳房地產有限公司)	RMB1,868,880,000	51%	–	51%	Property development
Shenzhen Longguang Investment Consulting Co., Ltd. (note) (深圳市龍光投資顧問有限公司)	RMB10,000,000	100%	–	100%	Investment holding

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Shenzhen Minghuida Investment Co., Ltd. ("Shenzhen Minghuida") (note) (深圳市銘暉達投資有限公司)	RMB33,333,000	100%	–	100%	Investment holding
Nanjing Junsheng Real Estate Co., Ltd. (note) (南京駿盛房地產有限公司)	USD330,000,000	100%	–	100%	Property development
Wenzhou Junshen Real Estate Co., Ltd. (note) (溫州駿紳房地產有限公司)	RMB1,868,880,000	100%	–	100%	Property development
Shenzhen Kangqiaojiacheng Real Estate Investment Co., Ltd. (note) (深圳市康僑佳城置業投資有限公司)	RMB1,000,000,000	100%	–	100%	Property development
Shenzhen Longguang Media Planning Co., Ltd. (note) (深圳市龍光傳媒策劃有限公司)	RMB2,200,000	100%	–	100%	Provision of advertising services to joint ventures and associates
Shanghai Junxu Real Estate Co., Ltd. (note) (上海君栩房地產有限公司)	RMB10,000,000	100%	–	100%	Property development
Silver Maple Developments Limited ("Silver Maple")	USD100	100%	–	100%	Investment holding
Foshan Longguang JunJing Real Estate Co., Ltd. ("Foshan JunJing")@ (note) (佛山市龍光駿景房地產有限公司)	RMB21,000,000	50%	–	50%	Property development
Shenzhen Lifan Investment Co., Ltd. ("Shenzhen Lifan")^ (note) (深圳市立帆投資有限公司)	RMB5,000,000	100%	–	100%	Investment holding
Zhuhai Shunxing Real Estate Co., Ltd. ("Zhuhai Shunxing")^ (note) (珠海市順興置業有限公司)	RMB500,500,501	100%	–	100%	Property development

\# Registered as wholly-foreign-owned enterprises under PRC law

@ These entities are accounted for as subsidiaries of the Group because the Group owns more than half of the voting rights even though the equity interests in these entities attributable to the Group are 50% or less.

^ During the year, the Group acquired certain of subsidiaries and further details are included in note 34 to the financial statements.

Note: The official names of these entities are in Chinese. The English translation of the names is for reference only.

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.

2.1 Basis of Presentation

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the "USD Senior Notes") and HKD denominated equity-linked securities (the "HKD ELS"). In addition, since 25 August 2022 and until the date of approval of the financial information, the Group had suspended the repayment of the principal amount of US$300 million of 7.5% senior notes due 2022 issued on 25 February 2019, the principal amount of US$450 million of 5.25% senior notes due 2023 issued on 23 May 2017 and the principal amount of US$400 million of 6.50% senior notes due 2023 issued on 16 July 2019. As of 31 December 2023, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US$3,619 million (RMB25,518 million) and the aggregate unpaid relevant interest amounted to US$368 million (RMB2,597.9 million). The non-payment of the principal and relevant interest accrued of the relevant USD Senior Notes and HKD ELS may lead to the Group's creditors demanding acceleration of repayments. As disclosed in the Group's announcement dated 12 January 2024, significant progress has been made with an ad hoc group (the "AHG") of certain holders of the USD Senior Notes and its Advisor which culminated with an agreement (in principle and subject to contract) on the terms of the restructuring of the USD Senior Notes. On 12 January 2024, a creditor support agreement, to which the Terms were appended, was signed by the Group and the AHG. As at the date of approval of these consolidated financial statements, over 90% of the holders of the USD Senior Notes has acceded to the creditor support agreement, meanwhile, the Group also continued to conduct constructive negotiations with other offshore creditors other than investors in USD Senior Notes to strive to complete the offshore holistic debt management work at the earliest.

As disclosed in the Group's announcement dated 16 February 2024, on 15 February 2024 (Cayman Islands time) and 16 February 2024, the Grand Court of the Cayman Islands and the High Court of Hong Kong have ordered that the Cayman Petition and the Hong Kong Petitions be dismissed respectively. The relevant winding-up petitions matter can be referred to the Group's announcement dated 7 November 2022.

As of 31 December 2023, the total value of current assets of the Group amounted to RMB192,495 million, of which cash and cash equivalents amounted to RMB13,172 million. The total value of current liabilities of the Group amounted to RMB163,390 million. In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In addition, the Group is involved in different litigation and arbitration disputes for various reasons. In view of the aforesaid, the Group has given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(a) The Group is actively negotiating with financial institutions currently in business relationship and holders of senior notes and secured debt on the renewal of certain borrowings, senior notes and secured debt.

(b) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development and completed properties, and to speed up the collection of sales proceeds and other receivables.

2.1 Basis of Presentation (Continued)

(c) The Group will continue to dispose of its assets when needed.

(d) The Group will continue to take active measures to control administrative costs.

The Group has reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than fifteen months from 31 December 2023. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations or financial obligations upon agreement of the holistic liability management solution as and when they fall due in the foreseeable future.

Accordingly, the Group is satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) the successful renewal of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution (as defined in the announcement of the Group dated 7 August 2022);

(b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs so as to generate adequate net cash inflows; and

(c) the successful disposal of assets, as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, providing for provisions that may be further incurred, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

2.2 Basis of Preparation (Continued)

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.

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.

2.3 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 3 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

2.3 Changes in Accounting Policies and Disclosures (Continued)

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

2.4 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.

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.

2.4 Issued but Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

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

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

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

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

2.4 Issued but Not Yet Effective Hong Kong Financial Reporting Standards (Continued)

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.

3. 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.

3. Material Accounting Policies (Continued)

Investments in associates and joint ventures (Continued)

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 other comprehensive income. 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 cases, 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.

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 include 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.

3. 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 net 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.

Fair value measurement

The Group measures its investment properties and derivative financial instruments 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.

3. Material Accounting Policies (Continued)

Fair value measurement (Continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, 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 asset.

3. Material Accounting Policies (Continued)

Impairment of non-financial assets (Continued)

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.

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.

3. Material Accounting Policies (Continued)

Other property, plant and equipment and depreciation

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of other 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 other property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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 other 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 other property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms of the leasehold land where the buildings are situated
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and other plant and equipment	3 to 10 years

Where parts of an item of other 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 other 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.

3. Material Accounting Policies (Continued)

Inventories

(a) Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(b) Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties for sale.

(c) Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction 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 estimates based on prevailing market conditions.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed 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.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction 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 a completed investment property or an investment property under construction are recognised in the statement of profit or loss in the year of the retirement or disposal.

3. Material Accounting Policies (Continued)

Investment properties (Continued)

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 "Other 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 in accordance with the policy stated under "Other property, plant and equipment and depreciation" above. If a property occupied by the Group as a property under development or a completed property for sale becomes an investment property, 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.

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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(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 any 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. 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	Over the lease terms

If ownership of the leased asset is transferred 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.

3. Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (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

The Group applies the short-term lease recognition exemption to its short-term leases of rented offices (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

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 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.

3. Material Accounting Policies (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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 assets 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, 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.

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.

3. Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

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 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.

3. 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).

3. 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 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

3. Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

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.

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.

The Group's financial liabilities include trade and other payables, bank and other loans, senior notes, other current liabilities and corporate bonds and liabilities under cross-border guarantee arrangements.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and bank and other loans and corporate bonds 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.

3. Material Accounting Policies (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Senior notes

Senior notes issued by the Group that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in the statement of profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to the statement of profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

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.

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.

3. Material Accounting Policies (Continued)

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 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.

Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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.

3. 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.

3. 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.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

3. Material Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) *Sale of properties*

Revenue is recognised when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of each reporting period as a percentage of total estimated construction costs for each contract.

For sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

(b) *Development management*

Revenue from the provision of 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 construction and decoration services.

Revenue from other source

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.

3. Material Accounting Policies (Continued)

Revenue recognition (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 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

Costs to fulfil a contract

Costs to fulfil a contract Other than the costs which are capitalised as properties under development for sale and other property, plant and equipment, 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.

3. Material Accounting Policies (Continued)

Contract costs (Continued)

Costs of obtaining contracts

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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.

Share-based payments

Share option scheme

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, further details of which are given in note 30 to the financial statements.

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.

3. Material Accounting Policies (Continued)

Share-based payments (Continued)

Share option scheme (Continued)

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.

Share award scheme

Where shares are acquired by the Share Award Scheme from the market, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for the Share Award Scheme and deducted from total equity.

Upon vesting, the related costs of the vested awarded shares purchased from the market are credited to shares held for the Share Award Scheme, with a corresponding decrease in the employee share-based compensation reserve for awarded shares.

3. Material Accounting Policies (Continued)

Other employee benefits

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 those 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 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. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme.

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.

Dividends

Final dividends are recognised as a liability when they have been 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.

3. Material Accounting Policies (Continued)

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency because the Group's operation is mainly carried out in Mainland China. 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.

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 statement of profit or loss. Tax charges and credits attributable to exchange differences on these 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 certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than 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 and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

3. Material Accounting Policies (Continued)

Foreign currencies (Continued)

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.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. 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:

Determining the timing of satisfaction of contracts related to sale of properties

Revenue from sale of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the legal title of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements, based on legal counsel opinion, to classify sales contracts into those with the enforceable right to payment and those without the enforceable right.

4. Significant Accounting Judgements and Estimates (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

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. Judgement is made by management on 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 for sale included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

4. Significant Accounting Judgements and Estimates (Continued)

Judgements (Continued)

Allocation of construction cost on properties under development for sale

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. In determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted. Continuous assessments on the presumption will be made by management at each reporting date.

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.

Valuation of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development for sale and completed properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

4. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Investments in joint ventures and associates

The Group has cooperated with certain third parties to engage in certain property development projects through investments in and advances to joint ventures and associates. Significant estimation and judgement are required to assess the recoverability of the receivables from joint ventures and associates because the profitability of the future development of properties by the joint ventures and associates over a number of years can be difficult to predict and can be influenced by broader political and economic factors.

Estimation of fair value of investment properties and inventory properties acquired through business combinations

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers or the Group's internal assessment. Inventory properties acquired through business combinations were evaluated at fair value at the date of acquisition. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The valuations of investment properties under construction and inventory properties under development were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. 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.

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 tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

4. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all 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.

Provision for expected credit losses on receivables from joint ventures and associates

The measurement of impairment losses under HKFRS 9 requires to determine, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group is required to determine in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2023, the carrying amount of the Group's receivables from joint ventures and associates was RMB5,312 million (2022: RMB29,471 million), and the ECLs are insignificant. Further details of the Group's receivables from joint ventures and associates, and the key assumptions and inputs used for impairment calculations are given in notes 17, 18 and 20 to the financial statements.

5. Operating Segment Information

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

(a) the property development segment comprised of (i) develops and sells residential and commercial properties, retail shops and office units; (ii) sells land held for development; (iii) engages in construction of office premises and residential buildings; (iv) provides decoration services for external customers; and (v) provides interior decoration services to property buyers; and

(b) the property operation segment which is the leases office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties' values in the long term.

The Group's revenue from external customers from each operating segment is set out in note 5 to the financial statements.

5. Operating Segment Information (Continued)

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 or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses on investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

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

Information regarding the reportable segments is presented below.

	Property development RMB'000	**Property operation RMB'000**	**Total RMB'000**
Year ended 31 December 2023			
Revenue from external customers	**46,781,883**	**384,904**	**47,166,787**
Inter-segment revenue	**—**	**48,056**	**48,056**
Reportable segment revenue	**46,781,883**	**432,960**	**47,214,843**
Reportable segment (losses)/profit	**(6,974,561)**	**345,068**	**(6,629,493)**

	Property development RMB'000	Property operation RMB'000	Total RMB'000
Year ended 31 December 2022 (Represented)			
Revenue from external customers	41,334,433	288,220	41,622,653
Inter-segment revenue	—	37,965	37,965
Reportable segment revenue	41,334,433	326,185	41,660,618
Reportable segment (losses)/profit	(7,712,925)	178,893	(7,534,032)

5. Operating Segment Information (Continued)

Information about major customers

During the years ended 31 December 2023 and 2022, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	2023 RMB'000	2022 RMB'000 (Represented)
Revenue		
Reportable segment revenue	**47,214,843**	41,660,618
Elimination of inter-segment revenue	**(48,056)**	(37,965)
Consolidated revenue	**47,166,787**	41,622,653
Loss		
Reportable segment losses	**(6,629,493)**	(7,534,032)
Elimination of inter-segment losses	**(8,605)**	—
Reportable segment losses derived from the Group's external customers	**(6,638,098)**	(7,534,032)
Other income and gains	**284,524**	468,745
Other expenses	**(168,839)**	(344,388)
Depreciation	**(53,502)**	(40,234)
Finance costs	**(1,620,802)**	(1,831,848)
Share of (losses)/profits of associates and joint ventures, net	**(105)**	261,725
Fair value gains on investment properties, net	**1,287,851**	1,568,242
Fair value losses on derivative financial instruments, net	**—**	(4,238)
Unallocated head office and corporate expenses	**(162,939)**	(231,878)
Consolidated loss before tax	**(7,071,910)**	(7,687,906)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

6. 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		
Sale of properties*	46,437,598	38,353,128
Development management income	550,287	3,124,860
Revenue from other source		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	387,124	294,138
	47,375,009	41,772,126
Less: Sales related taxes	(208,222)	(149,473)
	47,166,787	41,622,653

* The invoiced amount billed to buyers of properties was RMB50,569,038,000 (2022: RMB41,451,990,000), including value-added tax of RMB4,131,440,000 (2022: RMB3,098,862,000).

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

	Property development RMB'000
Timing of revenue recognition:	
Goods transferred at a point in time	45,699,203
Goods transferred over time	532,706
Services transferred over time	549,974
Total revenue from contracts with customers	46,781,883

For the year ended 31 December 2022 (Represented)

	Property development RMB'000
Timing of revenue recognition:	
Goods transferred at a point in time	34,296,588
Goods transferred over time	3,921,325
Services transferred over time	3,116,520
Total revenue from contracts with customers	41,334,433

6. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2023

	Property development RMB'000
Revenue from contracts with customers	
External customers	**46,781,883**
Inter-segment sales	**—**
	46,781,883
Inter-segment eliminations	**—**
Total revenue from contracts with customers	**46,781,883**

For the year ended 31 December 2022 (Represented)

	Property development RMB'000
Revenue from contracts with customers	
External customers	41,334,433
Inter-segment sales	—
	41,334,433
Inter-segment eliminations	—
Total revenue from contracts with customers	41,334,433

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:

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**41,240,761**	18,371,159
Development management	**21,362**	376

6. 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 properties

For property sales contracts for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred as a percentage of total estimated construction costs for each contract. The payment is generally due on the contract inception date.

For property sales contracts for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the inventories is obtained by the purchaser.

Development management

The performance obligation is satisfied over time as services are rendered. 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.

Other income and gains

An analysis of the Group's other income and gains is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Bank interest income		200,216	171,415
Interest income on amounts due from associates and joint ventures		168,475	779,560
Forfeiture income on deposits received		121,436	66,452
Government subsidies		16,859	51,526
Gain on disposal of subsidiaries, net	35(a)	51,418	92,910
Gain/(loss) on disposal of joint ventures, net		10,155	(432,415)
Loss on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition, net	34(b)	(265,420)	(336,725)
Others		(18,615)	76,022
		284,524	468,745

Notes to Financial Statements
31 December 2023

7. Finance Costs

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	**3,322,565**	3,058,259
Interest on senior notes	**1,349,702**	1,370,985
Interest on corporate bonds	**842,146**	869,434
	5,514,413	5,298,678
Less: Interest capitalised	**(3,893,611)**	(3,466,830)
	1,620,802	1,831,848

8. Loss before Tax

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

	2023 RMB'000	2022 RMB'000
Cost of properties sold	**45,196,633**	34,626,892
Cost of services provided	**425,437**	2,508,997
Depreciation of other property, plant and equipment (note 14)	**59,768**	106,797
Less: Amount capitalised	**(6,266)**	(66,563)
	53,502	40,234
Lease payments not included in the measurement of lease liabilities	**18,816**	21,680
Auditor's remuneration	**3,040**	3,040
Employee benefit expenses (including directors' remuneration (note 9)):		
Directors' fee	**1,694**	1,916
Salaries and other staff costs	**727,803**	995,106
Equity-settled share option expense	**3,959**	15,791
Pension scheme contributions	**140,000**	192,503
Less: Amount capitalised	**(182,343)**	(226,449)
	691,113	978,867
Foreign exchange differences, net	**118,146**	227,497
Write-down of inventories to net realisable value*	**6,030,000**	9,230,000
Net loss on disposal of items of other property, plant and equipment#	**339**	178
Direct operating expenses arising on rental-earning investment properties	**48,440**	109,327

* This item is included in "Cost of Sales" in the Consolidated Statement of profit or loss.

\# This item is included in "Other expenses" in the Consolidated Statement of profit or loss.

9. Directors' and Chief Executive Officer's Remuneration

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to 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:

	2023 RMB'000	2022 RMB'000
Fees	1,694	1,916
Other emoluments:		
Salaries, allowances and benefits in kind	13,779	18,692
Discretionary performance related bonuses	—	4,774
Equity-settled share option expense	53	1,358
Pension scheme contributions	671	528
	14,503	25,352
	16,197	27,268

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 30 to the financial statements. The fair value of such options, which had 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 year ended 31 December 2023 and 2022.

9. Directors' and Chief Executive Officer's Remuneration (Continued)

The remuneration of each of the directors and chief executive officer is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2023						
Executive Directors:						
Kei Hoi Pang ("Mr. Kei", also act as the Chairman of the Group)	–	1,265	–	–	214	1,479
Lai Zhuobin (Chief Executive Officer)	–	3,602	–	–	140	3,742
Xiao Xu[i]	–	1,771	–	–	121	1,892
Zhong Huihong[ii]	–	2,573	–	53	81	2,707
Huang Xiangling	–	2,925	–	–	102	3,027
Chen Yong[iii]	–	890	–	–	4	894
Zhou Ji[iv]	–	753	–	–	9	762
Independent non-executive Directors:						
Zhang Huaqiao	451	–	–	–	–	451
Cai Suisheng	451	–	–	–	–	451
Liu Ka Ying, Rebecca	451	–	–	–	–	451
Liu Yongping[v]	341	–	–	–	–	341
	1,694	13,779	–	53	671	16,197
2022						
Executive Directors:						
Mr. Kei	–	1,853	1,398	537	101	3,889
Xiao Xu	–	5,262	1,786	188	123	7,359
Lai Zhuobin (Chief Executive Officer)	–	4,645	528	188	112	5,473
Zhong Huihong	–	4,251	544	166	98	5,059
Huang Xiangling	–	2,681	–	240	74	2,995
Non-executive Director:						
Kei Perenna Hoi Ting ("Ms. Kei")	623	–	518	39	20	1,200
Independent non-executive Directors:						
Zhang Huaqiao	431	–	–	–	–	431
Liu Ka Ying, Rebecca	431	–	–	–	–	431
Cai Suisheng	431	–	–	–	–	431
	1,916	18,692	4,774	1,358	528	27,268

9. Directors' and Chief Executive Officer's Remuneration (Continued)

i. Mr. Xiao Xu has been resigned as the executive director of the group started from 3 October 2023.

ii. Ms. Zhong Huihong has been resigned as the executive director of the group started from 3 October 2023.

iii. Mr. Chen Yong has been appointed as the executive directors of the group started from 3 October 2023.

iv. Mr. Zhou Ji has been appointed as the executive directors of the group started from 3 October 2023.

v. Mr. Liu Yongping has been appointed as the Independent non-executive directors of the group started from 30 March 2023.

There was no arrangement under which a director or the chief executive officer 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 four (2022: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2022: two) highest paid employees who are neither a director nor the chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, allowances and benefits in kind	2,814	7,349
Discretionary performance-related bonuses	30	422
Equity-settled share option expense	–	192
Pension scheme contributions	42	120
	2,886	8,083

The emoluments of the one (2022: two) highest paid individuals who are neither a director nor the chief executive of the Company are within the following bands:

	Number of employees	
	2023	2022
HK$3,000,001 to HK$4,000,000	1	–
HK$4,000,001 to HK$5,000,000	–	2
	1	2

No individual waived or agreed to waive any emoluments during the year.

In prior years, share options were granted to certain 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 30 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the year ended 31 December 2023 and 2022.

11. Income 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). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2023 RMB'000	2022 RMB'000
Current charge for the year:		
PRC CIT	**126,070**	1,002,549
PRC LAT	**1,078,346**	477,159
Overprovision in prior years, net:		
PRC CIT	**(264,903)**	(149,434)
	939,513	1,330,274
Deferred (note 28)	**846,689**	(148,597)
Total tax charge for the year	**1,786,202**	1,181,677

A reconciliation of the tax expense applicable to loss before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023 RMB'000	2022 RMB'000
Loss before tax	**(7,071,910)**	(7,687,906)
At the statutory rates of different jurisdictions	**(1,757,268)**	(1,955,916)
Lower tax rates for specific provinces or enacted by local authority	**(16)**	(28,657)
Adjustments in respect of current tax of previous periods	**(264,903)**	(149,434)
Losses/profits attributable to joint ventures and associates	**26**	(65,431)
Income not subject to tax	**(435,344)**	(150,419)
Expenses not deductible for tax	**1,599,890**	3,184,710
Tax losses utilised from previous periods	**(77,295)**	(88,782)
Tax losses not recognised	**1,912,353**	77,737
LAT	**1,078,346**	477,159
Tax effect of LAT deductible for PRC CIT	**(269,587)**	(119,290)
Tax charge	**1,786,202**	1,181,677

The share of tax expenses attributable to joint ventures and associates amounting to RMB7,791,000 (2022: RMB34,643,000) and tax credit RMB7,817,000 (2022: RMB30,788,000), respectively, is included in "Share of (losses)/profits of associates and joint ventures, net" in the consolidated statement of profit or loss.

12. Dividends

The board of directors did not recommend the payment of a dividend for the years ended 31 December 2023 and 2022.

13. Loss per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share amount for the year ended 31 December 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period.

The calculation of the diluted loss per share amount for the year ended 31 December 2023 is based on the loss for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on:

	2023 RMB'000	2022 RMB'000
Loss		
Loss attributable to owners of the parent	**(8,934,542)**	(8,524,081)
Distribution related to perpetual capital securities	**—**	(82,228)
Loss used in the basic and diluted loss per share calculations	**(8,934,542)**	(8,606,309)

	Number of shares	
	2023 '000	2022 '000
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the year, used in the basic earnings per share calculation	**5,527,178**	5,527,720
Effect of dilution — weighted average number of ordinary shares:		
Share options	**—**	—
Weighted average number of ordinary shares in issue during the year, used in the diluted loss per share calculation	**5,527,178**	5,527,720

No adjustment for dilution has been made to the basic loss per share presented for the year ended 31 December 2023 and 2022 as the Company's share options has anti-dilutive effect on the basic loss per share presented.

14. Other Property, Plant and Equipment

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
31 December 2023				
At 1 January 2023:				
Cost	124,959	423,950	471,270	1,020,179
Accumulated depreciation	(98,506)	(405,496)	(318,512)	(822,514)
Net carrying value	26,453	18,454	152,758	197,665
At 1 January 2023, net of accumulated depreciation	26,453	18,454	152,758	197,665
Additions	–	48,543	15,493	64,036
Acquisition of subsidiaries (note 34(b))	34,050	54,682	64,249	152,981
Depreciation (note 8)	(13,624)	(14,499)	(31,645)	(59,768)
Disposals	(367)	(628)	(56,947)	(57,942)
Exchange realignment	–	26	234	260
At 31 December 2023, net of accumulated depreciation	46,512	106,578	144,142	297,232
At 31 December 2023:				
Cost	120,167	526,573	383,360	1,030,100
Accumulated depreciation	(73,655)	(419,995)	(239,218)	(732,868)
Net carrying value	46,512	106,578	144,142	297,232

14. Other Property, Plant and Equipment (Continued)

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
31 December 2022				
At 1 January 2022:				
Cost	69,804	388,730	433,305	891,839
Accumulated depreciation	(62,008)	(349,502)	(303,853)	(715,363)
Net carrying value	7,796	39,228	129,452	176,476
At 1 January 2022, net of accumulated depreciation	7,796	39,228	129,452	176,476
Additions	62,230	35,220	43,074	140,524
Acquisition of subsidiaries (notes 34(a), (b))	17,454	—	2,278	19,732
Depreciation (note 8)	(31,117)	(55,994)	(19,686)	(106,797)
Disposals	—	—	(3,082)	(3,082)
Disposal of subsidiaries (note 35(a))	(29,910)	—	(86)	(29,996)
Exchange realignment	—	—	808	808
At 31 December 2022, net of accumulated depreciation	26,453	18,454	152,758	197,665
At 31 December 2022:				
Cost	124,959	423,950	471,270	1,020,179
Accumulated depreciation	(98,506)	(405,496)	(318,512)	(822,514)
Net carrying value	26,453	18,454	152,758	197,665

15. Investment Properties

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2022	24,858,400	10,245,801	35,104,201
Additions	24,662	664,854	689,516
Acquisition of subsidiaries (note 34(b))	115,820	—	115,820
Transfer upon completion of construction	5,067,000	(5,067,000)	—
Net gain from a fair value adjustment	517,896	1,050,346	1,568,242
Exchange realignment	101,229	—	101,229
Carrying amount at 31 December 2022 and 1 January 2023	**30,685,007**	**6,894,001**	**37,579,008**
Additions	**84,974**	**333,031**	**418,005**
Transfer to completed properties for sales	**(940)**	**—**	**(940)**
Net gain from a fair value adjustment	**(134,138)**	**1,421,989**	**1,287,851**
Exchange realignment	**7,735**	**—**	**7,735**
Carrying amount at 31 December 2023	**30,642,638**	**8,649,021**	**39,291,659**

The Group's completed investment properties and investment properties under development were revalued on 31 December 2023 based on valuations preformed by APAC Asset Valuation and Consulting Limited, independent professionally qualified valuers, or the Group's internal assessment, at RMB39,291,659,000; and 31 December 2022 based on valuations performed by APAC Asset Valuation and Consulting Limited and Greater China (Shanghai) Appraisal Limited, or the Group's internal assessment, at RMB37,579,008,000. Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's certain properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At 31 December 2023 and 2022, certain of the Group's investment properties were pledged to secure certain bank and other loans granted to the Group (note 38).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in (note 16).

15. Investment Properties (Continued)

Fair value hierarchy

For the years ended 31 December 2023 and 2022, the fair value measurements of all investment properties of the Group were categorised within Level 3 of the fair value hierarchy and details of their movements are disclosed above.

In the opinion of the directors, for all investment properties that are measured at fair value, the properties have been used in their highest and best use.

The following table illustrates the fair value measurement 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:		
Residential — Hong Kong	**1,157,062**	1,129,807
Commercial — Mainland China	**29,297,597**	29,555,200
Investment properties under construction — Mainland China	**8,837,000**	6,894,001
	39,291,659	37,579,008

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).

15. 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 2023	Range 2022
Completed investment properties				
— Residential — Hong Kong	Direct comparison approach	Market unit sale rate (RMB/sq.ft.)	**267,769–453,790**	387,848–555,926
— Commercial — Mainland China	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	**13,524–112,000**	17,467–175,000
— Commercial — Mainland China	Income approach	Risk-adjusted discount rate	**3.25%–4.2%**	2%–6%
		Expected market rental growth	**0–5%**	0%–3.5%
		Expected occupancy rate	**52%–100%**	75%–92%
		Expected yearly unit rental income (RMB/sq.m.)	**120–9,238**	347–2,131
		Capitalisation rate	**4.2%–4.7%**	1.5%–6%
Investment properties under construction	Residual approach	Gross development value (RMB/sq.m.)	**14,280–81,300**	9,333–45,000
		Budgeted construction costs to be incurred (RMB/sq.m.)	**3,889–16,203**	4,102–12,994
		Development profit	**0.00%–7.41%**	4.76%–16.67%
		Risk-adjusted discount rate	**4.35%–4.75%**	4.35%–4.75%

15. Investment Properties (Continued)

Fair value hierarchy (Continued)

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, yearly unit rental income and occupancy rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expected construction costs and future costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

16. Leases

The Group as a lessor

The Group leases its investment properties (note 15) 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 RMB384,904,000 (2022: RMB288,220,000), details of which are included in note 6 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	**208,443**	99,352
After one year but within two years	**159,971**	90,762
After two years but within three years	**119,371**	64,292
After three years but within four years	**75,950**	47,069
After four year but within five years	**51,518**	30,297
After five years	**188,907**	183,191
	804,160	514,963

17. Investments in Associates

	2023 RMB'000	2022 RMB'000
Share of net assets	**3,356,804**	3,338,086
Due from an associate (note)	**441,400**	441,400
	3,798,204	3,779,486

Note: As at 31 December 2023, the amount due from an associate is unsecured, bearing interest at a fixed interest rate of 7.98% (2022: 7.98%) per annum and has no fixed repayment period (2022: 2023). As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

Particulars of the principal associates, which are unlisted corporate entities, are as follows:

For the year ended 31 December 2023				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhuhaishi Ruiliang Real Estate Development Company Limited ("Zhuhai Ruiliang") 珠海市瑞梁房地產有限公司@	**Incorporated**	**The PRC**	**Registered capital RMB1,318,000,000**	**50%**	**–**	**50%**	**Property development**
Nanning Jinlin Real state Co.,Ltd. ("Nanning Jinlin") 南寧錦麟置業有限公司@	**Incorporated**	**The PRC**	**Registered capital RMB1,140,000,000**	**50%**	**–**	**50%**	**Property development**

For the year ended 31 December 2022				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Delight Prime Limited# ("Delight Prime") (悅盛有限公司)	Incorporated	BVI	Paid-up capital US$50,000	20%	–	20%	Property development
Zhuhaishi Ruiliang Real Estate Development Company Limited ("Zhuhai Ruiliang") (珠海市瑞梁房地產有限公司)@	Incorporated	The PRC	Registered capital RMB1,318,000,000	50%	–	50%	Property development

\# The official name of the above entity is in English. The Chinese translation of the name is for reference only.

@ The official names of the above entities are in Chinese. The English translation of the names are for reference only.

The directors consider that the Group can only exercise significant influence over Delight Prime, Zhuhai Ruiliang and Nanning Jinlin based on their board composition, and accordingly they are classified as associates of the Group. The associates are accounted for using the equity method in the consolidated financial statements.

17. Investments in Associates (Continued)

An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2023, the probability of default applied was 25.70% (2022: 26.60%) and the loss given default was approximately to 3.04% (2022: 0.06%) and the expected credit loss was considered to be minimal.

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2023 RMB'000	2022 RMB'000
Gross amounts of Zhuhai Ruiliang		
Cash and bank balances	244,494	181,050
Current assets (excluding cash and bank balances)	2,406,338	2,422,327
Non-current assets	1,946	1,946
Current liabilities	(818,115)	(764,142)
Equity	1,834,663	1,841,181
Revenue	138,880	375,740
Profit for the year	4,937	247,440
Other comprehensive income	—	—
Total comprehensive income	4,937	247,440
Reconciled to the Group's interest in Zhuhai Ruiliang		
Gross amounts of net assets of Zhuhai Ruiliang	1,834,663	1,841,181
Group's effective interest	50%	50%
Group's share of net assets of Zhuhai Ruiliang	917,332	920,591
Elimination of other downstream transaction	(100,597)	(105,781)
Carrying amount in the consolidated financial statements	816,735	814,810

17. Investments in Associates (Continued)

	Nanning Jinlin 2023 RMB'000	Delight Prime 2022 RMB'000
Gross amounts		
Cash and bank balances	7,199	607
Current assets (excluding cash and bank balances)	2,412,304	5,784,263
Non-current assets	18,084	—
Current liabilities	(408,656)	(4,545,744)
Non-current liabilities	(915,383)	—
Equity	1,113,548	1,239,126
Revenue	460,648	—
Profit/(loss) for the year	424	(1,202)
Other comprehensive income	—	—
Total comprehensive income/(loss)	424	(1,202)
Reconciled to the Group's interest		
Gross amounts of net assets	1,113,548	1,239,126
Group's effective interest	50%	20%
Group's share of net assets	556,774	247,825
Elimination of other downstream transaction	—	(102)
Amount due from	—	441,400
Carrying amount in the consolidated financial statements	556,774	689,123

All associates have been accounted for using the equity method in these financial statements and their financial year end dates are coterminous with that of the Group.

The following table illustrates the financial information of the Group's other associates that are not individually material:

	RMB'000	RMB'000
Share of the associates' profit and total comprehensive income for the year	28,482	15,092
Aggregate carrying amount of the Group's investments in the associates	2,424,695	2,275,553

18. Investments in Joint Ventures

	2023 RMB'000	2022 RMB'000
Share of net assets	**10,982,752**	9,630,281
Due from joint ventures (note)	**–**	9,223,815
	10,982,752	18,854,096

Note: As at 31 December 2022, all amounts due from joint ventures are unsecured, interest-free and repayable on demand, except for amounts of RMB5,850,500,000 which are unsecured and bear interest at fixed interest rates ranging from 4.50% to 5.50% per annum and mature ranging from 2023 to 2026. As at 31 December 2022, the loss allowance was assessed to be minimal.

To address the increasing land premium in public bidding, the Group started in 2016 to secure land by teaming up with resourceful joint venture partners. These joint ventures are mainly engaged in urban development projects in Shenzhen, Zhuhai and Huizhou.

Details of the Group's interests in the principal joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

For the year ended 31 December 2023					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
Unicorn Bay Limited ("Unicorn Bay")# (麒灣有限公司)	Incorporated	BVI	Paid-up capital US$50,000	50%	50%	–	50%	50%	Investment holding
Shenzhen Xinhaihua Real Estate Development Co., Ltd.^ ("Shenzhen Xinhaihua") 深圳新海華房地產開發有限公司@	Incorporated	The PRC	Registered capital RMB10,000,000	57.5%	–	57.5%	57.5%	57.5%	Property development
Zhuhai Free Trade Zone Minsheng Industrial Storage Co., Ltd. ("Zhuhai Minsheng") 珠海保税區民生工業倉儲有限公司@	Incorporated	The PRC	Registered capital RMB10,000,000	50%	–	50%	50%	50%	Property development

For the year ended 31 December 2022					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
LN Development (STIRLING) PTE. LTD* ("LN Development")	Incorporated	Singapore	Registered capital SG$4,000,000	51%	–	51%	51%	50%	Property investment
Unicorn Bay Limited ("Unicorn Bay")# (麒灣有限公司)	Incorporated	BVI	Paid-up capital US$50,000	50%	50%	–	50%	50%	Investment holding
Shenzhen Longguang Junbo Real Estate Co., Ltd. ("Shenzhen Junbo") (深圳市龍光駿博房地產有限公司)@	Incorporated	The PRC	Registered capital RMB20,000,000	50%	–	50%	50%	50%	Property investment

^ This entity is accounted for as a joint venture of the Group because the decisions about the relevant activities of this entity require two-thirds of the voting rights of this entity.

* This entity is accounted for as a joint venture of the Group because the decisions about the relevant activities of this entity require the unanimous consent of both shareholders of this entity.

The official name of the above entity is in English. The Chinese translations of the name is for reference only.

@ The official names of the above entities are in Chinese. The English translation of the names are for reference only.

18. Investments in Joint Ventures (Continued)

The Group shares control in the above entities with other shareholders, accordingly they are classified as joint ventures of the Group. All the joint ventures in which the Group held interest are unlisted corporate entities whose quoted market prices are not available.

Amounts due from joint ventures represented loans granted to joint ventures. An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2022, the probability of default applied was 0.63% and the loss given default was approximately 0% to 0.58% and the expected credit loss was considered to be minimal.

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2023 RMB'000	2022 RMB'000
Gross amounts of Unicorn Bay		
Cash and bank balances	49	9,458
Current assets (excluding cash and bank balances)	18,637,768	23,397,903
Non-current assets	12,468,786	—
Trade and other payables	(3,434,877)	(2,025,601)
Non-current liabilities	(12,468,786)	(8,230,590)
Equity	15,202,940	13,151,170
Revenue	—	—
Loss for the year	(15)	(165,131)
Other comprehensive loss	—	—
Total comprehensive loss	(15)	(165,131)
Reconciled to the Group's interest in Unicorn Bay		
Gross amounts of equity of Unicorn Bay	15,202,940	13,151,170
Group's effective interest	50%	50%
Group's share of equity of Unicorn Bay	7,601,470	6,575,585
Carrying amount in the consolidated financial statements	7,601,470	6,575,585

18. Investments in Joint Ventures (Continued)

	Shenzhen Xinhaihua 2023 RMB'000	LN Development 2022 RMB'000
Gross amounts		
Cash and bank balances	614	133,395
Current assets (excluding cash and bank balances)	2,732,975	639,461
Non-current assets	40	—
Trade and other payables	(740,181)	(258,192)
Non-current liabilities	(791,589)	(34,962)
Equity	1,201,859	479,702
Revenue	—	247,114
(Loss)/profit for the year	(1,424)	32,113
Other comprehensive income	—	—
Total comprehensive (loss)/income	(1,424)	32,113
Reconciled to the Group's interest		
Gross amounts of equity	1,201,859	479,702
Group's effective interest	57.5%	51%
Group's share of equity	691,069	244,648
Carrying amount in the consolidated financial statements	691,069	244,648

18. Investments in Joint Ventures (Continued)

	Zhuhai Minsheng 2023 RMB'000	Shenzhen Junbo 2022 RMB'000
Gross amounts		
Cash and bank balances	85	33
Current assets (excluding cash and bank balances)	1,305,360	12,786,568
Trade and other payables	(24,473)	(7,771,636)
Non-Current liabilities	—	(5,000,000)
Equity	1,280,972	14,965
Revenue	463	—
Profit/(loss) for the year	128,081	(1,699)
Other comprehensive income	—	—
Total comprehensive income/(loss)	128,081	(1,699)
Reconciled to the Group's interest		
Gross amounts of equity	1,280,972	14,965
Group's effective interest	50%	50%
Group's share of equity	640,486	7,483
Elimination of other downstream transaction	33	(7,483)
Amount due from	—	6,669,952
Carrying amount in the consolidated financial statements	640,519	6,669,952

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of joint ventures' (loss)/profit for the year, net	(94,482)	190,190
Share of the joint ventures' total comprehensive (loss)/income	(94,482)	190,190
Aggregate carrying amount of the Group's investments in the joint ventures	2,049,694	5,363,911

19. Inventories

	2023 RMB'000	2022 RMB'000
Construction:		
Raw materials	**88,229**	208,758
Property development:		
Properties held for development for sale	**14,076,535**	12,378,117
Properties under development for sale	**94,270,972**	107,639,034
Completed properties for sale	**41,469,439**	27,897,786
	149,816,946	147,914,937
	149,905,175	148,123,695
Properties expected to be recovered within normal operating cycle:		
Within one year	**75,370,550**	87,567,937
After one year	**74,446,396**	60,347,000
	149,816,946	147,914,937

All the completed properties for sale are stated at the lower of cost and net realisable value.

At 31 December 2022 and 2023, certain of the Group's properties held for development for sale, properties under development for sale and completed properties for sale were pledged to secure certain bank and other loans granted to the Group (note 38).

Lump sum payments were made upfront to acquire the leased land from the PRC government with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases.

Further particulars of the Group's major properties inventories are set out on page 192 of the Annual Report.

20. Trade and Other Receivables, Prepayments and Other Assets

	Notes	2023 RMB'000	2022 RMB'000
Trade receivables	(i)	**1,361,684**	1,766,327
Prepayments and other receivables		**12,628,811**	15,319,732
Amounts due from related companies	(ii)	**101,317**	188,924
Amounts due from non-controlling shareholders	(ii)	**4,837,903**	4,196,961
Amounts due from joint ventures and associates	(iii)	**4,870,644**	19,806,268
Costs of obtaining contracts	(iv)	**681,816**	887,965
Contract assets	(v)	**1,084,905**	3,388,489
Derivative financial instruments:			
Senior notes redemption call options	26(xvi)	**—**	—
	(vi)	**25,567,080**	45,554,666
Portion classified as current assets		**(25,567,080)**	(44,981,837)
Non-current portion		**—**	572,829

Notes:

(i) The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of development management services.

Consideration in respect of sale of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Consideration in respect of provision of development management services is payable by the customers in accordance with the terms of the related development management agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables 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 30 days	**137,944**	145,021
31 to 90 days	**142,868**	89,172
91 to 180 days	**205,758**	353,956
181 to 365 days	**875,114**	1,178,178
	1,361,684	1,766,327

20. Trade and Other Receivables, Prepayments and Other Assets (Continued)

Notes: (Continued)

(i) (Continued)

An impairment analysis for trade receivables is performed at each reporting date using the simplified approach to measure expected credit losses including trade and other receivables. The provision rates are based on days past due for groupings of various customers with similar loss patterns. 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. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2023 and 2022, the loss allowance for trade receivables was assessed to be minimal.

(ii) The amounts due from related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.

(iii) As at December 2023, except for amounts of RMB502 million (2022: RMB2,618 million), which are trade receivables derived from the provision of development management services by the Group to the joint ventures and associates, other amounts due from joint ventures and associates are advanced by the Group for land acquisition and project development and construction, which are unsecured, interest-free and repayable on demand.

An ageing analysis of the trade receivables from joint ventures and associates 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 30 days	**93,739**	445,225
31 to 90 days	**71,045**	148,030
91 to 180 days	**126,072**	844,277
181 to 365 days	**210,973**	1,180,943
	501,829	2,618,475

An impairment analysis for trade receivables from joint ventures and associates is performed at each reporting date using the simplified approach to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. 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. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2023 and 2022, the loss allowance for trade receivables was assessed to be minimal.

(iv) The amount represents prepaid agency fees in connection with the sale of properties. For the year ended 31 December 2023, the sales commission expense was RMB859 million (2022: RMB1,021 million).

(v) Contract assets consist of unbilled amounts resulting from sale of properties when revenue recognised exceeds the amounts billed to the customers. The balance is expected to be recovered or settled within one year. As at 31 December 2023 and 2022, the loss allowance for contract assets was assessed to be minimal.

(vi) The financial assets included in the above balances relate to receivables for which there was no recent history of default. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

21. Assets and Liabilities under Cross-Border Guarantee Arrangements

During the years ended 31 December 2023 and 2022, the Group had some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC or vice versa. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

	2023 RMB'000	2022 RMB'000
Assets under cross-border guarantee arrangements	–	3,639,473
Portion classified as current assets	–	(3,639,473)
Non-current portion	–	–
Liabilities under cross-border guarantee arrangements	829,074	4,755,373
Portion classified as current liabilities	(829,074)	(4,755,373)
Non-current portion	–	–

22. Cash and Bank Balances

	2023 RMB'000	2022 RMB'000
Cash and bank balances	13,171,546	14,101,705
Portion classified as current assets	(13,171,546)	(14,101,705)

Notes:

As at 31 December 2023, the total cash and bank balances amounted to RMB13,172 million (2022: RMB14,102 million), of which:

(a) deposits in the amount of RMB8,215 million (2022: RMB9,412 million) are placed in designated bank accounts and can only be applied in the designated property development projects in accordance with the applicable prevailing policies and regulations;

(b) deposits in the amount of RMB2,847 million (2022: RMB2,968 million) were restricted in relation to project development such as mortgage loans granted to the property purchasers or for bank and other loans.

22. Cash and Bank Balances (Continued)

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB9,959,271,000 (2022: RMB9,660,824,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. Trade and Other Payables

	Notes	2023 RMB'000	2022 RMB'000
Trade payables	(i)	**29,795,615**	22,696,517
Other payables and accrued charges	(ii)	**14,090,572**	9,644,072
Customer deposits received		**373,176**	2,627,543
Rental and other deposits received		**338,869**	283,531
Proceeds from asset-backed securities	(iii)	**1,524,875**	1,538,000
Amounts due to non-controlling shareholders	(iv)	**2,856,244**	1,261,975
Amounts due to related companies	(v)	**1,641,816**	1,374,715
Amounts due to joint ventures and associates	(vi)	**2,970,172**	1,936,828
Amounts due to controlling shareholders	(vii)	**9,576,620**	9,439,977
Equity — linked securities redemption option of security holders	26(xvi)	**4,452**	4,388
Equity — linked securities conversion option of security holders	26(xvi)	**—**	—
		63,172,411	50,807,546

23. Trade and Other Payables (Continued)

Notes:

(i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 30 days	**9,367,710**	3,381,902
31 to 90 days	**2,140,319**	1,533,453
91 to 180 days	**2,658,302**	3,010,307
181 to 365 days	**5,913,701**	7,893,801
Over 365 days	**9,715,583**	6,877,054
	29,795,615	22,696,517

The trade payables are non-interest-bearing.

(ii) Other payables are non-interest-bearing and are expected to be settled within one year.

(iii) The balance represented proceeds, after deduction of certain percentage of upfront fee, received from specific purpose entities ("SPEs") set up by financial institutions in the PRC for the issuance of asset-backed securities ("ABS"), to which the Group has transferred the right of receipt of the remaining sales proceeds of certain properties to be delivered by the Group. Under the assignment arrangement between the Group and the SPEs, as and when the Group receives the sales proceeds from customers, the Group would remit to the holder of the ABS any cash flows it collects on behalf of the SPEs.

(iv) The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for amounts of RMB427,966,000 (2022: RMB512,767,000) as at 31 December 2023 which bore interest at fixed interest rates ranging from 4.75% to 8.0% (2022: 4.75% to 8.0%) per annum.

(v) The amounts due to related companies are unsecured, interest-free and repayable on demand.

(vi) The amounts due to joint ventures and associates are unsecured, interest-free and repayable on demand.

(vii) The amounts due to controlling shareholders are unsecured, interest-free and repayable on demand.

24. Contract Liabilities

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. Balance as at 1 January 2022 was RMB52,018 million. Contract liabilities are expected to be settled within the Group's normal operating cycle. The decrease in contract liabilities during the year was mainly due to contract liabilities were recognised as revenue. The increase in contract liabilities during the year ended 31 December 2022 was mainly due to the growth of the Group's contracted sales and an amount of RMB24,717 million recognised in relation to the acquisition of subsidiaries.

25. Bank and Other Loans

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	3.06–7.65	2024	12,604,596	3.06–7.80	2023	10,325,826
Bank loans — unsecured	4.00–6.50	2024	6,102,570	4.55–7.65	2023	7,781,751
Other loans — secured	4.00–11.00	2024	19,260,415	6.18–11.00	2023	16,362,072
			37,967,581			34,469,649
Non-current						
Bank loans — secured	3.95–8.00	2025–2039	24,500,811	3.95–6.30	2024–2038	14,045,574
Bank loans — unsecured	4.55–6.20	2025–2026	2,141,976	4.00–8.00	2024–2026	6,489,831
Other loans — secured	6.15–8.00	2025–2026	1,903,520	6.15–9.50	2024	1,175,423
			28,546,307			21,710,828
			66,513,888			56,180,477

25. Bank and Other Loans (Continued)

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**18,707,166**	18,107,577
In the second year	**18,540,297**	13,290,732
In the third to fifth years, inclusive	**8,102,490**	7,244,673
	45,349,953	38,642,982
Other loans repayable:		
Within one year or on demand	**19,260,415**	16,362,072
In the second year	**1,538,290**	1,175,423
In the third to fifth years, inclusive	**365,230**	—
	21,163,935	17,537,495
	66,513,888	56,180,477
Portion classified as current liabilities		
— based on maturity terms of the loans	**(34,068,321)**	(30,382,995)
— based on the accumulated pre-sales/sales amount/area of the property development projects and classified as other current liabilities (note 27)	**(3,899,260)**	(4,086,654)
Non-current liabilities	**28,546,307**	21,710,828

Notes:

(a) Certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, investment properties, properties held for development for sale, properties under development for sale and completed properties for sale, details of which are disclosed in note 38 to the financial statements.

(b) Except for certain bank and other loans of RMB5,356,336,000 (2022: RMB5,279,793,000) and RMB Nil (2022: RMB1,341,505,000) and RMB6,349,645,000 (2022:RMB6,258,908,000) as at 31 December 2023 which were denominated in HK$ and Singapore dollars ("SG$") and US dollars ("USD$"), respectively, all of the Group's bank and other loans were denominated in RMB.

26. Senior Notes

	Notes	Effective interest rate (% per annum)	2023 RMB'000	2022 RMB'000
US$450m Senior Notes due in 2023	(i), (xvi)	5.42	**3,172,676**	3,181,606
US$300m Senior Notes due in 2022	(ii)	7.78	**1,965,649**	1,937,560
US$400m Senior Notes due in 2023	(iii), (xvi)	6.76	**2,820,157**	2,857,059
US$100m Senior Notes due in 2024	(iv), (xvi)	7.60	**715,616**	700,023
US$300m Senior Notes due in 2025	(v), (xvi), (xvii)	5.96	**2,164,368**	2,127,921
US$180m Senior Notes due in 2024	(vi), (xvi)	5.42	**1,318,778**	1,301,788
US$100m Senior Notes due in 2024	(vii), (xvi)	4.53	**711,743**	699,217
US$300m Senior Notes due in 2025	(viii), (xvi), (xvii)	5.49	**2,124,346**	2,087,663
US$300m Senior Notes due in 2026	(ix), (xvi), (xvii)	5.03	**2,106,353**	2,072,195
US$300m Senior Notes due in 2028	(x), (xvi), (xvii)	4.64	**2,143,758**	2,109,865
US$300m Senior Notes due in 2025	(xi), (xvi), (xvii)	4.97	**2,119,634**	2,066,932
US$300m Senior Notes due in 2026	(xii), (xvi), (xvii)	4.91	**2,149,715**	2,114,214
US$60m Senior Notes due in 2024	(xiii), (xvi)	4.21	**429,603**	422,768
HKD1,950m Equity-linked Securities due in 2026	(xiv), (xvi), (xvii)	7.14	**1,809,522**	1,781,170
			25,751,918	25,459,981
Portion classified as current liabilities:				
— based on maturity terms of the senior notes	(xv)		**(11,134,222)**	(7,976,225)
— based on contract terms classified as other current liabilities	(xv), (xvii), 27		**(14,617,696)**	(17,483,756)
Non-current portion	(xv)		**—**	—
Analysed into:				
Repayable:				
Within one year or on demand			**11,134,222**	7,976,225
In the second year			**6,408,348**	3,123,795
In the third to fifth years, inclusive			**8,209,348**	12,250,096
Beyond five years			**—**	2,109,865
			25,751,918	25,459,981

26. Senior Notes (Continued)

Notes:

(i) On 23 May 2017, the Company issued senior notes with a principal amount of US$450,000,000 due in 2023 ("US$450m Senior Notes due in 2023"). The senior notes are interest bearing at 5.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(ii) On 25 February 2019, the Company issued senior notes with a principal amount of US$300,000,000 due in 2022 ("US$300m Senior Notes due in 2022"). The senior notes are interest bearing at 7.50% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. As at 22 February 2022, the Company has repurchased an aggregate principal amount of US$21,200,000 of the Senior Notes. The remaining principal amount of US$278,800,000 was due on 25 August 2022.

(iii) On 16 July 2019, the Company issued senior notes with a principal amount of US$400,000,000 due in 2023 ("US$400m Senior Notes due 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(iv) On 9 September 2019, the Company issued senior notes with a principal amount of US$100,000,000 due in 2024 ("US$100m Senior Notes due in 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(v) On 14 January 2020, the Company issued senior notes with a principal amount of US$300,000,000 due in 2025 ("US$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 January 2025. At any time and from time to time on or after 14 January 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vi) On 17 January 2020, the Company issued senior notes with a principal amount of US$180,000,000 due in 2024 ("US$180m Senior Notes due in 2024"). The senior notes are consolidated and form a single series with the US$100m Senior Notes due 2024 issued on 9 September 2019. The senior notes are interest bearing at 6.90% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vii) On 17 September 2020, the Company issued senior notes with a principal amount of US$100,000,000 due in 2024 ("US$100m Senior Notes due in 2024"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 17 September 2024. At any time and from time to time on or after 17 September 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(viii) On 19 October 2020, the Company issued senior notes with a principal amount of US$300,000,000 due in 2025 ("US$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 October 2025. At any time and from time to time on or after 19 October 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(ix) On 14 December 2020, the Company issued senior notes with a principal amount of US$300,000,000 due in 2026 ("US$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.85% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 December 2026. At any time and from time to time on or after 14 December 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

26. Senior Notes (Continued)

Notes: (Continued)

(x) On 13 January 2021, the Company issued senior notes with a principal amount of US$300,000,000 due in 2028 ("US$300m Senior Notes due in 2028"). The senior notes are interest bearing at 4.5% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 13 January 2028. At any time and from time to time on or after 13 January 2025, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xi) On 12 April 2021, the Company issued senior notes with a principal amount of US$300,000,000 due in 2025 ("US$300m Senior Notes due in 2025"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 12 July 2025. At any time and from time to time on or after 12 July 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xii) On 6 July 2021, the Company issued senior notes with a principal amount of US$300,000,000 due in 2026 ("US$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.7% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 6 July 2026. At any time and from time to time on or after 6 July 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(xiii) On 5 August 2021, the Company issued senior notes with a principal amount of US$60,000,000 due in 2024 ("US$60m Senior Notes due in 2024"). The senior notes are interest bearing at 4.15% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 5 August 2024.

(xiv) On 4 February 2022, the Company issued Equity-linked Securities with a principal amount of HK$1,950,000,000 due in 2026 ("HK$1,950m Equity-linked Securities due in 2026"). The Equity-linked Securities are interest bearing at 6.95% per annum and the interest is payable semi-annually in arrears. The maturity date of the Equity-linked Securities is 4 August 2026. The securities are cash settled equity linked securities. No equity securities of the Company will be issued by the Company upon exchange or redemption of the securities. The details of which are set out in the Company's announcement dated 27 January 2022.

(xv) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

(xvi) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables, prepayments and other assets" (note 20). The assumptions applied in determining the fair value of the redemption call options as at 31 December 2023 and 31 December 2022 are set out in note 42.

Equity-linked securities redemption option of security holders represent the fair value of the equity-linked securities' options to early redeem the equity-linked securities and are recorded as derivative financial instruments under "Trade and other payables" (note 23). The assumptions applied in determining the fair value of the redemption call options as at 31 December 2023 and 31 December 2022 are set out in note 42.

Equity-linked securities conversion option of security holders represent the fair value of the security holders's option to require the Company to exchange the securities at pre-determined cash exercise amount and are recorded as derivative financial instruments under "Trade and other payables" (note 23). The assumptions applied in determining the fair value of the conversion option as at 31 December 2023 and 31 December 2022 are set out in note 42.

(xvii) As disclosed in note 2.1 to the financial statements, the non-payment of the principal of the relevant senior notes and equity-linked securities and the relevant interest accrued may lead to the Company's creditors demanding acceleration of repayments. Hence, the relevant senior notes and equity-linked securities, which their maturity date are over one year, were classified as current liabilities and included in "Other current liabilities".

27. Other Current Liabilities and Corporate Bonds

	Notes	2023 RMB'000	2022 RMB'000
Corporate bonds due in 2025	(i), (iii), (iv), (vii)	**4,464,756**	4,502,160
Corporate bonds due in 2026	(ii), (iv)–(vi), (viii)–(xii)	**12,582,716**	12,869,000
Commercial mortgage-backed securities due in 2033	(xiii)	**–**	663,267
		17,047,472	18,034,427
Analysed into:			
Repayable:			
Within one year		**892,952**	340,270
In the second year		**7,346,619**	897,379
In the third to fifth years, inclusive		**8,807,901**	16,158,511
Over 5 years		**–**	638,267
		17,047,472	18,034,427
Portion classified as non-current liabilities		**(16,154,520)**	(17,694,157)
Current liabilities		**892,952**	340,270
Bank and other loans classified as other current liabilities based on the accumulated pre-sales/sales amount/area of the property development projects	25	**3,899,260**	4,086,654
Senior notes classified as other current liabilities	26	**14,617,696**	17,483,756
Total other current liabilities		**19,409,908**	21,910,680

Notes:

(i) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second, third and fourth tranches with principal amounts of RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum, 7.30% per annum and 7% per annum, respectively. The terms of all these four domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rates of all these four domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. In 2020, the third tranche of corporate bonds with a principal amount of RMB1,000,000,000 and the fourth tranche of corporate bonds with principal amount of RMB1,000,000,000 were fully paid before maturity.

On 1 February 2020, Shenzhen Logan had adjusted the coupon rate of first tranche of corporate bonds from 6.99% per annum to 5.40% per annum and the corporate bonds with an aggregate principal amount of RMB1,290,000,000 were sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB710,000,000 was due and fully repaid upon maturity in February 2022.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(i) (Continued)

On 22 March 2020, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 7.20% per annum to 4.90% per annum and the corporate bonds with an aggregate principal amount of RMB174,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB1,826,000,000 are due in March 2022.

On 22 March 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,826,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB182,600,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB164,340,000 in October 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,479,060,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension.

The principal amount of RMB3,645,000 and RMB2,835,000 were repaid in February 2023 and May 2023, respectively. The amount of RMB294,516,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(ii) On 20 November 2018, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,490,000,000 was 5.98% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 November 2020, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.98% per annum to 4.60% per annum.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,490,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB39,031,000 and RMB32,738,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(iii) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 21 March 2022, the Group obtains approval from the holders of corporate bonds with a principal amount of RMB1,510,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB151,000,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB164,340,000 in September 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,223,100,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension. The amount of RMB23,245,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a noncurrent liability as at 31 December 2022.

The principal amount of RMB11,700,000 and RMB11,080,000 were repaid in February 2023 and May 2023, respectively. The amount of RMB240,064,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(iv) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years (to be due in 2024) and 4 years (to be due in 2023), respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. On 3 August 2021, the second tranches of corporate bonds with an aggregate principal amounts of RMB895,000,000 were sold back to Shenzhen Logan.

The first tranches of corporate bonds with aggregated principal amounts of RMB50,000,000 was repaid in August 2022.

On 2 December 2022, the group obtained approval from the holders of first and second tranches corporate bonds with the principal amount of RMB450,000,000 and RMB105,000,000 respectively, for the extension of the maturity date for 36 months and 48 months respectively (to be due in 2025 and 2026 respectively) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively. The remaining outstanding principal of the first tranches of corporate bonds will be repaid quarterly from the 36 months after the extension. The second tranches of corporate bonds will be repaid be fully repaid by eight installments within the 48 months after the extension, of which interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB270,000 and RMB270,000 of first tranches corporate bond were repaid in February 2023 and May 2023, respectively, and the principal amount of RMB150,000 and RMB100,000 of second tranches corporate bond were repaid in February 2023 and May 2023, respectively. The amount of RMB89,892,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(v) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB27,854,000 and RMB23,930,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(vi) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB25,901,000 and RMB22,251,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(vii) On 15 April 2020, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 18 April 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB150,000,000 were repaid in April 2022.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,350,000,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly from the 36 months after the extension.

The principal amount of RMB4,275,000 and RMB3,330,000 were repaid in February 2023 and May 2023, respectively. The amount of RMB268,479,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(viii) On 24 July 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB7,201,000 and RMB7,050,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(ix) On 14 September 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB21,736,000 and RMB19,795,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(x) On 25 March 2021, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB427,000,000 was 4.90% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB427,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB5,811,000 and RMB5,600,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(xi) On 24 June 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,347,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,347,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,379,000 and RMB11,054,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(xii) On 23 August 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.70% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,053,000 and RMB11,650,000 were repaid in February 2023 and May 2023, respectively, and the remaining outstanding amount were classified as a non-current liability as at 31 December 2023.

(xiii) On 27 December 2021, Shenzhen Logan issued private commercial mortgage-backed securities subscribed by private investors. The coupon rate of the private commercial mortgage-backed securities with a principal amount of RMB665,000,000 was 5.20% per annum. The terms of the private commercial mortgage-backed securities were 12 years. At the end of the third year, sixth and ninth years. Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the securities to Shenzhen Logan.

The private commercial mortgage-backed securities with a principal amount of RMB665,000,000 was repaid in April 2023.

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Fair value adjustments arising from business combination RMB'000	Total RMB'000
At 1 January 2022	4,095,582	1,185,261	5,280,843
Charged to profit or loss during the year (note 11)	389,966	1,613	391,579
Acquisition of subsidiaries (note 34(b))	—	1,232,558	1,232,558
At 31 December 2022 and 1 January 2023	**4,485,548**	**2,419,432**	**6,904,980**
Charged/(credited) to profit or loss during the year (note 11)	**322,017**	**(147,012)**	**175,005**
Acquisition of subsidiaries (note 34(b))	**—**	**1,740,413**	**1,740,413**
Disposal of subsidiaries (note 35(a))	**—**	**(488,574)**	**(488,574)**
At 31 December 2023	**4,807,565**	**3,524,259**	**8,331,824**

Deferred tax assets

	Unrealised profits arising from intra group transactions RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2022	945,941	889,510	586,847	2,422,298
Credited/(charged) to profit or loss during the year (note 11)	6,217	(17,758)	551,717	540,176
At 31 December 2022 and 1 January 2023	**952,158**	**871,752**	**1,138,564**	**2,962,474**
Charged to profit or loss during the year (note 11)	**(407,032)**	**(131,040)**	**(133,612)**	**(671,684)**
At 31 December 2023	**545,126**	**740,712**	**1,004,952**	**2,290,790**

28. Deferred Tax (Continued)

Deferred tax assets (Continued)

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	**(1,517,135)**	(2,085,963)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**7,558,169**	6,028,469
	6,041,034	3,942,506

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, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB57,430,555,000 at 31 December 2023 (2022: RMB56,172,865,000).

In the opinion of the directors, the Group's tax losses in respect of which deferred tax assets have not been recognised was not significant as at the end of the reporting period.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Share Capital

A summary of movements in the Company's issued share capital is as follows:

	2023 Number of shares '000	2023 HK$'000	2022 Number of shares '000	2022 HK$'000
Ordinary shares, issued and fully paid:				
At 1 January	5,685,408	568,541	5,689,408	568,941
Repurchase of shares (note)	–	–	(4,000)	(400)
At 31 December	5,685,408	568,541	5,685,408	568,541
RMB'000 equivalent at 31 December		450,227		450,227

Note:

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK$22,738,000 (equivalent to approximately RMB19,445,000) was transferred out from share capital and share premium during the year ended 31 December 2022.

Share options

Details of the Company's share option scheme are included in note 30 the consolidated financial statements.

30. Share Option Scheme and Share Award Scheme

Share option scheme

The Company operates a share option scheme (the "Share Option Scheme") which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approval from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

30. Share Option Scheme and Share Award Scheme (Continued)

Share option scheme (Continued)

Share options granted to directors, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share option is determinable by the directors, but should not be less than the highest of (i) the official closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average official closing price of the shares of the Company as stated in the Stock Exchange for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

The following share options were outstanding under the Share Option 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 beginning of year	**9.30**	**85,518,500**	9.40	94,881,500
Forfeited or expired during the year	**9.50**	**(9,598,500)**	10.34	(9,363,000)
At 31 December	**9.27**	**75,920,000**	9.30	85,518,500

30. Share Option Scheme and Share Award Scheme (Continued)

Share option scheme (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2023 Number of options	2022 Number of options	Exercise price HK$	Exercise period
2,174,000	3,092,000	13.08	6/12/2023–6/12/2030
1,328,250	1,471,250	12.64	6/28/2022–6/28/2029
2,083,250	2,674,250	12.64	6/28/2023–6/28/2029
4,267,500	5,201,000	7.64	10/22/2021–10/22/2028
1,920,000	2,413,000	7.64	10/22/2022–10/22/2028
4,596,000	5,568,000	7.64	10/22/2023–10/22/2028
7,104,000	7,785,666	12.50	6/8/2021–6/8/2028
7,104,000	7,785,667	12.50	6/8/2023–6/8/2028
7,103,000	7,785,667	12.50	6/8/2024–6/8/2028
7,136,000	8,112,000	7.43	8/25/2020–8/25/2027
10,368,000	11,210,000	7.43	8/25/2021–8/25/2027
10,368,000	11,210,000	7.43	8/25/2022–8/25/2027
10,368,000	11,210,000	7.43	8/25/2023–8/25/2027
75,920,000	85,518,500		

No share options were granted during the year. The fair value of the share options granted in 2020 was HK$13,300,000 (equivalent to RMB11,194,000), of which the Group recognised a share option expense of HK$4,433,000 (equivalent to RMB3,747,000) during the year ended 31 December 2020. The fair value of equity-settled share options granted during in 2020 was estimated as at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted and the following table lists the major inputs used:

	2020
Dividend yield (%)	7%
Expected volatility (%)	38%
Risk-free interest rate (%)	0.53%
Exit rates of the grantees of the options granted under the Scheme (%)	25%

The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which might also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

30. Share Option Scheme and Share Award Scheme (Continued)

Share option scheme (Continued)

At the end of the reporting period, the Company had 75,920,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional ordinary shares of the Company and additional share capital of HK$7,592,000 (equivalent to RMB6,899,000) and share premium of HK$696,186,000 (equivalent to RMB632,680,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 73,795,000 share options outstanding under the Share Option Scheme, which represented approximately 1.30% of the Company's shares in issue as at that date.

Share award scheme

The Company operates a share award scheme (the "Share Award Scheme") which was adopted by the Board of the Company on 13 May 2020. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 15 years from the date of adoption. The specific objectives of the Share Award Scheme are (i) to promote the effective realisation of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustained growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is operated by an independent trustee which holds the shares in trust for the selected participants, until the shares become vested. The shares to be awarded under the Share Award Scheme will be acquired by the trustee from the open market. The shares granted will be vested in the proportions and on the dates as set out in the relevant letters of grant issued by the Company. Vested shares will be transferred to the selected participants at no cost save that transaction fees and expenses will be payable by the selected participants as transferees.

As at 31 December 2023, the number of the Company's shares held under the Share Award Scheme is 158,230,000 (2022: 158,230,000). None of the shares purchased has been awarded under the Share Award Scheme.

31. Perpetual Capital Securities

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

32. Reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 3.

(iii) PRC statutory reserves

PRC statutory reserves include the general reserve, statutory surplus reserve and statutory reserve fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

32. Reserves (Continued)

(iii) PRC statutory reserves (Continued)

Statutory reserve fund

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option scheme.

The share options lapsed due to the resignation of certain mid-level managers. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.

33. Partly-Owned Subsidiary with Material Non-Controlling Interests

The following table lists out the information relating to Foshan Junjing, Guangxi Tangqin and Hangzhou Junjia, the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Foshan Junjing 2023 RMB'000	**Guangxi Tangqin 2023 RMB'000**	**Hangzhou Junjia 2023 RMB'000**	Heyuan Meiping 2022 RMB'000	Silver Maple 2022 RMB'000	Shenzhen Minghuida 2022 RMB'000
NCI percentage	**50%**	**67%**	**49%**	49%	70%	70%
Current assets	**1,880,835**	**1,460,993**	**1,658,558**	7,943,169	3,057,842	2,576,214
Non-current assets	**10**	**20**	**1,868,880**	349	–	–
Current liabilities	**(1,413,449)**	**(726,936)**	**(413,831)**	(4,152,021)	–	(9,884)
Non-current liabilities	**–**	**–**	**–**	(939,956)	–	–
Net assets	**467,396**	**734,077**	**3,113,607**	2,851,541	3,057,842	2,566,330
Carrying amount of NCI	**577,512#**	**555,473#**	**1,525,474#**	1,985,857#	2,912,904#	2,569,431#
Revenue	**–**	**945,442**	**–**	920,715	–	–
(Loss)/profit for the year	**(743)**	**153,887**	**–**	(27,416)	–	(43,261)
Total comprehensive (loss)/income	**(743)**	**153,887**	**–**	(27,416)	–	(43,261)
(Loss)/profit allocated to NCI	**(372)**	**103,104**	**–**	(13,434)	–	(30,283)
Cash (outflow)/inflow from operating activities	**(1,393)**	**(58,704)**	**254**	(4,910,763)	–	(189,605)
Cash inflow from investing activities	**–**	**–**	**–**	–	–	189,612
Cash outflow from financing activities	**–**	**–**	**–**	(64,664)	–	–

The net assets attributable to NCI is the sum of the capital injection plus the share of profit or loss of the relevant projects.

34. Acquisitions of Subsidiaries

(a) Acquisition of subsidiaries that are not a business

(i) Year ended 31 December 2022

During the year ended 31 December 2022, the Group acquired certain assets through acquisition of Shenzhen Zhisheng Industrial Co., Ltd. ("Shenzhen Zhisheng") from the independent third party. Upon the completion of this acquisition, the acquired company became wholly-owned subsidiary of the Group. The following table summarises the financial information in relation to the acquisition of subsidiary.

	Notes	Shenzhen Zhisheng RMB'000
Other property, plant and equipment	14	1,649
Inventories		6,278,623
Other receivables, prepayments and other assets		632,029
Tax recoverable		373,541
Cash and bank balances		11,041
Other payables		(5,872,644)
Contract liabilities		(144,102)
Bank and other loans	36	(1,250,000)
Tax payables		(37)
Total identifiable net assets		30,100
Satisfied by:		
Consideration payable included in trade and other payables		30,100

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

	Shenzhen Zhisheng RMB'000
Cash consideration paid	—
Cash and cash equivalents acquired	11,041
Net inflow of cash and cash equivalents included in cash flows from investing activities	11,041

34. Acquisitions of Subsidiaries (Continued)

(b) Acquisition of subsidiaries that are a business

(i) Year ended 31 December 2023

During the period ended 31 December 2023, the Group acquired 50% or 100% of equity interests of Shenzhen Lifan Investment Co., Ltd. ("Shenzhen Lifan"), Zhuhai Shunxing Real Estate Co., Ltd. ("Zhuhai Shunxing") and Nanning Longguang Junchi Real Estate Development Co., Ltd. ("Longguang Junchi") and certain entities included in "Others" below from joint venture partners, joint ventures and/or independent third parties. Upon completion of the acquisitions, most of the acquired entities became wholly-owned subsidiaries of the Group, except for certain entities included in "Others" below being non-wholly-owned subsidiaries. These acquired entities are principally engaged in the business of property development and property investment in the PRC. Among subsidiaries acquired in the current period, the aggregated consideration for subsidiaries that are a business acquired from joint ventures was RMB412,757,000.

	Notes	Shenzhen Lifan RMB'000	Zhuhai Shunxing RMB'000	Longguang Junchi RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	14	–	36	–	152,945	152,981
Investment in a joint venture		–	–	–	7,743,378	7,743,378
Inventories		2,216,029	2,758,485	1,927,164	30,070,473	36,972,151
Trade and other receivables, prepayments and other assets		797,860	4,163,997	98,399	32,233,792	37,294,048
Tax recoverable		52,831	–	33,220	439,388	525,439
Cash and bank balances		148,113	372	98,146	1,393,928	1,640,559
Trade and other payables		(1,591,884)	(1,733,916)	(1,112,012)	(51,127,494)	(55,565,306)
Contract liabilities		(960,379)	(104,974)	(569,436)	(3,262,423)	(4,897,212)
Deferred tax liabilities	28	(1)	(272,650)	(7,943)	(1,459,819)	(1,740,413)
Bank and other loans	36	(662,520)	(4,000,000)	(434,970)	(12,291,095)	(17,388,585)
Tax payable		–	(7,550)	–	(11,820)	(19,370)
Non-controlling interests		–	–	–	(48,861)	(48,861)
Total identifiable net assets at fair value		49	803,800	32,568	3,832,392	4,668,809
Loss on remeasurement of pre-existing interest in joint ventures	6	1	–	3,972	261,447	265,420
Total consideration		50	803,800	36,540	4,093,839	4,934,229
Satisfied by:						
Cash consideration		–	803,800	–	137,449	941,249
Consideration payable included in trade and other payables		25	–	18,270	3,802,798	3,821,093
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries at fair value at date of acquisition		25	–	18,270	153,592	171,887
		50	803,800	36,540	4,093,839	4,934,229

34. Acquisitions of Subsidiaries (Continued)

(b) Acquisition of subsidiaries that are a business (Continued)

(i) Year ended 31 December 2023 (Continued)

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

	RMB'000
Cash consideration paid	(941,249)
Cash and cash equivalents acquired	1,640,559
Net inflow of cash and cash equivalents included in cash flows from investing activities	699,310

The fair value of the other receivables as at the date of the acquisition amounted to RMB37,294,048,000. The gross contractual amount of other receivables was RMB37,294,048,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the period contributed RMB3,709,724,000 to the Group's revenue and RMB212,236,000 to the consolidated loss for the period.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the period would have been RMB50,044,510,000 and RMB9,206,682,000 respectively.

(ii) Year ended 31 December 2022

During the year ended 31 December 2022, the Group acquired 50% of equity interests of Foshan Nanhai Logan Junyi Real Estate Co., Ltd. ("Logan Junyi"), Foshan Nanhai Logan Mingjun Real Estate Co., Ltd (Logan Mingjun") and Shenzhen Zhiqi Investment Co., Ltd. ("Shenzhen Zhiqi") and certain entities included in "Others" below from joint venture partners, joint ventures and/or independent third parties. Upon completion of the acquisitions, most of the acquired entities became wholly-owned subsidiaries of the Group, except for certain entities included in "Others" below being non-wholly-owned subsidiaries. These acquired entities are principally engaged in the business of property development and property investment in the PRC. Among subsidiaries acquired in the current year, the aggregated consideration for subsidiaries that are a business acquired from joint ventures was RMB588,980,000.

34. Acquisitions of Subsidiaries (Continued)

(b) Acquisition of subsidiaries that are a business (Continued)

(ii) Year ended 31 December 2022 (Continued)

The fair values of the identifiable assets and liabilities of the above transactions as at the date of acquisition were as follows:

	Notes	Logan Junyi RMB'000	Logan Mingjun RMB'000	Shenzhen Zhiqi RMB'000	Others RMB'000	Total RMB'000
Other property, plant and equipment	14	3	–	–	18,080	18,083
Investment in a joint venture		–	–	–	856,889	856,889
Investment properties	15	–	–	–	115,820	115,820
Inventories		1,438,427	334,109	8,033	53,888,977	55,669,546
Trade and other receivables, prepayments and other assets		145,234	138,127	476,870	33,558,758	34,318,989
Tax recoverable		68,013	85,410	–	2,900,930	3,054,353
Cash and bank balances		166,231	1,051	107	10,696,890	10,864,279
Trade and other payables		(847,506)	(329,448)	(480,010)	(58,954,984)	(60,611,948)
Contract liabilities		(870,391)	(8,313)	–	(23,838,320)	(24,717,024)
Deferred tax liabilities	28	–	–	–	(1,232,558)	(1,232,558)
Liabilities under cross-border guarantee arrangements	36	–	–	–	(1,270,000)	(1,270,000)
Bank and other loans	36	–	–	–	(13,272,094)	(13,272,094)
Total identifiable net assets at fair value		100,011	220,936	5,000	3,468,388	3,794,335
Loss/(gains) on remeasurement of pre-existing interest in joint ventures	6	(33,219)	(120,936)	(17)	490,897	336,725
Total consideration		66,792	100,000	4,983	3,959,285	4,131,060
Satisfied by:						
Cash consideration		–	–	–	15,350	15,350
Consideration payable included in trade and other payables		50,010	50,000	2,500	3,438,217	3,540,727
Reclassification from pre-existing interest in joint ventures to investment in subsidiaries at fair value at date of acquisition		16,782	50,000	2,483	505,718	574,983
		66,792	100,000	4,983	3,959,285	4,131,060

34. Acquisitions of Subsidiaries (Continued)

(b) Acquisition of subsidiaries that are a business (Continued)

(ii) Year ended 31 December 2022 (Continued)

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

	RMB'000
Cash consideration paid	(15,350)
Cash and cash equivalents acquired	10,864,279
Net inflow of cash and cash equivalents included in cash flows from investing activities	10,848,929

The fair value of the other receivables as at the date of the acquisition amounted to RMB34,318,989,000. The gross contractual amount of other receivables was RMB34,318,989,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the year contributed RMB15,300,045,000 to the Group's revenue and RMB3,102,466,000 to the consolidated loss for the year.

Had the combination taken place at the beginning of the year, the revenue and the loss of the Group for the year would have been RMB19,978,225,000 and RMB4,340,962,000 respectively.

35. Disposal of Subsidiaries

(a) Disposal of subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	Notes	**2023 RMB'000**	2022 RMB'000
Net assets disposed of:			
Other property, plant and equipment	14	**—**	29,996
Inventories		**5,074,514**	4,175,724
Trade and other receivables, prepayments and other assets		**30,852**	1,311,572
Tax recoverable		**31,786**	192,980
Cash and cash equivalents		**250,146**	754,181
Trade and other payables		**(674,664)**	(4,032,557)
Bank and other loans	36	**(680,000)**	(1,456,000)
Deferred tax liabilities	28	**(488,574)**	—
Non-controlling interests		**(277,329)**	(253,725)
Net assets attributable to the Group disposed of		**3,266,731**	722,171
Gain on disposal of subsidiaries, net	6	**51,418**	92,910
Total consideration		**3,318,149**	815,081

35. Disposal of Subsidiaries (Continued)

(a) Disposal of subsidiaries (Continued)

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

	2023 **RMB'000**	2022 RMB'000
Cash consideration received	**103,852**	815,081
Cash and cash equivalents disposed of	**(250,146)**	(754,181)
Net cash (outflow)/inflow arising from disposal	**(146,294)**	60,900

36. Notes to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Notes	Interest payables included in trade and other payable RMB'000	ABS arrangement included in trade and other payable RMB'000	Bank and other loans RMB'000	Senior notes RMB'000	Dividend payable and amounts due to shareholders included in trade and other payable RMB'000	Corporate bonds RMB'000	Liabilities under cross-border guarantee arrangements RMB'000	Amount due to non-controlling shareholders included in trade and other payable RMB'000	Amounts due to joint ventures and associates included in trade and other payable RMB'000	Total RMB'000
At 1 January 2023		**1,551,609**	**1,538,000**	**56,180,477**	**25,459,981**	**9,582,754**	**18,034,427**	**4,755,373**	**1,261,975**	**1,936,828**	**120,301,424**
Changes from financing cash flows		**–**	**(13,125)**	**(6,516,785)**	**–**	**–**	**(986,955)**	**(4,202,523)**	**242,874**	**93,037**	**(11,383,477)**
Foreign exchange movement		**80,773**	**–**	**141,611**	**291,937**	**148,611**	**–**	**276,224**	**–**	**–**	**939,156**
Interest expense	7	**5,514,413**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,514,413**
Interest paid		**(1,563,224)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,563,224)**
Acquisition of subsidiaries	34(b)	**653,695**	**–**	**17,388,585**	**–**	**–**	**–**	**–**	**1,351,395**	**940,307**	**20,333,982**
Disposal of subsidiaries	35(a)	**–**	**–**	**(680,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(680,000)**
At 31 December 2023		**6,237,266**	**1,524,875**	**66,513,888**	**25,751,918**	**9,731,365**	**17,047,472**	**829,074**	**2,856,244**	**2,970,172**	**133,462,274**
At 1 January 2022		1,187,520	2,608,512	52,102,782	22,191,720	8,770,987	19,580,000	11,315,048	1,241,896	2,683,117	121,681,582
Changes from financing cash flows		–	(1,070,512)	(14,066,979)	1,028,046	–	(1,545,573)	(8,141,280)	(495,986)	(805,002)	(25,097,286)
Foreign exchange movement		(98,138)	–	1,107,580	2,240,215	811,767	–	311,605	–	–	4,373,029
Interest expense	7	5,298,678	–	–	–	–	–	–	–	–	5,298,678
Interest paid		(4,175,259)	–	–	–	–	–	–	–	–	(4,175,259)
Acquisition of subsidiaries	34(a), 34(b)	–	–	14,522,094	–	–	–	1,270,000	–	58,713	15,850,807
Disposal of subsidiaries	35(a)	(130,183)	–	(1,456,000)	–	–	–	–	–	–	(1,586,183)
Transfer from/to other payable		(531,009)	–	3,971,000	–	–	–	–	–	–	3,439,991
Acquisition of additional interests in subsidiaries		–	–	–	–	–	–	–	516,065	–	516,065
At 31 December 2022		1,551,609	1,538,000	56,180,477	25,459,981	9,582,754	18,034,427	4,755,373	1,261,975	1,936,828	120,301,424

37. Financial Guarantees

At the end of the reporting period, the Group had the following financial guarantees:

	2023 RMB'000	2022 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	**45,250,486**	56,419,348
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint ventures partners provided by the Group (note (iii))	**15,713,271**	16,317,625
	60,963,757	72,736,973

The Group does not hold any collateral or other credit enhancements over the guarantees. The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees.

Notes:

(i) As at 31 December 2023 and 2022, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

(ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

(iii) As at 31 December 2023, the Group provided seven (2022: seven) guarantees to the extent of RMB9,513,715,000 (US$1,349,000,000) (2022:RMB9,377,763,000 (US$1,349,000,000)) in respect of the borrowings of entities controlled by a joint venture partner. The joint venture partner is an independent third party. The borrowings have been used for the project development of the joint venture partner's joint ventures with the Group. The joint venture partner entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partner provided counter guarantees to the Group in respect of guarantees provided by the Group to the banks and other lenders to entities controlled by the joint venture partner. The counter-guarantees are secured by property projects, the valuation of which is sufficient to cover the guarantee amount of RMB9,513,715,000 (US$1,349,000,000) (2022: 9,377,763,000 (US$1,349,000,000)) provided by the Group.

In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant.

38. Pledge of Assets

At the end of the reporting period, the Group's equity interests in certain subsidiaries and the following assets of the Group were pledged to secure certain bank and other loans granted to the Group:

	Notes	2023 RMB'000	2022 RMB'000
Investment properties	15	**27,940,162**	25,651,908
Properties held for development for sale	19	**4,876,710**	7,568,217
Properties under development for sale	19	**75,473,402**	84,919,378
Completed properties for sale	19	**21,558,252**	10,642,238
		129,848,526	128,781,741

39. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Contracted, but not provided for	**7,269,174**	21,569,071

40. Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2023 RMB'000	2022 RMB'000
Construction contracts income from related companies	(i)	**37,407**	163,826
Construction contracts income from joint ventures	(ii)	**235,832**	1,286,980
Construction contracts income from associates	(ii)	**1,041**	14,542
Project management service income from joint ventures	(ii)	**293,749**	354,509
Project management service income from associates	(ii)	**40,840**	3,282
Decoration income from related companies	(i)	**–**	7,879
Decoration income from joint ventures	(ii)	**1,093**	162,981
Decoration income from associates	(ii)	**1,977**	17,552
Design service income from related companies	(i)	**459**	765
Design service income from joint ventures	(ii)	**1,835**	19,426
Design service income from associates	(ii)	**3,711**	25,207
Material income from joint ventures	(ii)	**674**	37,749
Material income from associates	(ii)	**–**	1,188
Rental income from related companies	(iii)	**12,768**	37,531
Rental income from joint ventures	(iii)	**–**	6,494
Interest income from joint ventures	(iv)	**156,745**	926,544
Interest income from associates	(iv)	**11,730**	692
Property management expenses to related companies	(v)	**(168,861)**	(296,117)

Notes:

(i) The income was derived from the construction, decoration and design services provided to related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.

(ii) The income represented the gross income derived from the construction, project management, material, decoration and design services provided to joint ventures and associates, which are before the elimination of relevant income between the Group and joint ventures or associates, at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.

(iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by Mr. Kei, and joint ventures at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.

(iv) This represented the gross interest income from the joint ventures and associates, which is before the elimination of interest between the Group and joint ventures or associates. The Group has been providing funds to joint ventures and associates.

(v) This represented the property management service provided by related companies controlled by Mr. Kei to the Group at rates determined in accordance with the terms and conditions set out in the agreements entered into with the relevant parties.

40. Related Party Transactions (Continued)

(b) Compensation of key management personnel of the Group

Remuneration to key management personnel includes amounts paid to the directors as disclosed in note 9.

Transactions in connection with construction contracts income, project management service income, rental income, decoration income and design service income from related companies and property management expenses to related companies above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. Financial Instruments by Category

Except for the derivative financial instruments, which are classified as financial assets at fair value through profit or loss that are mandatorily measured as such (HKFRS7.8(a)), other financial assets and financial liabilities of the Group as at 31 December 2023 and 2022 were financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

42. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of the current portion of cash and bank balance, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, (i) the carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates, bank and other loans and assets and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (ii) the fair values of the senior notes and certain corporate bonds were RMB1,714,267,000 with carrying amount of RMB25,751,918,000 and RMB2,497,860,000 with carrying amount of RMB13,678,287,000, respectively (2022: RMB5,860,482,000 with carrying amount of RMB25,459,981,000 and RMB3,039,159,000 with carrying amount of RMB13,987,100,000, respectively), and were determined as Level 1; and (iii) the fair values of the remaining corporate bonds were RMB838,789,000 with carrying amount of RMB3,369,185,000 (2022: RMB1,451,609,000 with carrying amount of RMB4,047,327,000), and were determined as Level 2.

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.

42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of the amounts due from joint ventures and associates included in investments in joint ventures and associates, bank and other loans and certain corporate bonds and assets and liabilities under cross-border guarantee arrangements 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 the senior notes and certain corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 31 December 2023 and 2022 were assessed to be insignificant.

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate. The carrying amounts of derivative financial instruments are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets (liabilities) measured at fair value:

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
Senior notes redemption call options	–	–	–	–
Equity-linked securities redemption option of security holders	–	–	(4,452)	(4,452)
Equity-linked securities conversion option of security holders	–	–	–	–

42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Assets (liabilities) measured at fair value: (Continued)

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
Senior notes redemption call options	—	—	—	—
Equity-linked securities redemption option of security holders	—	—	(4,388)	(4,388)
Equity-linked securities conversion option of security holders	—	—	—	—

The movements in fair value measurements within Level 3 during the year are as follows:

As at 31 December 2023

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	(4,388)	—	(4,388)
Total loss recognised in statement of profit or loss	—	—	—	—
Exchange realignment	—	(64)	—	(64)
At 31 December	—	(4,452)	—	(4,452)

As at 31 December 2022

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	—	—	—
Total loss recognised in statement of profit or loss	—	(4,238)	—	(4,238)
Exchange realignment	—	(150)	—	(150)
At 31 December	—	(4,388)	—	(4,388)

42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Assets (liabilities) measured at fair value: (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options, equity-linked securities redemption option of security holders and equity-linked securities conversion option of security holders:

	Valuation techniques	Significant unobservable inputs	Range 2023	Range 2022
Senior note redemption call options	Residual method	Risk free rate	**3.93% to 5.31%**	4.00% to 4.75%
		Option adjusted spread	**86.57% to 417.75%**	13.13% to 292.68%
		Discount rate	**90.5% to 423.07%**	17.25% to 297.43%
Equity-linked securities redemption option of security holders	Residual method	Risk free rate	**5.17%**	4.99%
		Option adjusted spread		
		Discount rate	**373.74%**	37.17%
			378.91%	42.16%
Equity-linked securities conversion option of security holders	Residual method	Risk free rate	**2.59%**	4.16%
		Option adjusted spread		
		Discount rate	**147.49%**	38.73%
			150.08%	42.89%

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

The Group did not have any financial liabilities measured at fair values as at 31 December 2023 and 2022.

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 for both financial assets and financial liabilities (2022: Nil).

43. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank and other loans and senior notes and corporate bonds, amounts due from/to related parties, 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 receivables and trade payables, which arise directly from its operations.

The Group's accounting policies related to derivatives are set out in note 3 to the financial statements.

43. Financial Risk Management Objectives and Policies (Continued)

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.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant assets with floating interest rates. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other loans with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** RMB'000
2023		
RMB	**1%**	**(200,717)**
HK$	**1%**	**(58,725)**
US$	**1%**	**(8,174)**
RMB	**(1%)**	**200,717**
HK$	**(1%)**	**58,725**
US$	**(1%)**	**8,174**
2022		
RMB	1%	(183,172)
HK$	1%	(47,774)
US$	1%	(40,651)
SG$	1%	(13,415)
RMB	(1%)	183,172
HK$	(1%)	47,774
US$	(1%)	40,651
SG$	(1%)	13,415

43. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk

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 prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other loans denominated in foreign currencies.

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 approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

All the revenue-generating operations of the Group are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong and Singapore, in which bank and other loans, senior notes and other receivables were denominated either in HK$ and SG$, respectively. The fluctuation of exchange rates of RMB and HK$ against other foreign currencies will not have a material adverse effect on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates against HK$, US$ and SG$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in profit before tax**
		RMB'000
2023		
If HK$ weakens against RMB	**(5%)**	**263,753**
If HK$ strengthens against RMB	**5%**	**(263,753)**
If SG$ weakens against HK$	**(5%)**	**(110,423)**
If SG$ strengthens against HK$	**5%**	**110,423**
2022		
If HK$ weakens against RMB	(5%)	200,868
If HK$ strengthens against RMB	5%	(200,868)
If SG$ weakens against HK$	(5%)	50,846
If SG$ strengthens against HK$	5%	(50,846)

43. Financial Risk Management Objectives and Policies (Continued)

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

The credit risk of the Group's other financial assets, which mainly comprise and short term deposits, other receivables and amounts due from related parties, joint ventures and associates, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The credit risk of the Group's trade receivables, contract assets, other receivables, amounts due from related parties, non-controlling shareholders, joint ventures and associates, assets under cross-border guarantee arrangements, cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Except for trade receivables and contract assets which apply the simplified approach in calculating ECLs, the credit quality of other financial assets measured at amortised cost is considered to be "normal" as 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 and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance for all financial assets measured at amortised cost and contract assets were not significant as at 31 December 2023 and 2022.

Guarantees given to banks and other lenders in connection with credit facilities granted to associates, joint ventures and third parties and in respect of mortgage facilities provided for certain purchasers of the Group's properties with an aggregate amount utilised of RMB60,963,757,000 (2022: RMB77,746,780,000) which are not yet past due and there is no information indicating of default and, hence, are all classified under stage 1 for measurement of ECLs.

43. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

Reconciliation table between Note 37 and Note 43

	2023		2022	
	RMB'000 (Note 37)	**RMB'000 (Note 43)**	RMB'000 (Note 37)	RMB'000 (Note 43)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**45,250,486**	**45,250,486**	56,419,348	56,419,348
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint venture partners provided by the Group	**15,713,271**	**15,713,271**	16,317,625	21,327,432
	60,963,757	**60,963,757**	72,736,973	77,746,780

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines 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 and other loans. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operational needs and manage its liquidity position.

43. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Beyond five years RMB'000	Total RMB'000
2023					
Bank and other loans	39,265,686	20,940,373	7,045,663	1,526,080	68,777,802
Senior notes	25,751,918	—	—	—	25,751,918
Corporate bonds	900,593	8,164,835	9,191,122	—	18,256,550
Trade payables	29,795,615	—	—	—	29,795,615
Financial liabilities included in other payables and accruals	15,988,622	—	—	—	15,988,622
Due to related companies	1,641,816	—	—	—	1,641,816
Due to non-controlling shareholders	2,856,244	—	—	—	2,856,244
Due to joint ventures and associates	2,970,172	—	—	—	2,970,172
Liabilities under cross-border guarantee arrangements	829,074	—	—	—	829,074
	119,999,740	29,105,208	16,236,785	1,526,080	166,867,813
Financial guarantees issued: Maximum amount guaranteed	60,963,757	—	—	—	60,963,757

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Beyond five years RMB'000	Total RMB'000
2022					
Bank and other loans	36,208,497	15,408,639	7,449,092	—	59,066,228
Senior notes	25,459,981	—	—	—	25,459,981
Corporate bonds	951,909	1,831,594	17,039,656	671,457	20,494,616
Trade payables	22,696,517	—	—	—	22,696,517
Financial liabilities included in other payables and accruals	13,809,615	—	—	—	13,809,615
Due to related companies	1,374,715	—	—	—	1,374,715
Due to non-controlling shareholders	1,261,975	—	—	—	1,261,975
Due to joint ventures and associates	1,936,828	—	—	—	1,936,828
Liabilities under cross-border guarantee arrangements	4,755,373	—	—	—	4,755,373
	108,455,410	17,240,233	24,488,748	671,457	150,855,848
Financial guarantees issued: Maximum amount guaranteed	77,746,780	—	—	—	77,746,780

43. Financial Risk Management Objectives and Policies (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by the total equity. Net debt includes total bank and other loans, senior notes and corporate bonds less cash and bank balances. Total capital comprises all components of equity (i.e., share capital, non-controlling interests, perpetual capital securities and reserves). The Group aims to maintain a healthy and stable net debt to equity ratio.

As at 31 December 2023, the liabilities of the Group were mainly bank and other loans of approximately RMB66,514 million (31 December 2022: approximately RMB56,180 million) (note 25), senior notes of approximately RMB25,752 million (31 December 2022: approximately RMB25,460 million) (note 26), and corporate bonds of approximately RMB17,047 million (31 December 2022: approximately RMB18,034 million) (note 27). As at 31 December 2023, cash and bank balances of the Group amounted to approximately RMB13,172 million (31 December 2022: approximately RMB14,102 million) (note 22), the net debt of the Group amounted to approximately RMB96,141 million (31 December 2022: approximately RMB85,572 million), total equity of Group amounted to approximately RMB32,733 million (31 December 2022: approximately RMB51,870 million). As at 31 December 2023, the Group's net debt to equity ratio was approximately 294% (31 December 2022: approximately 165%).

As at 31 December 2023, Shenzhen Logan, a wholly-owned subsidiary of the Company (established in the People's Republic of China) (the "Issuer"), has totally issued an amount of RMB17 billion (2022: RMB18 billion) of corporate bonds, of which RMB13.7 billion are publicly issued (2022: RMB14 billion).

44. 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		
Investment in a subsidiary	**10,211**	10,544
Other property, plant and equipment	**2,799**	4,780
Total non-current assets	**13,010**	15,324
CURRENT ASSETS		
Prepayments and other receivables	**59,128,076**	63,052,149
Cash and bank balances	**120,876**	2,439,105
Total current assets	**59,248,952**	65,491,254
CURRENT LIABILITIES		
Other payables and accruals	**26,338,626**	29,781,787
Bank loans	**6,424,562**	8,370,900
Senior notes	**11,134,222**	7,976,225
Tax payables	**150,000**	150,000
Other current liabilities	**14,617,697**	17,483,756
Total current liabilities	**58,665,107**	63,762,668
NET CURRENT ASSETS	**583,845**	1,728,586
Net assets	**596,855**	1,743,910
EQUITY		
Share capital	**450,227**	450,227
Perpetual capital securities	**2,363,346**	2,363,346
Reserves (note)	**(2,216,718)**	(1,069,663)
Total equity	**596,855**	1,743,910

44. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange reserve RMB'000	Shares held under share award scheme RMB'000	Share-based compensation reserve RMB'000	(Accumulated loss)/ retained profits RMB'000	Total RMB'000
At 1 January 2022	953,291	859,596	(1,566,640)	115,318	307,666	669,231
Loss and total comprehensive expanse for the year	–	(1,458,457)	–	–	(144,363)	(1,602,820)
Repurchase and cancellation of own shares	(19,103)	–	–	–	–	(19,103)
Equity-settled share-based transactions	–	–	–	15,791	–	15,791
Shares purchased under share award scheme	–	–	(50,534)	–	–	(50,534)
Distribution to holders of perpetual capital securities	–	–	–	–	(82,228)	(82,228)
Effect of forfeited or expired share options	–	–	–	(18,907)	18,907	–
At 31 December 2022 and 1 January 2023	934,188	(598,861)	(1,617,174)	112,202	99,982	(1,069,663)
Loss and total comprehensive expanse for the year	–	(826,928)	–	–	(324,086)	(1,151,014)
Equity-settled share-based transactions	–	–	–	3,959	–	3,959
Effect of forfeited or expired share options	–	–	–	(18,989)	18,989	–
At 31 December 2023	934,188	(1,425,789)	(1,617,174)	97,172	(205,115)	(2,216,718)

45. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's presentation.

46. Event after reporting period

On 12 January 2024, a creditor support agreement was signed by the Group and the ad hoc group. As at the date of approval of these consolidated financial statements, over 90% of the holders of the senior notes has acceded to the creditor support agreement. Details are set out in the Company's announcements dated 12 January 2024.

On 15 February 2024 (Cayman Islands time) and 16 February 2024, the Grand Court of the Cayman Islands and the High Court of Hong Kong have ordered that the Cayman Petition and the Hong Kong Petitions be dismissed respectively. The relevant winding-up petitions matter can be referred to the Group's announcement dated 7 November 2022. Details are set out in the Company's announcement dated 16 February 2024.

47. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

FIVE YEARS' FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**47,166,787**	41,622,653	78,292,624	71,079,729	57,480,418
Profit attributable to shareholders of the Company	**(8,934,542)**	(8,524,081)	9,975,466	13,016,635	11,269,044

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**55,886,982**	63,069,047	62,570,868	50,379,588	46,785,641
Current assets	**192,495,079**	215,252,520	223,330,689	193,134,060	159,224,484
Total assets	**248,382,061**	278,321,567	285,901,557	243,513,648	206,010,125
Current liabilities	**163,389,654**	181,018,463	155,125,799	120,771,336	119,097,089
Non-current liabilities	**52,258,996**	45,433,454	63,007,475	62,070,847	43,919,017
Total liabilities	**215,648,650**	226,451,917	218,133,274	182,842,183	163,016,106
Net assets	**32,733,411**	51,869,650	67,768,283	60,671,465	42,994,019
Total equity attributable to shareholders of the Company	**27,482,946**	36,782,728	47,894,616	42,403,234	34,194,417
Non-controlling interests	**5,250,465**	15,086,922	19,873,667	18,268,231	8,799,602
Total equity	**32,733,411**	51,869,650	67,768,283	60,671,465	42,994,019

SCHEDULE OF MAJOR PROPERTIES

SOME PROPERTY INTEREST HELD BY THE COMPANY UNDERDEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Shenzhen Logan • One Splendid Park 深圳龍光•錦綉公園壹號	OCT Block, Nanshan District, Shenzhen, PRC	Commercial	100%	37,251	388,043	3	2026
Jiurong Mansion 玖榕府	Shahu Community, Pingshan District, Shenzhen, PRC	Residential	62%	26,093	148,732	3	2025
Hong Kong The Corniche 香港凱玥	Lee Nam Road, Ap Lei Chau, Hong Kong Island, Hong Kong	Residential	50%	11,752	83,610	4	2022
The Florence Residence 悦湖苑	Hougang Avenue 2, District 19, Singapore	Residential	100%	36,161	104,108	4	2023
Shanghai Sirius 上海天曜	Lingang New City, Shanghai, PRC	Residential	100%	139,422	494,226	3	2024
Glory City 光輝之城	Oujiangkou New Area, Wenzhou, PRC	Complex	51%	199,506	735,410	3	2026
Logan City 龍光城	No. 88 Southwest Avenue, West of Dayawan District, Huizhou, PRC	Residential	100%	1,707,115	5,278,755	3	2026

Notes:

1. Site formation or upfront set up works
2. Foundation works
3. Superstructure construction
4. Completed for sale

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