中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.
(Incorporated in Hong Kong with limited liability)

Stock Code : 00688

Steady Progress for Long-term Success

2023
Annual Report

La Cite, Zhuhai

Contents

Board of Directors and Committees

EXECUTIVE DIRECTORS

Yan Jianguo	*Chairman*
Luo Liang	*Vice Chairman*
Zhang Zhichao	*Chief Executive Officer*
Guo Guanghui	*Vice President*

NON-EXECUTIVE DIRECTORS

Zhuang Yong	*Vice Chairman*
Zhao Wenhai	

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fan Hsu Lai Tai, Rita*
Li Man Bun, Brian David
Chan Ka Keung, Ceajer
Chan Ching Har, Eliza#

AUTHORISED REPRESENTATIVES

Yan Jianguo
Luo Liang

AUDIT AND RISK MANAGEMENT COMMITTEE

Li Man Bun, Brian David *(Chairman)*
Fan Hsu Lai Tai, Rita*
Chan Ka Keung, Ceajer
Chan Ching Har, Eliza#

CORPORATE GOVERNANCE COMMITTEE

Chan Ka Keung, Ceajer *(Chairman)*
Li Man Bun, Brian David
Fan Hsu Lai Tai, Rita*
Chan Ching Har, Eliza#
Luo Liang

NOMINATION COMMITTEE

Fan Hsu Lai Tai, Rita *(Chairman)**
Chan Ching Har, Eliza *(Chairman)*#
Li Man Bun, Brian David
Chan Ka Keung, Ceajer

REMUNERATION COMMITTEE

Chan Ka Keung, Ceajer *(Chairman)*
Fan Hsu Lai Tai, Rita*
Li Man Bun, Brian David
Chan Ching Har, Eliza#

* *retired on 28 June 2023*

\# *appointed on 29 June 2023*

Corporate Information

REGISTERED OFFICE

10/F., Three Pacific Place
1 Queen's Road East, Hong Kong

Telephone	:	(852) 2988 0666
Facsimile	:	(852) 2865 7517
Website	:	www.coli.com.hk

COMPANY SECRETARY

Edmond Chong

REGISTRAR AND TRANSFER OFFICE

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

Telephone	:	(852) 2980 1333
Facsimile	:	(852) 2810 8185
E-mail	:	is-enquiries@hk.tricorglobal.com

INVESTOR RELATIONS

Corporate Communications Department

Telephone	:	(852) 2988 0666
Facsimile	:	(852) 2865 7517
E-mail	:	coli.ir@cohl.com

PUBLIC RELATIONS

Corporate Communications Department

Telephone	:	(852) 2988 0666
Facsimile	:	(852) 2865 7517
E-mail	:	coli.pr@cohl.com

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)

Agricultural Bank of China
Bank of China
Bank of Communications Co., Ltd.
Bank of Shanghai Co., Ltd.
China Citic Bank
China Construction Bank Corporation
China Merchants Bank
DBS Bank Ltd.
Industrial and Commercial Bank of China
Industrial Bank Co., Ltd.
Mizuho Bank, Ltd.
Nanyang Commercial Bank, Limited
OCBC Bank (Hong Kong) Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

Shareholders' Information and Financial Calendar

LISTING

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and certain notes and corporate bonds issued by the Company's subsidiaries are listed on the Hong Kong Stock Exchange and/or other exchanges.

STOCK CODE

Shares

Hong Kong Stock Exchange	:	00688
Bloomberg	:	688:HK
Reuters	:	0688.HK

FINANCIAL CALENDAR

Interim results announcement	:	28 August 2023
Closure of register of members for interim dividend	:	20 September 2023
Interim dividend paid	:	5 October 2023
Final results announcement	:	28 March 2024
Closure of register of members for annual general meeting	:	18 June 2024 to 21 June 2024 (both dates inclusive)
Annual general meeting	:	21 June 2024
Closure of register of members for final dividend	:	27 June 2024
Final dividend paid	:	12 July 2024

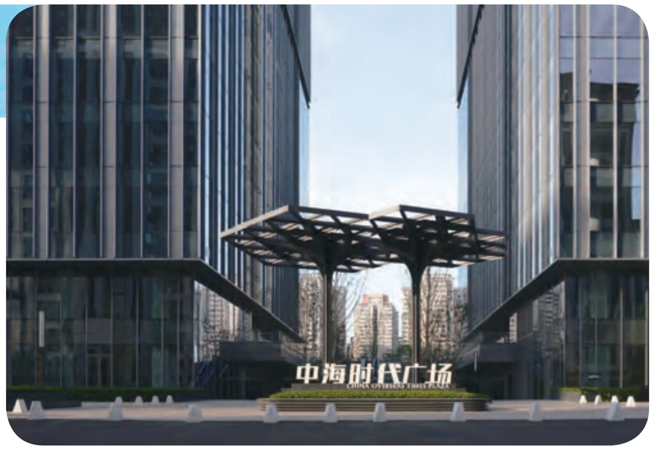
Corporate Structure

PROPERTY DEVELOPMENT*

- Chinese Mainland
- Hong Kong
- Macau

COMMERCIAL PROPERTY OPERATIONS

- Chinese Mainland
- Hong Kong
- Macau
- London



OTHER OPERATIONS

- Chinese Mainland

* *Property development in 87 major cities in the Chinese Mainland, including Beijing, Shanghai, Guangzhou, Shenzhen, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Ezhou, Foshan, Fuzhou, Guiyang, Haikou, Hangzhou, Harbin, Jiangmen, Jiaxing, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Shijiazhuang, Suzhou, Taiyuan, Taizhou (台州), Tianjin, Urumqi, Wanning, Weihai, Wenzhou, Wuhan, Wuxi, Xiamen, Xi'an, Yantai, Zhangzhou, Zhaoqing^, Zhengzhou, Zhenjiang^, Zhongshan, Zhuhai, Anqing#, Baotou#, Changzhou#, Chuzhou#, Danyang#, Ganzhou#, Guilin#, Hefei#, Hohhot#, Huai'an#, Huangshan#, Huizhou#, Jilin#, Jinhua#, Jining#, Jiujiang#, Langfang#, Lanzhou#, Linyi#, Liuzhou#, Nanning#, Nantong#, Qingyuan#, Quanzhou#, Shantou#, Shaoxing#, Taizhou (泰州)#, Tangshan#, Tianshui#, Weifang#, Weinan#, Xining#, Xuzhou#, Yancheng#, Yangzhou#, Yinchuan#, Zhanjiang#, Zhuzhou#, Zibo#, Zunyi# as well as in Hong Kong and Macau*

^ *The cities where both China Overseas Land & Investment Limited (the "Company") and its subsidiaries (collectively known as the "Group") and China Overseas Grand Oceans Group Limited ("COGO") have operations*

The cities where COGO has operations

Financial Highlights

For the year ended 31 December	2023	2022	Change
Financial Highlights ***(RMB billion)***			
Contracted property sales[1]	**309.81**	294.76	5.1%
Revenue	**202.52**	180.32	12.3%
Revenue from commercial properties	**6.36**	5.26	20.9%
Profit attributable to owners of the Company	**25.61**	23.26	10.1%
Core profit attributable to owners of the Company[2]	**23.65**	24.42	–3.2%
Financial Ratios			
Interest coverage ratio *(times)*	**3.9**	3.3	0.6[3]
Weighted average borrowing cost *(%)*	**3.55**	3.57	–0.02[4]
Net gearing *(%)*[5]	**38.7**	42.9	–4.2[4]
Return on equity *(%)*[6]	**7.0**	6.7	0.3[4]
Financial Information per Share			
Basic earnings *(RMB)*	**2.34**	2.13	10.1%
Dividends *(HK$)*	**0.80**	0.80	–
– Interim dividend *(HK$)*	**0.35**	0.40	–12.5%
– Final dividend *(HK$)*	**0.45**	0.40	12.5%
Land Reserve ***(Total GFA, million sq m)***			
Newly acquired land reserve	**7.64**	7.39	3.4%
Land Reserve at year end[7]	**54.03**	68.42	–21.0%

Notes:
1 *Representing the Group together with its associates and joint ventures (collectively the "Group Series of Companies")*

2 *Representing profit attributable to owners of the Company excluding effects such as after-tax revaluation gains from investment properties and net foreign exchange gains and losses*

3 *Change in number of times*

4 *Change in percentage points*

5 *Calculated based on the net debt divided by total equity (including non-controlling interests)*

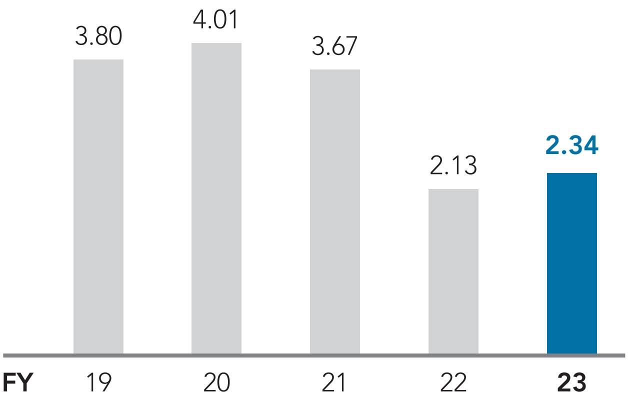
6 *Calculated based on the profit attributable to owners of the Company divided by the average of the equity attributable to owners of the Company*

7 *Representing year end figures of the Group Series of Companies*

Financial Highlights (continued)

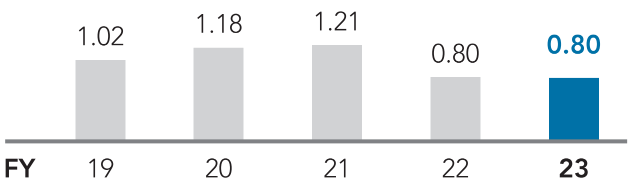
BASIC EARNINGS PER SHARE

RMB



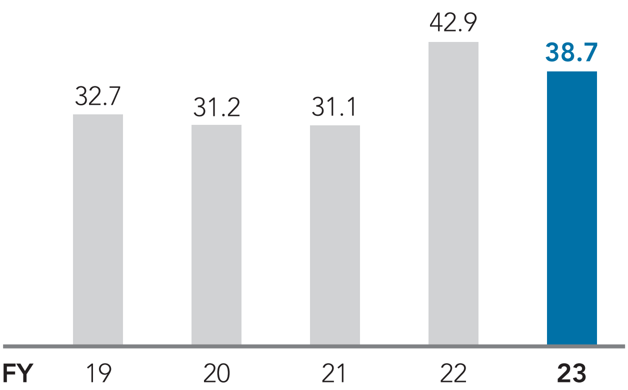
DIVIDENDS PER SHARE

HK$



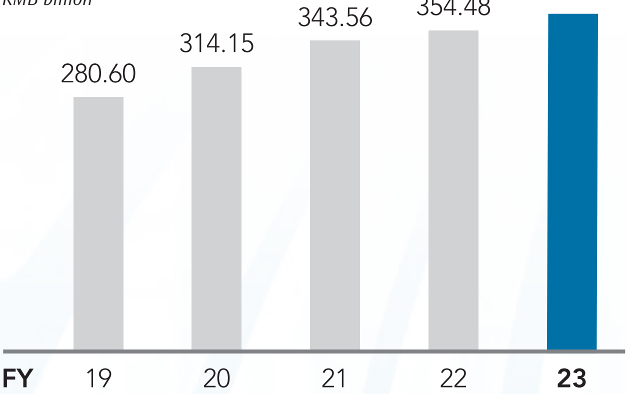
NET GEARING

%



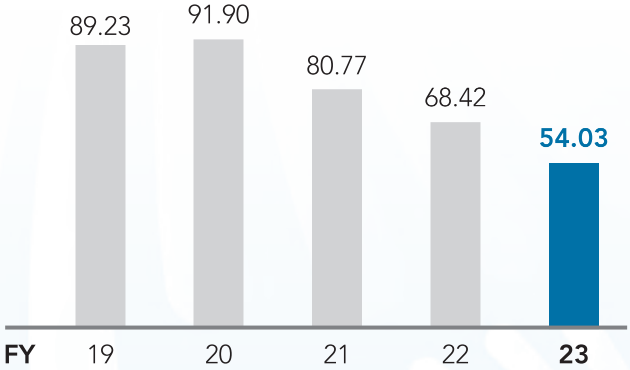
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

RMB billion



LAND RESERVE*

Total GFA, million sq m



* *Representing the Group Series of Companies*

Five-Year Financial Summary

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Revenue	163,650,953	185,789,528	242,240,783	180,321,569	**202,524,069**
Operating profit	62,344,200	65,231,389	60,309,732	34,882,261	**40,525,473**
Profit attributable to owners of the Company	41,618,313	43,903,954	40,155,361	23,264,747	**25,609,837**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Property, plant and equipment	4,019,414	5,010,803	5,524,471	7,085,545	**6,903,790**
Investment properties	114,020,656	140,879,089	166,204,097	190,226,516	**207,746,168**
Interests in associates and joint ventures	36,306,418	33,313,889	40,570,834	43,410,294	**46,302,163**
Other non-current assets	8,917,738	8,200,412	8,650,492	8,132,098	**8,000,071**
Stock of properties and other inventories	390,982,478	458,087,286	450,620,363	488,812,985	**487,640,804**
Bank balances and cash	95,447,568	110,468,910	130,956,191	110,306,115	**105,629,033**
Other current assets	74,201,515	67,696,982	67,380,250	65,280,579	**61,382,062**
Total Assets	723,895,787	823,657,371	869,906,698	913,254,132	**923,604,091**
Bank and other borrowings	(122,267,507)	(136,809,254)	(162,311,684)	(165,552,630)	**(165,297,894)**
Guaranteed notes and corporate bonds	(67,696,918)	(76,171,187)	(79,610,610)	(104,832,616)	**(92,366,242)**
Other liabilities	(244,786,737)	(282,327,610)	(270,878,050)	(269,771,061)	**(273,028,247)**
Total liabilities	(434,751,162)	(495,308,051)	(512,800,344)	(540,156,307)	**(530,692,383)**
Net Assets	289,144,625	328,349,320	357,106,354	373,097,825	**392,911,708**
Equity attributable to owners of the Company	280,603,692	314,146,531	343,560,175	354,479,708	**373,017,828**
Non-controlling interests	8,540,933	14,202,789	13,546,179	18,618,117	**19,893,880**
Total Equity	289,144,625	328,349,320	357,106,354	373,097,825	**392,911,708**
Net Debt	94,516,857	102,511,531	110,966,103	160,079,131	**152,035,103**

KEY FINANCIAL INFORMATION AND RATIOS

Financial Year	2019	2020	2021	2022	**2023**
Basic earnings per share *(RMB)*	3.80	4.01	3.67	2.13	**2.34**
Dividends per share *(HK$)*	1.02	1.18	1.21	0.80	**0.80**
Interest coverage ratio *(times)* $\frac{\text{Operating profit – Total interest income}}{\text{Interest expenses}^{1}}$	7.4	7.8	7.2	3.3	**3.9**
Weighted average borrowing cost *(%)*	4.21	3.83	3.55	3.57	**3.55**
Net gearing *(%)*	32.7	31.2	31.1	42.9	**38.7**

[1] *Before capitalisation and excluding interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders*

2023 Business Milestones

23 January

The Group implemented a major project in Shanghai's Huangpu District, the 70 Jianguo East Road historical preservation and urban renewal project, in which three century-old historic cultural buildings completed a 40-day "Moving Journey" of relocation and restoration, helping keep alive the historical lineage and preserve the city's heritage.

23 March

China Real Estate Association and Shanghai E-House China R&D Institute jointly announced the results of the 2023 Real Estate Development Enterprises Comprehensive Strength Assessment, in which the Group was ranked first in the "2023 Real Estate Development Enterprises Comprehensive Strength TOP 500" list by virtue of the Group's sustainability and high-quality development performance.

23 March

CRIC (克而瑞) released the results of its annual ordinary residential projects deliverability assessment for 2022, in which the Group's The East Coast in Xiamen and The Majestic in Shenzhen were both selected as among the "Top 10 National Delivered Ordinary Residential Projects in 2022", demonstrating the high standard and reliable quality of China Oversea's products.

The Majestic, Shenzhen

30 March

The Group's China Mansion in Beijing launched, achieving remarkable sales of RMB9.27 billion on the first day, setting a new record for first-day property sales in Beijing. On 26 August, The Gathering in Shanghai had a hot debut, with subsequent stages launched on 28 September and 26 October, making three successful launches and cumulative sales of over RMB9.0 billion.

China Mansion, Beijing

28 April

The Group's Meijiang Unipark in Tianjin entered the market, marking the first major shopping mall to open in Tianjin in 2023. The project is focused on the concept of "first-store economy" and has introduced 233 brands, of which more than 30 were new in the city, strongly boosting commercial development momentum in Tianjin.

2023 Business Milestones (continued)

6 June

The Group launched the "Walking with Love for a Better Future – 2023 China Overseas Love Charity Campaign" on the Company's anniversary, to collect in-kind donations for teachers and students of the China Overseas Wenjiahe Hope Primary School in Kangle County, Gansu Province. The campaign lasted for one month and saw the active participation of China Overseas staff from 49 cities and caring property owners from 90 China Overseas communities.

30 June

On 30 June, the Group successfully bid RMB12.53 billion for a land parcel at Shenzhen Bay Super Headquarters Base, Nanshan District, Shenzhen. On 11 September, the Group successfully bid RMB12.79 billion for the land parcel on the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou. On 24 October, the Group and a third party jointly acquired a land parcel in Longhua Street, Xuhui District, Shanghai for RMB24.02 billion.

15 July

The Group continued its contribution to rural revitalisation by supporting the whole process of building a special agricultural product, "Zhuoni Black Fungus" in Zhuoni County, Gansu Province. In 2023, the Group carried out more than 60 product promotion campaigns to boost the sales of local fungus, and also carried out a number of educational and industrial support programmes in Kangle, Kang and Zhuoni counties in Gansu Province.

15 August

The Group was independently assessed according to the FTSE4Good criteria, and satisfied the requirements to be a constituent of the "FTSE4Good Index Series" for the seventh consecutive year.


FTSE Russell

CERTIFICATE OF MEMBERSHIP

China Overseas Land & Inv (Red Chip)

FTSE4Good

25 August

Following the Group's acquisition of a 53.33% equity interest in Guangzhou Asian Games City from Agile Property Holdings Limited and Shimao Property Holdings Limited for RMB3.67 billion on 25 January 2022, the Group acquired a further 26.67% interest in the project from Country Garden Holdings Company Limited, for RMB1.29 billion. As a result, the Group wholly owns the Guangzhou Asian Games City project.

2023 Business Milestones (continued)

14 September

The Group was honoured for the 20th time with the prestigious "Leading Brand of China's Real Estate Companies" award, for its outstanding value creation and brand strength. The brand value reached RMB140 billion, continuously rank first in the industry.

20 September

The Group's Zero Carbon Building Pilot Project at the China Overseas Finance Centre in Beijing passed expert evaluation and verification. The project creates Beijing's first demonstration project for the integration of Zero Carbon Buildings for commercial offices and Photovoltaic, Energy Storage, Direct Current and Flexibility (PEDF) technology, achieving energy savings and carbon reduction through all the building's lifecycle. The project has undergone in-depth research, and incorporates advanced design concepts and well-considered technical solutions.

25 October

The Group successfully issued RMB3.19 billion of guaranteed notes, being the largest-ever dim sum bond issuance in the history of PRC property developer, as well as the Group's first issuance of CNH bonds, with a maturity of three years and a fixed coupon rate of 3.5% per annum.

3 November

The Group's wholly owned subsidiary, Shenzhen Lingchao Supply Chain Management Co., Ltd organised the inaugural New Ecology of Building Materials and Supply Chain Partner Conference in Shenzhen on the theme of "Digital Intelligence Supply Chain, New Green Ecology", aiming to establish deepen supply chain partnerships and build a mutually beneficial and interconnected ecosystem for the building materials supply chain in the PRC construction industry as it transitions into a high-quality development phase, seeking new opportunities and pathways for development amidst uncertainty.

31 December

The contracted property sales of the Group Series of Companies increased by 5.1% to RMB309.81 billion. Among these, the contracted property sales in seven cities, namely Beijing, Guangzhou, Shenzhen, Xiamen, Tianjin, Chengdu and Xi'an each exceeded RMB10 billion.

Glory Source, Tianjin

Chairman's Statement

Yan Jianguo
Chairman and Executive Director

Chairman's Statement

STEADY PROGRESS FOR LONG-TERM SUCCESS

In 2023, the property market continued its downward trend after experiencing a brief recovery, and the market was weak, with housing sales in the Chinese Mainland declining by 6.5% on the previous year and 35.9% from the industry high in 2021.

Despite the market downturn, the Group responded proactively to the various difficulties and challenges, consolidated stability through progress, and exhibited robust development resilience through the market cycle. Sales and profits grew against the market trend and continued to create value for shareholders.

During the year, the Group Series of Companies achieved contracted property sales of RMB309.81 billion, an increase of 5.1% as compared to last year. According to statistics from CRIC (克而瑞), the attributable sales of the Group Series of Companies rose to second highest in the industry.

The audited revenue of the Group for the year end 31 December 2023 was RMB202.52 billion, an increase of 12.3% as compared to last year. Profit attributable to owners of the Company was RMB25.61 billion, an increase of 10.1% as compared to last year. Profit attributable to owners of the Company after deducting after-tax revaluation gains from investment properties was RMB22.58 billion, an increase of 12.1% as compared to last year. Core profit attributable to owners of the Company was RMB23.65 billion. Equity attributable to owners of the Company was RMB373.02 billion. The Board proposed a final dividend of HK45 cents per share for the year ended 31 December 2023, making total dividends of HK80 cents per share for the year.

Even as the property market adjusted downward and uncertainty increased, the Group maintained its disciplined investment, focused on selecting quality assets in higher-tier cities and made incisive investments. The Group acquired 43 land parcels in 23 Chinese Mainland cities and Hong Kong with a total land premium of RMB134.21 billion and attributable land premium of RMB122.66 billion, an increase of 42.0% as compared to last year. The corresponding newly added saleable resources were RMB240.42 billion. Among these, the attributable land premium in the four first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen accounted for approximately 60% of the total attributable land premium of the Group, highlighting the advantageous position of its premium property portfolio. The Group attentively pursues suitable acquisition opportunities. During the year, the Group acquired the remaining equity interest in the Guangzhou Asian Games City project as well as a 17% equity interest in the Suzhou Huanxiu Lake Garden project.

The Group's revenue from commercial properties amounted to RMB6.36 billion, an increase of 20.9% as compared to last year. During the year, 12 commercial properties of the Group commenced operation, including four office buildings, five shopping malls and three long-term leased apartments, injecting new momentum into the growth of commercial property revenue. Among these properties, Zhenru Unipark MAX located in the core area of Shanghai, was officially opened in December 2023, making it the Group's flagship shopping mall. Since its opening, it has consistently topped the Dianping rankings of Shanghai shopping centres, and was named "Best New Mall" by Shanghai WOW!.

Chairman's Statement (continued)

The Group sustains its financial soundness and strong cost advantage. At 31 December 2023, the Group's liability-to-asset ratio was 57.5% and net gearing was 38.7%, while it maintains its status as a "green category" enterprise. The Group actively manages its interest-bearing debt portfolio, made an early repayment of a club loan of HK$30.00 billion which was due in January 2024, and made a total net debt repayment of RMB15.58 billion, effectively controlling overall cost of capital. The Group had bank balances and cash of RMB105.63 billion, and operating net cash inflow of RMB35.28 billion. The Group's weighted average borrowing cost was 3.55%, among the lowest in the industry. The Group's selling and distribution expenses and administrative expenses together accounted for 3.4% of revenue, a decrease of 0.2 percentage points as compared to last year, further enhancing the Group's competitive advantage in cost and expense control.

Currently, the domestic property market is still in between the industry's transitional period, which inevitably takes time and involves fluctuations and adjustments. It will also take some time to adapt to the new development trend of urbanisation and changes in supply and demand in the property market, and to build a new property development model. There are still many difficulties and challenges ahead of us. However, challenge and opportunity exist in a unity of opposites, constantly evolving. We take a positive attitude, always seeing "opportunity in a crisis", and are confident in the Group's competitive advantages under the major changes in the industry, as the positive factors at the macro, meso and micro levels are all strengthening.

The Gathering, Shanghai

Chairman's Statement (continued)

At the macro level, the fundamentals sustaining long-term economic growth remain unchanged, and recovery drivers have strengthened. China's GDP growth target of 5% in 2024 is still a world-leading growth rate. The central government's work report makes clear that a moderately stronger proactive fiscal policy and a prudential yet flexibly appropriate monetary policy should be adopted. Efforts should be made to expand domestic demand, promote stable consumption growth, and actively expand effective investment, along with a series of other overall economic and social development policy orientations, all of which will provide support for the stabilisation of the property market.

At the meso level, the factors favourable to stabilisation and regeneration in the real estate industry have strengthened. Property regulatory policies have been gradually rolled back and financial support continues to increase. A number of municipalities have introduced a series of policies to address the essential housing needs of first-home buyers and diverse demands for better housing. Efforts have been intensified to promote three major construction areas, including indemnificatory housing and urban village redevelopment, to stimulate market demand and boost market confidence.

At the micro level, the Group's competitive advantage has been substantially enhanced after the latest industry realignment. Following more than two years of industry realignment, industry concentration has further increased, and the market share of top-tier property developers with sound operations has continued to rise. Various resources continue to concentrate towards top-tier property developers. The Group has consistently adhered to the high-quality development strategy based on prudent financial management, and maintained the industry-leading credit ratings. The Group has always been the leader in terms of product strength and profitability in the residential development business, demonstrates prominent competitive advantages during market downturn. In 2023, the Group led the industry in terms of total land premium paid. In 2024, as the Group continues to lead the industry in terms of saleable resources, with the value and extent of the Group's property portfolio being of premium quality, the Group's contracted property sales are expected to achieve steady growth. In addition, in the past two years, the Group has accelerated the launch of its new commercial projects, resulting in the rapid revenue growth of commercial properties. On the basis of 20.9% revenue growth in 2023, revenue from commercial properties is expected to achieve 25% growth in 2024. The Group has more substantial resources to pursue progress while ensuring stability, consolidate stability through progress, and position itself as a leader in sustainable development in the industry, and further solidified its development. The Group is confident of achieving robust and excellent operational performance to reward the trust of its shareholders.

In 2024, the Group has been established for 45 years. It has weathered many economic cycles and fluctuations in the property market, and stood firm as an industry leader. The Group will continue to adhere to its core value of "Customer-oriented, Quality Assurance and Value Creation", and uphold its business philosophy of "Good Products, Good Services, Good Effectiveness, Good Citizen". The Group will collaborate with its peers to facilitate the smooth transition of the real estate industry to a new development model and lead the industry with quality development in the next phase.

Finally, I would like to take this opportunity to express my sincere gratitude to our domestic and overseas customers, the shareholders and the whole community for their support and trust. I would also like to express my heartfelt gratitude to my fellow directors and all employees for their dedication and determination to pursue excellence.

China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Executive Director

Management Discussion and Analysis

The Times Garden, Jinan

OVERALL PERFORMANCE

During the year, the revenue of the Group was RMB202.52 billion, an increase of 12.3% as compared to last year. The operating profit was RMB40.53 billion. The gross profit margin was 20.3% and the net profit margin attributable to shareholders was 12.6%. The ratio of selling, distribution and administrative expenses to revenue was 3.4%. Profit attributable to owners of the Company was RMB25.61 billion, an increase of 10.1% as compared to last year. Profit attributable to owners of the Company after deducting after-tax revaluation gains from investment properties was RMB22.58 billion, an increase of 12.1% as compared to last year. Core profit attributable to owners of the Company was RMB23.65 billion. Basic earnings per share was RMB2.34, an increase of 10.1% as compared to last year.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT

In 2023, the contracted property sales of the Group Series of Companies increased by 5.1% to RMB309.81 billion and the corresponding sales area was 13.36 million sq m, a decrease of 3.7% as compared to last year.

In 2023, the Group Series of Companies' contracted property sales and the corresponding sales area by region are as follows:

	Contracted property sales *(RMB billion)*	Proportion *(%)*	Sales area *('000 sq m)*	Proportion *(%)*
Southern Region	51.34	16.6	1,868	14.0
Eastern Region	42.62	13.8	1,699	12.7
Central and Western Region	38.63	12.5	2,193	16.4
Northern Region	91.12	29.4	2,842	21.3
Hong Kong, Macau and Overseas Region	1.97	0.6	9	0.1
Sub-total for the Company and its subsidiaries	**225.68**	**72.9**	**8,611**	**64.5**
Joint ventures and associates of the Company (excluding COGO)	41.31	13.3	1,214	9.1
China Overseas Grand Oceans Group Limited ("COGO")	42.82	13.8	3,532	26.4
Total	**309.81**	**100**	**13,357**	**100**

The Group adheres to cash flow management as its core policy, focus on collecting sales proceeds, including in Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chengdu and Xi'an with satisfactory sales proceeds collection, at more than RMB10.0 billion in each city.

During the year, the Group's revenue from property development was RMB192.88 billion, an increase of 11.8% as compared to last year.

During the year, the net profit contribution from associates and joint ventures amounted to RMB1.63 billion.

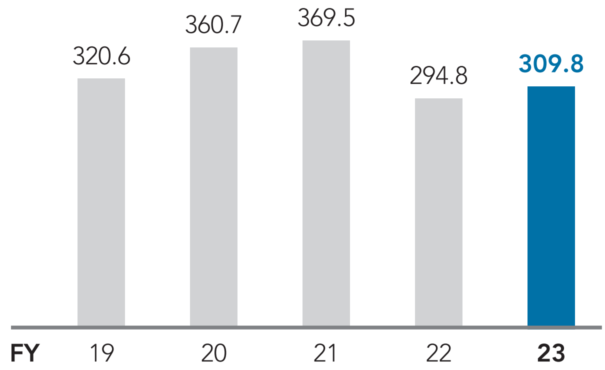
The major associate, COGO, recorded contracted property sales of RMB42.82 billion, revenue of RMB56.41 billion, and profit attributable to the shareholders of RMB2.30 billion.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

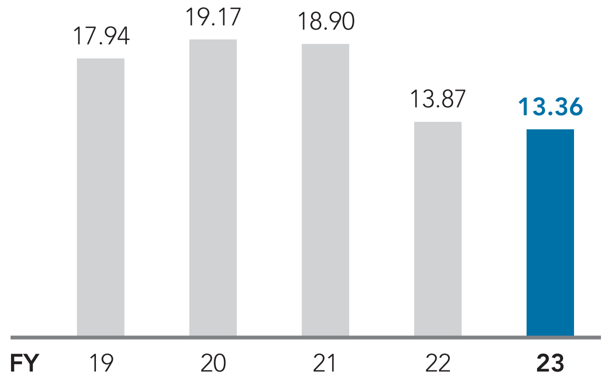
CONTRACTED PROPERTY SALES AMOUNT*

RMB billion



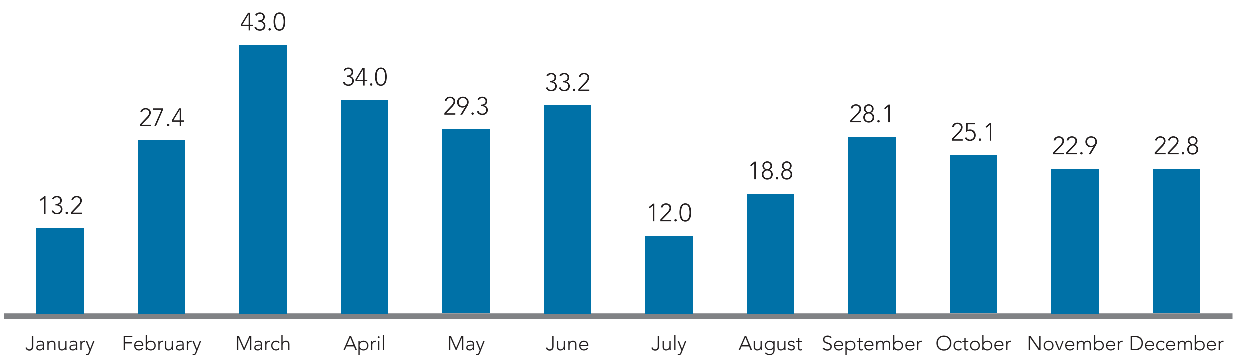
CONTRACTED PROPERTY SALES AREA*

million sq m



2023 CONTRACTED PROPERTY SALES AMOUNT BY MONTH*

RMB billion



* *Representing the Group Series of Companies*

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

During the year, the Group Series of Companies (excluding COGO) completed projects with a total GFA of 16.43 million sq m in 34 Chinese Mainland cities.

The area of projects completed by region in 2023 is as below:

City	Total GFA *('000 sq m)*
Southern Region	
Guangzhou	1,519
Shenzhen	890
Changsha	611
Zhuhai	442
Foshan	398
Dongguan	397
Xiamen	329
Nanchang	229
Wanning	198
Haikou	195
Fuzhou	128
Sub-total	**5,336**
Eastern Region	
Shanghai	1,491
Jinan	1,229
Suzhou	722
Nanjing	575
Hangzhou	555
Ningbo	169
Yantai	68
Sub-total	**4,809**
Central and Western Region	
Chengdu	800
Taiyuan	478
Kunming	269
Wuhan	239
Zhengzhou	228
Chongqing	222
Urumqi	222
Xi'an	185
Guiyang	103
Sub-total	**2,746**
Northern Region	
Tianjin	840
Shenyang	789
Beijing	620
Harbin	505
Changchun	495
Shijiazhuang	185
Dalian	103
Sub-total	**3,537**
Total	**16,428**

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

With the strategy of stable and enduring growth and implementation of high-quality development principle, the Group pursued the investment strategy of "Major cities, mainstream areas and mainstream products", selected the highest-quality assets to establish its investment presence, and concentrated its development focus on core cities, core areas and quality assets, so as to achieve stable progress. The Group continued to step up land investment in the non-public market, implement its business philosophy, proactively and extensively approach various co-operative entities, and constantly enrich and expand multiple channels, so as to expedite the development of high-quality projects.

During the year, domestic land markets were uneven, with particular differentiation between urban and regional. The Group maintained its disciplined investment and continued to increase investment in major cities. During the year, the attributable land premium paid in Hong Kong, the four first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen and 11 major second-tier cities (Changsha, Ningbo, Hangzhou, Suzhou, Nanjing, Qingdao, Tianjin, Wuhan, Zhengzhou, Chengdu and Xi'an) reached RMB112.07 billion, accounting for 91% of the total annual attributable land premium. Among these, 12 pieces of quality land parcels were acquired in first-tier cities, accounting for approximately 60% of the annual attributable land premium, which successfully expanded the scale of investment in first-tier cities and continued to refine the Group's investment presence.

The Group focused on targeted investment in high-quality assets, and acquired a number of high-quality land parcels at rock-bottom prices, including the Yamenkou project in Beijing, the Xinzhuang project in Beijing, the Jinjiangli project in Tianjin and the Aixian Street project in Dalian. The Group demonstrated its comparative advantage in comprehensive development projects with high-total-value, by actively acquiring urban mixed-use projects in higher-tier cities, including Beijing, Shanghai and Shenzhen.

The Group remained active in the non-public market and attentively pursues suitable acquisition opportunities. The Group seized the opportunity to successfully acquire the remaining equity interest in the Guangzhou Asian Games City project and also acquired a 17% equity interest in the Suzhou Huanxiu Lake Garden project.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

During the year, the Group acquired 43 land parcels in 23 Chinese Mainland cities and Hong Kong, adding a total GFA of 7.64 million sq m to the land reserve (attributable GFA of 7.06 million sq m). The total land premium was RMB134.21 billion (attributable land premium of RMB122.66 billion, an increase of 42.0% as compared to last year).

The table below shows the details of land parcels added in 2023:

City	Name of Development Project	Attributable Interest	Land Area *('000 sq m)*	Total GFA *('000 sq m)*
Nanjing	Jianye District Project 1	100%	42	130
Hangzhou	Xiaoshan District Project 1	100%	16	61
Hangzhou	Xihu District Project	100%	55	97
Qingdao	Shibei District Project	100%	57	279
Beijing	Shijingshan District Project 1	100%	26	124
Chengdu	Tianfu New Area Project 1	80%	33	99
Guangzhou	Liwan District Project	100%	14	127
Shenzhen	Longgang District Project	80%	29	128
Tianjin	Nankai District Project 1	100%	56	180
Changchun	Hi-tech Industrial Development Zone Project	100%	28	60
Shijiazhuang	Yuhua District Project	100%	54	149
Xiamen	Siming District Project	100%	24	178
Shenzhen	Nanshan District Project	100%	36	293
Shenzhen	Longhua District Project	20%	9	69
Suzhou	Gusu District Project	100%	16	42
Ningbo	Yinzhou District Project	100%	25	69
Dalian	Hi-tech Industrial Development Zone Project	100%	24	53
Nanchang	Xihu District Project	100%	19	57
Guangzhou	Haizhu District Project	100%	177	545
Hong Kong	Kai Tak Project	20%	13	138
Hangzhou	Xiaoshan District Project 2	100%	57	199
Nanjing	Jianye District Project 2	100%	44	149
Tianjin	Hexi District Project	100%	52	156
Changsha	Yuelu District Project	100%	56	163

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

The table below shows the details of land parcels added in 2023: *(continued)*

City	Name of Development Project	Attributable Interest	Land Area *('000 sq m)*	Total GFA *('000 sq m)*
Ningbo	Haishu District Project	100%	52	179
Suzhou	Hi-tech Industrial Development Zone Project 1	100%	49	166
Shanghai	Xuhui District Project	85%	135	1,011
Beijing	Fengtai District Project 1	100%	101	194
Jinan	Licheng District Project	100%	55	173
Beijing	Fengtai District Project 2	100%	58	181
Beijing	Fengtai District Project 3	95%	34	120
Xi'an	Hi-tech Industrial Development Zone Project	100%	52	176
Tianjin	Nankai District Project 2	100%	30	70
Suzhou	Industrial Park Project	40%	23	56
Shenyang	Hunnan District Project	100%	35	99
Suzhou	Hi-tech Industrial Development Zone Project 2	51%	22	58
Zhengzhou	Zhongyuan District Project 1	100%	23	78
Zhengzhou	Zhongyuan District Project 2	100%	37	142
Chengdu	Tianfu New Area Project 2	50%	62	186
Taiyuan	Wanbailin District Project	100%	33	177
Beijing	Changping District Project	80%	66	268
Wuhan	Wuchang District Project	100%	54	303
Beijing	Shijingshan District Project 2	100%	97	458
Total			**1,980**	**7,640**

At 31 December 2023, the Group Series of Companies (excluding COGO) had a total land reserve of 35.22 million sq m in GFA (attributable GFA of 30.39 million sq m).

During the year, total GFA of COGO's land reserve increased by 1.84 million sq m. At 31 December 2023, COGO's total land reserve was 18.81 million sq m in GFA (attributable GFA of 15.52 million sq m).

The total GFA of the Group Series of Companies' land reserve reached 54.03 million sq m.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

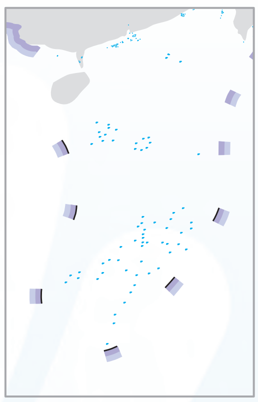
LAND RESERVE DISTRIBUTION*

Total Land Reserve Summary

	City	Total GFA ('000 sq m)
Southern Region	Guangzhou, Foshan, Zhaoqing	3,200
	Shenzhen, Dongguan	1,710
	Changsha, Nanchang	1,640
	Fuzhou, Xiamen, Zhangzhou	1,290
	Haikou, Wanning, Sanya	630
	Zhuhai, Jiangmen, Zhongshan	340
	Sub-total	**8,810**
Eastern Region	Jinan	1,710
	Shanghai, Jiaxing	1,690
	Qingdao, Yantai, Weihai	1,480
	Suzhou, Wuxi	1,240
	Ningbo, Wenzhou, Taizhou (台州)	740
	Nanjing, Zhenjiang	580
	Hangzhou	350
	Sub-total	**7,790**
Central and Western Region	Chongqing	2,870
	Taiyuan, Zhengzhou	1,930
	Wuhan, Ezhou	1,690
	Chengdu	1,330
	Xi'an, Urumqi	650
	Kunming, Guiyang	490
	Sub-total	**8,960**
Northern Region	Beijing	3,160
	Tianjin , Shijiazhuang	2,950
	Shenyang	1,100
	Changchun, Harbin	870
	Dalian	810
	Sub-total	**8,890**
Hong Kong, Macau and Overseas Region	Hong Kong	770
	Sub-total	**770**
	Total	**35,220**

** Representing the Group Series of Companies (excluding COGO)*

Sketch map of coastline



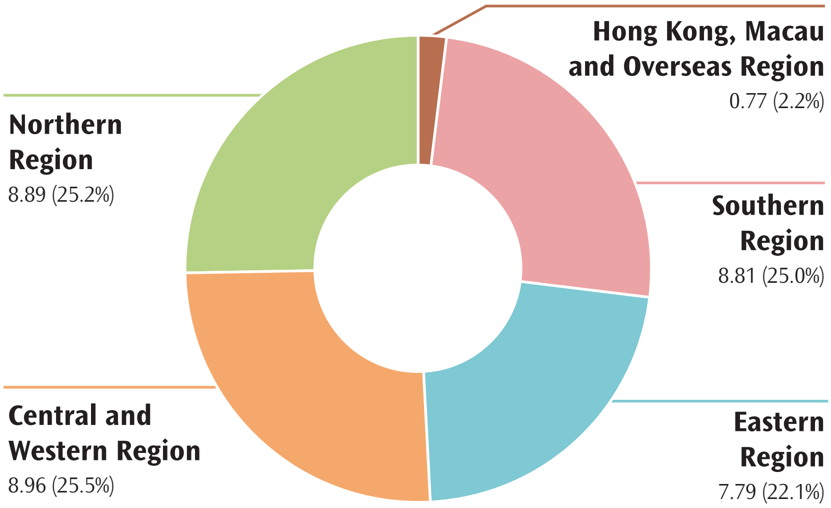
Management Discussion and Analysis (continued)

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

BREAKDOWN OF LAND RESERVE BY REGION*

Total GFA, million sq m



Southern Region:	Guangzhou, Foshan, Zhaoqing, Shenzhen, Dongguan, Changsha, Nanchang, Fuzhou, Xiamen, Zhangzhou, Haikou, Wanning, Sanya, Zhuhai, Jiangmen, Zhongshan
Eastern Region:	Jinan, Shanghai, Jiaxing, Qingdao, Yantai, Weihai, Suzhou, Wuxi, Ningbo, Wenzhou, Taizhou (台州), Nanjing, Zhenjiang, Hangzhou
Central and Western Region:	Chongqing, Taiyuan, Zhengzhou, Wuhan, Ezhou, Chengdu, Xi'an, Urumqi, Kunming, Guiyang
Northern Region:	Beijing, Tianjin, Shijiazhuang, Shenyang, Changchun, Harbin, Dalian
Hong Kong, Macau and Overseas Region:	Hong Kong

* *Representing the Group Series of Companies (excluding COGO)*

The Group is customer-centric, focusing on and gaining insights into the customer experience, and continuing to develop excellent products and maintain delivery capabilities to strengthen its recognition and reputation in the industry and among customers.

The Group continued to strengthen product innovation by meeting customers' needs and digitally empowering them, with a focus on "green and low-carbon" and "smart health". It developed differentiated product competitiveness and delivered high-quality products. During the year, the Group was honoured with more than 80 product design awards issued by domestic and overseas governments and authoritative organisations, achieving the goal of "Paying attention on the architecture, pay more attention to you", upholding the Group's industry reputation through the delivery of excellent products.

In 2023, the Group delivered a cumulative total of 94,000 units of high-quality housing units to customers, showcasing its delivery capabilities. CRIC (克而瑞) released the results of its annual ordinary residential projects deliverability assessment for 2022, in which the Group's the East Coast in Xiamen and the Majestic in Shenzhen were both selected as among the "Top 10 National Delivered Ordinary Residential Projects in 2022", demonstrating the high standard and reliable quality of China Overseas' products.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

At 31 December 2023, property development projects of the Group Series of Companies (excluding COGO) are mainly located in first-tier and second-tier cities in the Chinese Mainland that are worth noticing in terms of scale of current or future sales in their respective regions are introduced below. Details are as follows:

PROJECT INTRODUCTION

Southern Region

Land Parcel at Shenzhen Bay Super Headquarters Base (100%-owned)

Location:
Nanshan District, Shenzhen

Project site area:
36,294 sq m

Project total GFA:
292,986 sq m

Intended use:
Residential

The land parcel at Shenzhen Bay Super Headquarters Base is located in Nanshan District, Shenzhen, overlooking Hong Kong across the sea, connecting Shenzhen Bay Coastal Belt to the south, Overseas Chinese Town ("OCT") National Wetland Park to the north, the Sand River Golf Course to the west, and OCT Harbour to the east. Within a walking distance of 1.5 kilometres from the project, there are three metro stations in service, as well as the planned Hongshuwan South Station as starting station of Metro Line 29, and the Guangzhou-Shenzhen Intercity Railway Super Headquarters Station. The project is near the school zone of Shenzhen Nanshan Experimental Educational Group Shenwan Primary School and Nanshan Experimental Educational Group Baishizhou School (nine-year integrated curriculum school), two prestigious schools in the Nanshan District. The project enjoys a beautiful surrounding landscape and rich ecological resources, along with well-established commercial facilities such as the large-scale shopping malls Rail In and O'Plaza. As an urban commercial service centre, the Super Headquarters Base land parcel will be developed along with Houhai and the High-tech Industrial Development Zone into the "Shenzhen Bay CBD", and become a functional centre of a world city. Currently, the area has attracted a total of 16 Fortune 500 enterprises and technological innovation companies, including renowned enterprises such as CITIC Securities, China Merchants Bank, OPPO, and JD.com. The project is expected to start construction in February 2024, and is scheduled to be launched for sale in July 2024, and to be completed in 2026.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Southern Region *(continued)*

Land Parcel on the Northern Side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou (100%-owned)

Location:
Haizhu District, Guangzhou

Project site area:
177,193 sq m

Project total GFA:
544,739 sq m

Intended use:
Residential/Commercial

The land parcel on the northern side of Shangchong Fruit Tree Park is located in Haizhu District, Guangzhou, on the central axis of Guangzhou, and next to the western side of Guangzhou Avenue and Haizhu District Government Building. The project's surrounding facilities are well-developed, located above dual stations of Shangchong Park and Yijing Road (under construction) on Metro Line 11; adjacent to large commercial complexes such as Wanda Plaza and Hopson Mall. The project itself has commercial area of 120,000 sq m, further enriching the overall living experience. The project has an excellent natural environment, with Haizhu Lake, Haizhu National Wetland Park and Shangchong Fruit Tree park nearby, with a total ecological green space of over 11 million sq m. The project is supported by comprehensive educational facilities. It is located north of Sun Yat-sen University, enjoying a profound historical and cultural heritage. Nearby to the west is Sun Yat-sen University Textiles Market, which is the domestic renowned fabric market and the local industrial development is booming. The project started construction in November 2023, and is expected to be launched for sale in March 2024, and to be completed in 2026.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Southern Region *(continued)*

Xiangjiang Mansion, Changsha (100%-owned)

Location:
Tianxin District, Changsha

Project site area:
93,953 sq m

Project total GFA:
341,001 sq m

Intended use:
Residential/Commercial

Xiangjiang Mansion is situated in Tianxin District, Changsha. Adjacent to Nanjiao Park to the south and Xiangjiang River to the west, the project has a prime view overlooking the Xiangjiang River, facing Yuelu Mountain and Juzizhou Island. The project is located in riverside section, right in the centre of the Second Ring Road in Tianxin District. There are Hunan provincial headquarters of several financial institutions in the area, which can serve multiple prime commercial clusters. The auxiliary facilities near the project are well-developed, including the financial hub in Xiangjiang River Scenic Belt, Wuyi business district, and the high-end residences along the river. The educational and medical resources are abundant. A mature transportation network has been formed around the project area. Located along the main road connecting the east-west banks of Xiangjiang River, it is served by two trunk roads that run through the core area of the eastern part of the river, offering quick connection to the whole city. The project started construction in December 2022, and was launched for sale in February 2023. As of December 2023, the accumulated contracted property sales was RMB1.82 billion, and the project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Eastern Region

Land parcel at the Longhua Street in Xuhui District, Shanghai (85%-owned)

Location:
Xuhui District, Shanghai

Project site area:
135,175 sq m

Project total GFA:
1,010,846 sq m

Intended use:
Residential/Commercial

The land parcel at the Longhua Street in Xuhui District, situated in the core area of Xuhui West Bank, Shanghai, right between the Inner and Middle Ring Road. The project enjoys a strategic location, which is one of the five major functional areas in Xuhui District and a core and important function carrier of high quality in the central activities zone according to the Shanghai 2035 planning. The project area is planned to form a "World Class Waterfront Open Space", the "Asia's Largest Art District", and an "International Innovative and Creative Industrial Cluster". The project has well-developed facilities and is surrounded by a concentration of artificial intelligence and art and culture industries. The project enjoys convenient transportation, with rail transit covering Metro Lines 3 and 11, as well as the Airport Link Line. The project is the largest comprehensive project in Shanghai in 2023 in terms of the total investment cost and influence. The planned total GFA is over 1 million sq m, covering residential, shopping malls, office buildings, long-term leased apartments, scientific research industry and more diversified businesses. The project is expected to start construction in March 2024, to be launch for sale in the same year, and to be completed in 2028.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Eastern Region *(continued)*

Maison D'élite apartment, Hangzhou (100%-owned)

Location:
Xiaoshan District, Hangzhou

Project site area:
16,020 sq m

Project total GFA:
60,662 sq m

Intended use:
Residential

Maison D'élite apartment is situated in the Qianjiang Century City section of Xiaoshan District, Hangzhou, facing the Qianjiang New City CBD where the Municipal Government is located. Qianjiang Century City section is positioned as a central commercial and business district, as well as a sports and cultural centre, adjacent to several municipal-level infrastructures, including the Hangzhou Olympic Sports Centre and the Hangzhou International Expo Centre. The project is also close to the metro interchange station, Yingfeng Road Station, with convenient transportation. The project is surrounded by well-established facilities, including a large commercial complex, SKP and the main stadium of the Asian Games. The project started construction in April 2023, and was launched for sale in June 2023. As of December 2023, the accumulated contracted property sales was RMB2.16 billion, and the project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Eastern Region *(continued)*

Jade Lane, Ningbo (100%-owned)

Location:
Haishu District, Ningbo

Project site area:
29,652 sq m

Project total GFA:
89,745 sq m

Intended use:
Residential

Jade Lane is located in the Gaotang section, the core area of the Haishu District, Ningbo, which is a priority development area of Haishu District. The project is above two rail lines of Rail Transit Line 6 (Xinzhi Road Station) and Rail Transit Line 4 (Cuibaili Station), with strong accessibility and convenient transportation. The project is also surrounded by comprehensive auxiliary facilities, including commercial facilities such as Tianyi Square, Ningbo Drum Tower, Raffles City, and Heyi Avenue, medical facilities such as Ningbo No. 2 Hospital, and educational resources such as Haishu Central Primary School and Ningbo Haishu Chuneng School. The project started construction in September 2022, and was launched for sale in November 2022. As of December 2023, the accumulated contracted property sales was RMB1.97 billion, and the project is expected to be completed in 2024.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Eastern Region *(continued)*

Celestial Heights, Qingdao (51%-owned)

Location:
Huangdao District, Qingdao

Project site area:
53,210 sq m

Project total GFA:
222,387 sq m

Intended use:
Residential/Commercial

Celestial Heights is situated at the core area of Huangdao West Coast New District, Qingdao, with the highest population density of residents and workforce. The area enjoys matured transportation network, and is surrounded by six major highways, including West Jialingjiang Road and Changjiang Middle Road, as well as Metro Lines 1 and 13. The project also connects to the prosperous core commercial district in Huangdao, with large shopping malls and supermarkets such as Jusco, Jiajiayuan and Liqun. The project benefits from abundant and quality educational resources, covering primary schools, middle schools, high schools, and universities. The project started construction in September 2022, and was launched for sale in November 2022. As of December 2023, the accumulated contracted property sales was RMB2.47 billion, and the project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Central and Western Region

Elite Lakes, Chengdu (80%-owned)

Location:
Tianfu New Area, Chengdu

Project site area:
33,362 sq m

Project total GFA:
99,612 sq m

Intended use:
Residential

Elite Lakes is located in Tianfu New Area Chengdu, an intersection of the three high-tier sections of Luhu Park District, Central Business District and Central Legal District, enjoying the ecological resources and mature high-end lifestyle facilities of the three districts. The project has convenient transportation, with Tianfu Avenue and Zizhou Avenue Expressways offering easy commute to the new and old town districts and the CBD. The project is also accessible through Metro Lines 1, 6, 18 and more. Surrounded by comprehensive education and medical facilities, the project is one kilometre away from Sichuan Cancer Hospital (Sichuan No. 2 People's Hospital), and five kilometres away from Wanda UPMC International Hospital and Oasis Hospital. In terms of education, there are Huayang Transitional School Zone and Tianfu New District ACD School Zone available, surrounding schools include Tianfu No. 7 High School/No. 7 Primary School, Yuanyin Primary and Middle School, Luxelakes Primary School/Kindergarten, and Xiangshan High School. The project started construction in August 2023, and was launched for sale in November 2023. It is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Central and Western Region *(continued)*

Private Mansion, Xi’an (100%-owned)

Location:
Hi-tech Industrial Development Zone, Xi’an

Project site area:
67,974 sq m

Project total GFA:
266,942 sq m

Intended use:
Residential/Commercial

Private Mansion is located in the Central Innovation District (“CID”), the centre of the Silk Road Science City, Hi-tech Industrial Development Zone, Xi’an. Combining “Headquarters + Research and Technical Development + Residence” as the core functions, CID will be developed in a liveable city integrating the functions of administration, education, exhibitions, commerce, culture, high-quality residence, and international medical care. The project enjoys convenient transportation, with dual Metro Lines 6 and 15 (under construction), Xi’annan Railway Station (under planning), as well as Lihuashui Interchange and Hechizhai Interchange, offering commute to any area of the main city and airport. The project is equipped with comprehensive facilities, including commercial facilities like the “Pupil of the Future” commercial complex, a cultural landmark building in the Hi-tech Industrial Development Zone; medical facilities such as Xi’an International Medical Centre, the largest Grade 3A hospital in the north-western region; education resources such as the No. 11 Middle school and the No. 31 Primary School in the High-tech Industrial Development Zone; and natural landscapes like Daren Heritage Park. The project started construction in April 2023, and was launched for sale in May 2023. As of December 2023, the accumulated contracted property sales was RMB4.92 billion, and the project is expected to be completed in 2024.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Central and Western Region *(continued)*

Metropolis Times, Taiyuan (100%-owned)

Location:
Shanxi Transformation and Comprehensive Reform Demonstration Area, Taiyuan

Project site area:
350,364 sq m

Project total GFA:
1,082,206 sq m

Intended use:
Residential/Commercial

Metropolis Times is situated in the Tanghuai Industrial Park, the core area of the Shanxi Transformation and Comprehensive Reform Demonstration Area, Taiyuan. With excellent traffic connectivity, the project connects to multiple trunk roads like Tanghuai Road as well as a highway transportation network, providing easy commute to the entire city. The project is adjacent to the downtown area of Taiyuan, with well-developed living facilities and surrounded by gardens and prestigious schools such as Shanxi University Affiliated Primary School (Xiyouyuan campus) to meet daily needs. The project is developed in three phases. The first phase began construction in October 2020. As of December 2023, the accumulated contracted property sales was RMB5.31 billion, and the entire project is expected to be completed in 2025.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Central and Western Region *(continued)*

La•Cite, Wuhan (100%-owned)

Location:
Hanyang District, Wuhan

Project site area:
176,915 sq m

Project total GFA:
1,441,218 sq m

Intended use:
Residential/Commercial

La•Cite is located in the Inner Ring Core Area of Hanyang District, Wuhan. It falls within the planned area of the historical and cultural district where the Yangtze River and Han River intersect. It is a key functional zone in Wuhan and one of the seven key functional zones along the main axis of the Yangtze River. The project benefits from excellent transportation connectivity, close to major urban arterial road such as Hanyang Avenue and Qingchuan Avenue, and convenient access to Three Towns of Wuhan. The project is surrounded by seven primary and secondary schools. The educational facilities are amply supplied and of high quality. The project will be developed into a large community integrating large shopping mall, pedestrian streets, high-end residences, open green spaces and high-quality auxiliary facilities. The entire project development is divided into six sub-divisions. The first sub-division started construction in 2021, and was launched for sale in 2022. As of December 2023, the accumulated contracted property sales was RMB1.58 billion, and the entire project is expected to be completed in 2029.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Northern Region

Mid Town – Hui Yuan, Beijing (100%-owned)

Location:
Haidian District, Beijing

Project site area:
46,314 sq m

Project total GFA:
151,548 sq m

Intended use:
Residential

Mid Town – Hui Yuan is located in Xibeiwang Area, Haidian District, Beijing. The area is the core area of Yongfeng Industrial Park Base, located at the intersection of Beiqing Road and Zhongguancun Street, with high-end innovative industries clustered nearby. The project is at a transportation hub, linking to a comprehensive system of bus routes and providing connectivity in multiple directions with a number of expressway nearby, as well as Yongfeng Station on Metro Line 16. Situated among six major industrial parks, namely Yongfeng Industrial Park, the Software Park, the Environmental Protection Park, Zhong Guan Cun No. 1 IC PARK, Aerospace Town, and the North Campus of the Palace Museum, the project has well-developed facilities, benefiting from comprehensive industrial and commercial infrastructures, as well as abundant educational, medical and ecological landscaping resources. The project started construction in December 2022, and was launched for sale in December 2022. As of December 2023, the accumulated contracted property sales was RMB6.93 billion, and the project is expected to be completed in 2024.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Northern Region *(continued)*

One Sino Residences, Beijing (100%-owned)

Location:
Fengtai District, Beijing

Project site area:
39,419 sq m

Project total GFA:
141,271 sq m

Intended use:
Residential

One Sino Residences is located in the Fengtai District, Beijing, nestled between the South Third Ring Road and the South Fourth Ring Road. The area is situated in Beijing's southern central axis development belt, inheriting the planning of the capital commercial new zone along the southern central axis. It is planned to develop a cluster of national cultural resources, such as national museums and, National Ballet of China, with the goal of creating a cultural hub. The project enjoys convenient transportation, with direct access to several trunk roads and rail transit, adjacent to Dahongmennan Station of Metro Line 8. The project was equipped with 15 commercial facilities, including the Pano City Shopping Centre and Intime Department Store, and near green leisure areas such as Nanyuan Forest and Wetland Park and Wanfangting Park. The project started construction in November 2022, and was launched for sale in December 2022. As of December 2023, the accumulated contracted property sales was RMB6.28 billion, and the project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Northern Region *(continued)*

Chang’an Reputation, Beijing (60%-owned)

Location:
Shijingshan District, Beijing

Project site area:
30,557 sq m

Project total GFA:
106,157 sq m

Intended use:
Residential

Chang’an Reputation is situated in the Gucheng Subdistrict, Shijingshan District, Beijing. It is the last residential land plot in this subdistrict. The project is adjacent to the axis of Chang'an Avenue to the south, and Shougang Park to the west. The project enjoys convenient transportation, close to Gucheng Station of Metro Line 1 and Xinshougang Station of Metro Line 11, covering the entire city. The project is equipped with mature auxiliary facilities, including commercial facilities such as China Overseas Jin’an Unielite, Chang’an Mills of Shougang, Jingxi Joy City and Wanda Plaza, and as well as high-quality educational resources such as Beijing National Day School and Jingyuan School, as well as medical facilities such as Shijingshan Hospital and Chao-yang Hospital Jingxi Branch. The project started construction in March 2023, and was launched for sale in the same month. As of December 2023, the accumulated contracted property sales was RMB4.26 billion, and the project is expected to be completed in 2024.

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Northern Region *(continued)*

Nankai Philosopher, Tianjin (100%-owned)

Location:
Nankai District, Tianjin

Project site area:
56,325 sq m

Project total GFA:
179,665 sq m

Intended use:
Residential

Nankai Philosopher is located in the Tianjin University of Traditional Chinese Medicine section in Nankai District, Tianjin, and belongs to the core area of the Tiankai Higher Education Science and Technology Innovation Park. The project is set within the Inner Ring Road with excellent transportation. It located at the intersection of three main city axes, namely Nanjing Road, Weijin Road and Anshan Road, and served by seven metro lines. The project is also equipped with mature facilities, including large shopping malls such as Nankai Joy City, Binjiang Avenue Shopping Street, INCITY, and Luneng CC Plaza, nine Grade 3A hospitals, including Tianjin General Hospital and the First Teaching Hospital of Tianjin University of Traditional Chinese Medicine, as well as educational resources such as Nankai Central Primary School, Wu Ma Lu Primary School, and Nankai High School. The project started construction in July 2023, and was launched for sale in September 2023. As of December 2023, the accumulated contracted property sales was RMB1.38 billion, and the project is expected to be completed in 2025.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

PROJECT INTRODUCTION *(continued)*

Hong Kong and Macau and Overseas Region

The Knightsbridge, Hong Kong (18%-owned)

Location:
Kai Tak, Hong Kong

Project site area:
9,765 sq m

Project total GFA:
107,760 sq m

Intended use:
Residential/Commercial

The Knightsbridge is situated at 22 Shing Fung Road, Kai Tak, Hong Kong. The project is strategically located in the prime area of the Kai Tak runway, offering stunning panoramic views of Victoria Harbour on both sides. It benefits from the commercial advantages of being situated in Kowloon East CBD. The project consists of seven towers and one low-rise building, offering a total of 566 units with saleable area ranging from 351 sq ft to 1,942 sq ft. The project started construction in April 2020, and was launched for sale in April 2023. As of December 2023, the accumulated contracted property sales was HK$1.24 billion, and the project is expected to be completed in 2024.

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT

City	Project	Location	Group's interests (%)	Intended Use	Site Area (sq m)	Total GFA (sq m)	Progress
Shenzhen	Luxury Lounge	Longhua District	70	Residential/ Commercial	12,010	100,224	Under construction
Shenzhen	Feel Time	Guangming District	80	Residential/ Commercial	28,565	237,336	Under construction
Shenzhen	Land Parcel at Shenzhen Bay Super Headquarters Base	Nanshan District	100	Residential	36,294	292,986	Under planning
Guangzhou	Long View	Liwan District	50	Residential	63,336	315,034	Under construction
Guangzhou	Natural Art	Baiyun District	100	Residential	24,992	114,129	Under construction
Guangzhou	Asian Games City	Panyu District	100	Residential/ Commercial	2,521,021	5,850,022	Under construction
Guangzhou	Land Parcel on the Northern Side of Shangchong Fruit Tree Park, Haizhu District	Haizhu District	100	Residential/ Commercial	177,193	544,739	Under construction
Foshan	Jade Lane	Shunde District	100	Residential/ Commercial	98,085	427,626	Under construction
Zhuhai	La Cite	Xiangzhou District	80	Residential/ Commercial	192,250	689,980	Under construction
Xiamen	The Blossom Bay	Tong'an District	100	Residential/ Commercial	90,576	364,520	Under construction
Xiamen	Metropolis	Siming District	100	Residential/ Commercial	23,738	177,753	Under construction
Fuzhou	Lakeview Metropolis	Jin'an District	100	Residential/ Commercial	62,422	167,465	Under construction
Changsha	Xiangjiang Mansion	Tianxin District	100	Residential/ Commercial	93,953	341,001	Under construction
Changsha	The U World	Tianxin District	100	Residential/ Commercial	219,986	691,672	Under construction
Shanghai	Arbour-Shunchangjiuli/ Arbour-Hengchangjiuli	Hangpu District	98	Residential/ Commercial	89,259	436,706	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interests *(%)*	Intended Use	Site Area *(sq m)*	Total GFA *(sq m)*	Progress
Shanghai	The Gathering	Yangpu District	80	Residential/ Commercial	33,940	170,792	Under construction
Shanghai	Land parcel at the Longhua Street in Xuhui District	Xuhui District	85	Residential/ Commercial	135,175	1,010,846	Under planning
Nanjing	Hills Scenery	Jiangning District	100	Residential/ Commercial	63,976	202,353	Under construction
Hangzhou	Maison D'èlite apartment	Xiaoshan District	100	Residential	16,020	60,662	Under construction
Hangzhou	Yuelong Yunlan Villa	Xiaoshan District	100	Residential	55,227	116,307	Under construction
Ningbo	Midtown	Jiangbei District	100	Residential	80,142	288,820	Under construction
Ningbo	Jade Lane	Haishu District	100	Residential	29,652	89,745	Under construction
Qingdao	Celestial Heights	Huangdao District	51	Residential/ Commercial	53,210	222,387	Under construction
Jinan	Paramount Jade	Licheng District	100	Residential/ Commercial	2,516,028	7,214,680	Under construction
Jinan	Metropolis Times	Shizhong District	100	Residential/ Commercial	158,332	515,033	Under construction
Chengdu	Tianfu One	Tianfu New Area	100	Residential/ Commercial	199,596	1,762,144	Under construction
Chengdu	Elite Lakes	Tianfu New Area	80	Residential	33,362	99,612	Under construction
Guiyang	The Impressive Lake	Guanshanhu District	100	Residential/ Commercial	185,121	649,676	Under construction
Xi'an	The Era	High-tech Industrial Development Zone	100	Residential/ Commercial	51,238	203,700	Under construction
Xi'an	Private Mansion	High-tech Industrial Development Zone	100	Residential/ Commercial	67,974	266,942	Under construction
Taiyuan	The Paragon	Wanbailin District	100	Residential/ Commercial	75,509	369,850	Under construction
Taiyuan	Metropolis Times	Shanxi Transformation and Comprehensive Reform Demonstration Area	100	Residential/ Commercial	350,364	1,082,206	Under construction

Management Discussion and Analysis (continued)

PROPERTY DEVELOPMENT *(continued)*

MAJOR PROJECTS UNDER DEVELOPMENT *(continued)*

City	Project	Location	Group's interests *(%)*	Intended Use	Site Area *(sq m)*	Total GFA *(sq m)*	Progress
Wuhan	La•Cite	Hanyang District	100	Residential/ Commercial	176,915	1,441,218	Under construction
Zhengzhou	Yunzhu Landscape	Zhengdong New Area	100	Residential	79,579	226,096	Under construction
Beijing	Wise Lane	Changping District	100	Residential	59,604	198,361	Under construction
Beijing	Time Villa	Shunyi District	70	Residential	157,752	310,891	Under construction
Beijing	Mid Town – Fu Yuan	Haidian District	100	Residential	47,827	119,946	Under construction
Beijing	Mid Town – Hui Yuan	Haidian District	100	Residential	46,314	151,548	Under construction
Beijing	One Sino Residences	Fengtai District	100	Residential	39,419	141,271	Under construction
Beijing	Chang'an Reputation	Shijingshan District	60	Residential	30,557	106,157	Under construction
Changchun	Lake Mansion	Luyuan District	100	Residential/ Commercial	220,432	587,503	Under construction
Tianjin	Nankai Philosopher	Nankai District	100	Residential	56,325	179,665	Under construction
Tianjin	City Plaza	Hedong District	51	Residential/ Commercial	151,416	1,176,221	Under construction
Tianjin	International Community	Jinnan District	100	Residential/ Commercial	2,476,886	3,274,001	Under construction
Shenyang	Origin Mansion	Huanggu District	100	Residential	98,405	277,323	Under construction
Shenyang	The Rarity	Hunnan District	100	Residential	96,411	234,686	Under construction
Dalian	Harbour City	Zhongshan District	80	Residential/ Commercial	229,050	1,558,144	Under construction
Hong Kong	The Knightsbridge	Kai Tak District	18	Residential/ Commercial	9,765	107,760	Under construction
Hong Kong	New Kowloon Inland Lot No. 6554	Kai Tak District	30	Residential	18,353	157,976	Under construction
Hong Kong	New Kowloon Inland Lot No. 6590	Kai Tak District	20	Residential	13,499	138,278	Under construction

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS

The Group is steadfastly dedicated to the development of commercial properties and the establishment of an integrated urban operation and service platform with office buildings and shopping malls as its core, and long-term leased apartments, hotels, logistics and industrial parks, senior living and elderly care, and more as other elements. The Group consistently adheres to international asset management standards to create value for the cities.

During the year, revenue from the Group's commercial properties amounted to RMB6.36 billion, an increase of 20.9% as compared to last year, of which revenue from office buildings amounted to RMB3.43 billion; revenue from shopping malls amounted to RMB1.68 billion; revenue from long-term leased apartments amounted to RMB190 million and revenue from hotels and other commercial properties amounted to RMB1.06 billion.

During the year, 12 commercial properties of the Group commenced operation, with an additional GFA of approximately 1.05 million sq m, details are listed below:

Name of property	Type	City	Total GFA ('000 sq m)
China Overseas Center Block A	Office Building	Shanghai	145
China Overseas International Center	Office Building	Kunming	113
China Overseas Plaza	Office Building	Shenyang	84
China Overseas Center Block F	Office Building	Shanghai	29
Heping Unipark	Shopping Mall	Shenyang	190
Zhenru Unipark MAX	Shopping Mall	Shanghai	184
Meijiang Unipark	Shopping Mall	Tianjin	155
Zhenru Sam's Club	Shopping Mall	Shanghai	56
Jianghan Unielite	Shopping Mall	Wuhan	6
Unilive International Serviced Residence	Long-term Leased Apartment	Shanghai	39
Unilive Apartment (Heping International)	Long-term Leased Apartment	Shenyang	39
Unilive Apartment (Songjiang Phase 3)	Long-term Leased Apartment	Shanghai	11
Total			**1,051**

The Group successfully promoted its asset-light management business and signed a total of six new contracts to manage external commercial properties, comprising office buildings, shopping malls and long-term leased apartments during the year. The cumulative total area of external commercial properties under asset-light management at 31 December 2023 was 1.50 million sq m. Among them, Guangzhou Nansha Unipark, a Group's asset-light management project, had a grand opening during the year. It became a new flagship benchmark in the commercial sector of the Greater Bay Area, with a more than 95% occupancy rate. The smooth launch of new projects and steady development of the asset-light management business combined to boost commercial property revenue.

The Group's commercial property business solidified its leading position in the industry. During the year, the Group's commercial properties and its professional asset management capabilities were recognised with several industry awards, including "Annual Influential Enterprise of Commercial Real Estate 2023", "The Performance of Commercial Real Estate Management Capability 2023" and "The Performance of Commercial Real Estate Innovation Capability 2023".

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

At 31 December 2023, the total GFA of commercial properties held by the Group Series of Companies (excluding COGO) had reached 10.14 million sq m. Of this, the total GFA of commercial property in operation and commercial properties under development or to be developed were 7.31 million sq m and 2.83 million sq m respectively, composing of the followings:

Type	Commercial properties in operation		Commercial properties under development/to be developed		Total	
	Number	Total GFA *('000 sq m)*	Number	Total GFA *('000 sq m)*	Number	Total GFA *('000 sq m)*
Office Building	56	3,720	13	1,520	69	5,250
Shopping Mall	26	2,610	9	810	35	3,420
Long-term Leased Apartment	18	370	11	360	29	730
Hotel	14	610	5	140	19	740
Total	**114**	**7,310**	**38**	**2,830**	**152**	**10,140**

Office Buildings

The Group's office buildings business operated steadily, and continued to lead the industry by various core indicators. During the year, revenue from office buildings amounted to RMB3.43 billion. During the year, the cumulative area of new lease agreements for office buildings was 930,000 sq m, representing a 11% year-on-year increase. The lease renewal rate reached 64%, and the year-end office occupancy rate was 80.2%. Among these properties, the occupancy rate of mature projects that have been on the market for more than three years stabilised at a high level of 90.2%. Tenants with lease terms of more than two years accounted for 83.3% of the total leased area, supporting the Group's stable and sustainable operation. At 31 December 2023, cornerstone tenants accounted for 56.1% of the total leased area, and 47 Fortune 500 enterprises were newly brought in as tenants. The Group continued to accumulate high-quality tenants further enhancing its competitive edge in the office buildings sector.

The Group has four new office buildings on schedule to enter the market, among which Shanghai China Overseas Center, the largest urban complex in Putuo District in Shanghai, is leveraging the advantages of Transit-Oriented Development (TOD) to create a science and innovation services hub in Shanghai, serving the Yangtze River Delta region.

The Group's office building business continued to lead in brand value. For 43 consecutive months, the Group was ranked first in China's commercial office operators' development index, was listed as the top benchmark enterprise in China's office operation in 2023, and achieved a Top 3 ranking in China's benchmark co-working space operators.

At 31 December 2023, the Group Series of Companies (excluding COGO) operated 56 office buildings with a total GFA of 3.72 million sq m, all located in first- and second-tier cities.

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

Shopping Malls

Amidst market transformation, the Group's shopping mall business maintained robust performance growth, leveraging the Group's expertise in refined operations and management. The year-end occupancy rate reached 96.3%, with mature projects that have been on the market for more than three years experiencing a 2.8 percentage point increase in occupancy rate, reaching 98.4%. Improvements in operational management and the opening of new projects have contributed to the rapid rise in customer flow and sales. During the year, overall customer flow and sales at shopping malls rose significantly by 56.8% and 65.5% respectively. Same-store performance was also impressive, as those measures rose by 23.6% and 22.3% respectively. This drove revenue of shopping malls to grow by 40.2% to RMB1.68 billion.

During the year, the Group successfully opened five shopping malls, including Heping Unipark in Shenyang, Zhenru Unipark MAX in Shanghai, Meijiang Unipark in Tianjin, Zhenru Sam's Club in Shanghai and Jianghan Unielite in Wuhan, representing an increase of 0.59 million sq m of total GFA, comprehensively enhancing the Group's product offerings, operational capabilities and reputation.

The Group's shopping mall business accelerated its expansion. During the year, the Group successfully acquired a land parcel in West Bund area of Xuhui District, Shanghai, further highlighting the Group's presence in the core city cluster layouts on the West Bund as a super-complex. Furthermore, the Group obtained three large-scale shopping mall projects for its asset-light business, and working with partners to establish them as benchmarks for their urban areas. The Group's competence in its asset management was once again recognised by its partners.

At 31 December 2023, the area of shopping malls (including asset-light projects) managed by the Group Series of Companies (excluding COGO) increased by 37.5% to 3.17 million sq m.

Zhenru Unipark MAX, Shanghai

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

Long-term Leased Apartments

Through the Group's expertise in quality space design and in standardised professional management services, long-term leased apartment business continue to provide a desirable living environment as well as a strongly cohesive community, realising a truly borderless lifestyle and constructing high-quality residential spaces with comprehensive facilities and services. During the year, three long-term leased apartments in Shanghai and Shenyang were successively launched onto the market.

At 31 December 2023, the total GFA of long-term leased apartments of the Group Series of Companies (excluding COGO) was 0.73 million sq m, located across 12 cities nationwide, with 18 projects in operation. The occupancy rates of projects that have been operated for more than one year was 94.5%.

Hotels

The Group's hotel business has always adhered to the idea of "Enjoy a relaxing space and wonderful experience" and committed to providing high-quality sojourns. During the year, revenue from hotel and other commercial properties rose by a significant 103.8% to RMB1.06 billion.

During the year, three of the Group's hotels won the China Hotel Awards (CHA) presented by the China Hotel Association: Renaissance Hotel in Zhuhai won "Best Design Hotel of the Year", China Overseas Pullman Hotel in Zhuhai won "Best Commercial Hotel of the Year", and Ascott Qinghuang Chengdu won "Best Serviced Apartments of the Year", strongly reflecting industry and market recognition of the quality services and extraordinary experiences offered by the Group's hotels.

At 31 December 2023, the Group Series of Companies (excluding COGO) operated 14 hotels.

Logistics Properties and Industrial Parks

The Group will continue to focus on the new economy, with emphasis on the logistics property and industrial parks sectors. Through the construction of high-quality industrial parks and services, the Group will help build an industrial ecosystem as well as incubate and nurture industrial activities.

During the year, the Group's "Haihui Innovation Valley" service platform at China Overseas Industrial Park in Tianjin, was named a municipal-level high-tech business incubator by the Tianjin Science and Technology Bureau, as it helps cultivate emerging industries and scientific and technological innovation, further enhancing the park's operational capacity with its emphasis on diverse fields including biopharmaceuticals and new energy. Meanwhile, the Group initiated renovation of a high-standard logistics warehouse with an area of 59,000 sq m in the core area of Tianjin, which will further upgrade the quality of the park.

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES

	Name of property and location	Type	Group's interests *(%)*	City	Year of expiry of lease term	Total GFA *(sq m)*
(a)	China Overseas Plaza Mid-Town Bai Shi Road, Xiangzhou District, Zhuhai	Office Building and Shopping Mall	100	Zhuhai	2060 2050	204,201
(b)	China Overseas International Center Unipark Qianhe North Road, Xiangzhou District, Zhuhai	Office Building and Shopping Mall	90	Zhuhai	2058 2048	293,234
(c)	China Overseas Building Unipark No. 111 Zhongyi Two Road, Tianxin District, Changsha	Office Building and Shopping Mall	100	Changsha	2046	203,758
(d)	China Overseas Building No. 76 Yanji Road, Shibei District, Qingdao	Office Building	100	Qingdao	2047	61,319
(e)	China Overseas Plaza Jiu Qu Zhuang Road, Shizhong District, Jinan	Office Building	100	Jinan	2049	103,588
(f)	China Fortune Tower No. 1568–1588, Century Avenue, Pudong New District, Shanghai	Office Building	51	Shanghai	2054	95,622
(g)	China Overseas International Center Unielite Intersection of East Jianguo Road and Huangpi South Road, Huangpu District, Shanghai	Office Building and Shopping Mall	100	Shanghai	2056 2046	149,907
(h)	China Overseas Center Block A No. 2, Lane 699, Tongchuan Road, Putuo District, Shanghai	Office Building	70	Shanghai	2060	145,131
(i)	China Overseas Center Block F No. 1256 Caoyang Road, Putuo District, Shanghai	Office Building	70	Shanghai	2070	28,727
(j)	China Overseas Fortune Center No. 9 Suzhou Avenue West, Suzhou Industrial Park, Suzhou	Office Building	100	Suzhou	2050	171,671
(k)	China Overseas Plaza Tower A Meijiatang, Rehenan Road, Gulou District, Nanjing	Office Building	100	Nanjing	2057	97,867

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interests *(%)*	City	Year of expiry of lease term	Total GFA *(sq m)*
(l)	China Overseas Plaza Tower B Meijiatang, Rehenan Road, Gulou District, Nanjing	Office Building	100	Nanjing	2057	58,213
(m)	China Overseas International Center Phase One to Three No. 199 Jincheng Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2047	360,828
(n)	China Overseas International Center Blocks F & G Jiaozi Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2051	140,381
(o)	Block J, West Lot of China Overseas International Center Jiaozi Road, Gaoxin District, Chengdu	Office Building	100	Chengdu	2052	87,110
(p)	China Overseas Building No. 257 Zhiyin Avenue, Hanyang District, Wuhan	Office Building	100	Wuhan	2053	61,279
(q)	China Overseas International Center The south junction of Yingze Bridge West and Jinci Road, Wanbailin District, Taiyuan	Office Building	100	Taiyuan	2053	269,885
(r)	China Overseas International Center Wujiaba Area, Guandu District, Kunming	Office Building	100	Kunming	2058	112,629
(s)	China Overseas Plaza Jianguomenwai Avenue, Chaoyang District, Beijing	Office Building	100	Beijing	2053	145,332
(t)	China Overseas Property Plaza West Bin He Road, Yong Ding Men, Dongcheng District, Beijing	Office Building	100	Beijing	2043	87,699
(u)	China Overseas International Center of Aonan Community Unielite No. 4 Parcel at Intersection of Anding Road and Beitucheng East Road, Beijing	Office Building and Shopping Mall	100	Beijing	2060 2050	127,824
(v)	China Overseas Building Lao Gu Cheng Village JB Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2053	50,162

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interests *(%)*	City	Year of expiry of lease term	Total GFA *(sq m)*
(w)	China Overseas Property Building No. 96 Taipingqiao Avenue, Xicheng District, Beijing	Office Building	100	Beijing	2051	24,668
(x)	Beijing (H Parcel) Lao Gu Cheng Village H Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2054	28,946
(y)	China Overseas Building Blocks C & D Lao Gu Cheng Village JA Parcel, Shijingshan District, Beijing	Office Building	100	Beijing	2055	69,770
(z)	Jin'an China Overseas Fortune Center Tower A, B & C Jin'an Unielite Area B and C of Renovation of North Xin 'an Shanty Town, Shijingshan District, Beijing	Office Building and Shopping Mall	100	Beijing	2067	232,435
(aa)	Blocks A & B, China Overseas International Center No. 905A, Nandi West Road, Heping District, Shengyang	Office Building	100	Shengyang	2050	114,590
(ab)	China Overseas Plaza No.372 Nanjing South Street, Heping District, Shenyang	Office Building	100	Shengyang	2054	83,851
(ac)	China Overseas Building Intersection of Dongting Road and Heiniucheng Road, Hexi District, Tianjin	Office Building	100	Tianjin	2055	95,477
(ad)	China Overseas Plaza No. 57 Wujiayao Street, Hexi District, Tianjin	Office Building	100	Tianjin	2053	95,300
(ae)	China Overseas Wealth Center Dongting Road, Hexi District, Tianjin	Office Building	100	Tianjin	2055	74,608
(af)	One Finsbury Circus One Finsbury Circus, London, U.K.	Office Building	100	London	Freehold	19,260
(ag)	61 Aldwych 61 Aldwych, London, U.K.	Office Building	100	London	Freehold	16,482
(ah)	Carmelite House 50 Victoria Embankment, Carmelite House, London, U.K.	Office Building	100	London	Freehold	12,447

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interests *(%)*	City	Year of expiry of lease term	Total GFA *(sq m)*
(ai)	One South Place (The Helicon) 1 South Place, London, U.K.	Office Building	100	London	Freehold	21,150
(aj)	Qiandeng Lake Unipark No. 18 Guilanzhong Road, Nanhai District, Foshan	Shopping Mall	100	Foshan	2052	130,895
(ak)	Yingyue Lake Unipark No. 6 South of Shilong Road, Nanhai District, Foshan	Shopping Mall	100	Foshan	2048	126,637
(al)	Guangzhou Asian Games City Plaza Phase 1 No. 43, Kangti Road, Yanyuncheng Community, Shilou Town, Panyu District, Guangzhou	Shopping Mall	100	Guangzhou	2050	48,702
(am)	Huashanxi Unipark No. 1688 Jiangjun Road, Licheng District, Jinan	Shopping Mall	100	Jinan	2056	210,923
(an)	Unielite No. 168 Zhuhui Road, Gusu District, Suzhou	Shopping Mall	100	Suzhou	2045	35,095
(ao)	Unipark No. 39 Qingliangmen Street, Gulou District, Nanjing	Shopping Mall	100	Nanjing	2048	131,875
(ap)	Tianfu Unifun Xianghe Fourth Street, Tianfu New District, Chengdu	Shopping Mall	100	Chengdu	2055	70,749
(aq)	Yinghai Unifun Southwest of the intersection of Jingfu Road and Yingan Street, Daxing District, Beijing	Shopping Mall	100	Beijing	2059	93,585
(ar)	Heping Unipark No. 368 Nanjing South Street, Heping District, Shenyang	Shopping Mall	100	Shenyang	2054	190,491
(as)	Meijiang Unipark Intersection of Jiefang South Road and Lushui Road, Hexi District, Tianjin	Shopping Mall	100	Tianjin	2060	154,520
(at)	Zhenru Sam's Club No. 1298 Caoyang Road, Putuo District, Shanghai	Shopping Mall	70	Shanghai	2061	56,154

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interests *(%)*	City	Year of expiry of lease term	Total GFA *(sq m)*
(au)	Zhenru Unipark MAX Tongchuan Road, Putuo District, Shanghai	Shopping Mall	70	Shanghai	2060	184,205
(av)	China Overseas COLI Hotel No. 168 Dayun Road, Longgang District, Shenzhen	Hotel	100	Shenzhen	2057	85,659
(aw)	Sheraton Hotel Shenzhou Peninsula Tourism Resort, Dongao Town, Wanning	Hotel	80	Wanning	2057	56,192
(ax)	Fupeng Hotel Shenzhou Peninsula Tourism Resort, Dongao Town, Wanning	Hotel	80	Wanning	2057	46,345
(ay)	Grand Hyatt Shenzhou Peninsula Shenzhou Peninsula Tourism Resort, Binhai Avenue, Dongao Town, Wanning	Hotel	80	Wanning	2059	79,350
(az)	China Overseas Pullman Hotel No. 2029 Jiuzhou Avenue West, Xiangzhou District, Zhuhai	Hotel	100	Zhuhai	2060	23,423
(ba)	Renaissance Hotel Qianhe North Road, Xiangzhou District, Zhuhai	Hotel	90	Zhuhai	2058	82,156
(bb)	The COLI Hotel Building 56, Zhonghai Uniworld, No.1, Gaoxin Avenue, Minhou Country, Fuzhou	Hotel	100	Fuzhou	2055	60,299
(bc)	The COLI Hotel No. 1710 Jiangjun Road, Licheng District, Jinan	Hotel	100	Jinan	2056	37,258
(bd)	Kimpton Bamboo Grove No. 168 Zhuhui Road, Gusu District, Suzhou	Hotel	100	Suzhou	2045	25,177
(be)	Ascott Qinghuang Chengdu Qinhuangsi Business District, Tianfu New District, Chengdu	Hotel	100	Chengdu	2058	44,528
(bf)	Guotai Hotel No. 12 Yonganxili, Jianguomen Outer Street, Chaoyang District, Beijing	Hotel	100	Beijing	2053	11,286
(bg)	Ascott Macau R. Cidade de Braga, Nape, Macau	Hotel	100	Macau	2049	15,886

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMPLETED COMMERCIAL PROPERTIES *(continued)*

	Name of property and location	Type	Group's interests (%)	City	Year of expiry of lease term	Total GFA (sq m)
(bh)	Unilive Apartment (Huashan International) No. 1710 Jiangjun Road, Licheng District, Jinan	Long-term Leased Apartment	100	Jinan	2056	12,119
(bi)	Unilive Apartment (Shanghai Xiaokunshan Store) No. 150–154, Lane 368, Wennan Road, Songjiang District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	9,808
(bj)	Unilive Apartment (Shanghai Lin-Gang Free Trade Zone Store) 1088 Lane, Lanbo Road, Fengcheng Town, Fengxian District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	17,151
(bk)	Unilive Apartment (Hongqiao International) No. 1247 Xiehe Road, Changning District, Shanghai	Long-term Leased Apartment	100	Shanghai	2089	6,214
(bl)	Unilive International Serviced-residence No. 3–5, Lane 99, Jingning Road, Putuo District, Shanghai	Long-term Leased Apartment	70	Shanghai	2070	39,246
(bm)	Unilive Apartment (Songjiang phase 2) No. 143–144, Lane 299, Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	5,109
(bn)	Unilive Apartment (Songjiang phase 3) No. 267–269, Lane 399, Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai	Long-term Leased Apartment	100	Shanghai	2087	11,220
(bo)	Unilive Apartment (Shenyang Heping International) No. 368A, Nanjing South Street, Heping District, Shenyang	Long-term Leased Apartment	100	Shenyang	2084	39,053
(bp)	Unilive Apartment (Hangzhou Binjiang Store) No. 387 Binkang Road, Binjiang District, Hanzhou	Long-term Leased Apartment	100	Hangzhou	2088	8,348
(bq)	Unilive Apartment (Tianfu International) Qinhuangsi Business District, Tianfu New District, Chengdu	Long-term Leased Apartment	100	Chengdu	2058	46,605
(br)	Unilive Apartment (Beijing Fangshan Store) About 90 meters away from the northeast of Xicheng International, Changhong West Road, Fangsgan District, Beijing	Long-term Leased Apartment	100	Beijing	2057	33,891

Management Discussion and Analysis (continued)

COMMERCIAL PROPERTY OPERATIONS *(continued)*

MAJOR COMMERCIAL PROPERTIES UNDER CONSTRUCTION

	Name of property and location	Type	Group's interests *(%)*	City	Estimated year of completion	Year of expiry of lease term	Total GFA *(sq m)*
(a)	Qinhuangsi No. 1 Site Project Xinglong Street, Tianfu New District, Chengdu	Office Building, Shopping Mall and Hotel	100	Chengdu	2027	2058	555,500
(b)	City Square East Haihe Road, Hedong District, Tianjin	Office Building	51	Tianjin	2026	2066	238,654
(c)	Beijing CITIC City Block B Plot B, Daji Community, Southeast corner of Caishikou, Xicheng District, Beijing	Shopping Mall	100	Beijing	2024	2044	88,160
(d)	Tianjin Economic Development Area Logistics Park Tianjin Binhai New Area Economic Development Area fourth Street and Bohai Road intersection	Office Building	100	Tianjin	2024	2057	61,224
(e)	Shanghai Xuhui Project Longhua Street, Xuhui District, Shanghai	Office Building, Shopping Mall and Long-term Leased Apartment	85	Shanghai	2028	2074 2064 2094	536,306
(f)	Shenzhen Bay Super headquarters Southwest of the intersection of Baishi Road and Shenwan Road, Shahe Street, Nanshan District, Shenzhen	Shopping Mall and Long-term Leased Apartment	100	Shenzhen	2027	2093	83,200

OTHER OPERATIONS

MATERIAL PROCUREMENT AND SUPPLY CHAIN MANAGEMENT SERVICES

Based on the Group's more than 40 years of profound experience in the supply chain management of building materials, Shenzhen Lingchao Supply Chain Management Co., Ltd ("Lingchao Supply Chain") has spared no effort in continuous innovation in building materials supply chain management. Through a self-operated model, it has built the largest, top-tier B2B public online trading platform for manufacturers in the building materials industry and established an open and transparent, high-quality and affordable building materials supply chain trading ecosystem that is credit-healthy, convenient and highly efficient.

During the year, Lingchao Supply Chain was named to the "Influence Indexes: Outstanding Real Estate Companies in 2023 (Supply Chain)" by Guandian Index Academy and "Model Enterprise of Chinese Modernisation Practice Development" by the Economic Observer. During the year, the external revenue of Lingchao Supply Chain was RMB2.59 billion, an increase of 33.9% as compared to last year, representing favourable business growth.

PLANNING AND CONSTRUCTION DESIGN

Hua Yi, a subsidiary of the Group, has established a strong reputation in the industry for its excellent project design services. During the year, Hua Yi undertook more than 600 design projects. Among them, "Shenzhen Indemnificatory Rental Housing Project" designed by Hua Yi won Best International Residential Project at the 2023 US Gold Nugget Awards. China Overseas Building in Shenzhen and CSC Fortune International Center in Suzhou Industrial Park, designed by Hua Yi, were respectively awarded the "2023 CTBUH (Council on Tall Buildings and Urban Habitat) Innovation Award" and the "2023 CTBUH Future Project Award" by CTBUH Global Awards.

During the year, the 396-metre super high-rise project of Chengdu Tianfu Headquarters Base designed by Hua Yi was the second tallest building under construction and design in Chengdu. In addition, the Shenzhen Longhua Zhangkengjing Plot Project, for which Hua Yi and China State Construction International Holdings Limited were jointly as the project's engineering, procurement, construction (EPC) contractors, is the first concrete modular high-rise building of nearly 100 metres' height in China. With their expertise in professional design and prefabricated construction technology, ahead of project delivery, the project has become the fastest construction of high-rise concrete modular indemnificatory housing project in China, and is pioneering the practice of modular construction in the field of high-rise concrete residential buildings.

During the year, Hua Yi was recognised as an "Outstanding Member of Shenzhen Construction Industrialisation Association", "Model Enterprise of Shenzhen New Construction Industry for 20 Years" and continued to be honoured as an "Advanced Enterprise in Science and Technology Innovation of Civil Engineering Construction in Guangdong Province".

SENIOR LIVING AND ELDERLY CARE BUSINESS

The Group focuses on the senior living and elderly care communities and associated operations, innovating a new Chinese-style senior living, building a China Overseas Jinnian 101 elderly care service system, to provide a premium service centred on senior living and elderly care institutions and extending its services to neighbouring communities and homes.

The Group continued to enhance its operational capabilities and actively promoted asset expansion. In October 2023, the Group successfully acquired 38,000 sq m of a land parcel for senior living facilities in Guogongzhuang in Fengtai District, Beijing, marking the strategic entry of China Overseas Jinan into the Beijing market. Currently, the Group has planned and constructed a number of senior care projects in Jinan, Tianjin, Qingdao, Wuxi and Beijing. In terms of asset-light management services, the Group continued to expand the senior living and elderly care complex project at Hejia Building in Wuxi and the Guoshou Jiayuan, senior care community project in Xiamen, and ported its pre-planning consultancy and design consultancy services to its partners.

Management Discussion and Analysis (continued)

GROUP FINANCE

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

The Group adheres to the principle of prudent financial fund management, focuses on cash flow management, and insists on “centralised management; unified arrangement” of funds to gradually enhance value creation and management contribution. In accordance with the operational and development needs of the Group, as well as trends and changes in onshore and offshore capital markets, the Group effectively managed the scale of its interest-bearing debt and continued to optimise its debt structure, maintaining its leading position in the industry by various financial and regulatory indicators.

The overall financial position of the Group was satisfactory. The net debt-to-equity ratio and other relevant indicators are within the “three red lines” metrics, and the Group is classified as a “green category” enterprise. At 31 December 2023, the net current assets was RMB368.95 billion, the current ratio was 2.3 times, net gearing was 38.7%; and the bank balances and cash was RMB105.63 billion. During the year, the Group’s weighted average borrowing cost was 3.55%, among the lowest in the industry. International credit rating agencies have given the Group industry-leading credit ratings.

The Group’s interest coverage ratio was 3.9 times and was calculated as follows:

	2023 **(RMB billion)**	2022 *(RMB billion)*
Operating profits	**40.53**	34.88
Deducting: Total interest income	**2.46**	2.32
	38.07	32.56
Interest expenses*	**9.79**	9.79
Interest coverage ratio *(times)*	**3.9**	3.3

* *Before capitalisation and excluding interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders.*

FINANCING AND TREASURY MANAGEMENT

The Group continued to leverage the advantages of its dual onshore and offshore financing platforms, actively responded to the impact of fluctuations in interest rates and foreign exchange rates on the international capital markets, flexibly utilised a variety of tools, and optimally applied financing arrangements. In 2023, the Group raised onshore and offshore funds amounting to RMB82.91 billion, RMB98.49 billion of debt was repaid early or on schedule, with a total net debt repayment of RMB15.58 billion. The Group lowered its interest-bearing debt and effectively controlled its cost of capital throughout the year. This included the withdrawal of a total of RMB25.14 billion of offshore loans, issuance of RMB3.19 billion of dim sum bonds, the largest among PRC property developers during the year, while making early repayment of a club loan of HK$30.00 billion, which was due in January 2024. The Group obtained various low-interest onshore loans totalling RMB48.58 billion, comprising development loans, acquisition loans, operating loans, and more. It also successfully issued two tranches of low-interest corporate bonds totalling RMB6.00 billion.

Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

FINANCIAL RESOURCES AND DEBT STRUCTURE

During the year, the Group's sales proceeds collection was RMB217.19 billion and other operating cash collection was RMB14.50 billion. Total operating cash collection amounted to RMB231.69 billion, an increase of 14.8% as compared to last year. Total capital expenditure payments for the Group were RMB164.09 billion (of which RMB102.34 billion was for land costs and RMB61.75 billion was for construction expenditure), and operating net cash inflow was RMB35.28 billion. At 31 December 2023, the Group had unpaid land premiums of RMB45.80 billion, while bank and other borrowings, and guaranteed notes and corporate bonds due to mature in the first half of 2024, amounted to RMB17.25 billion.

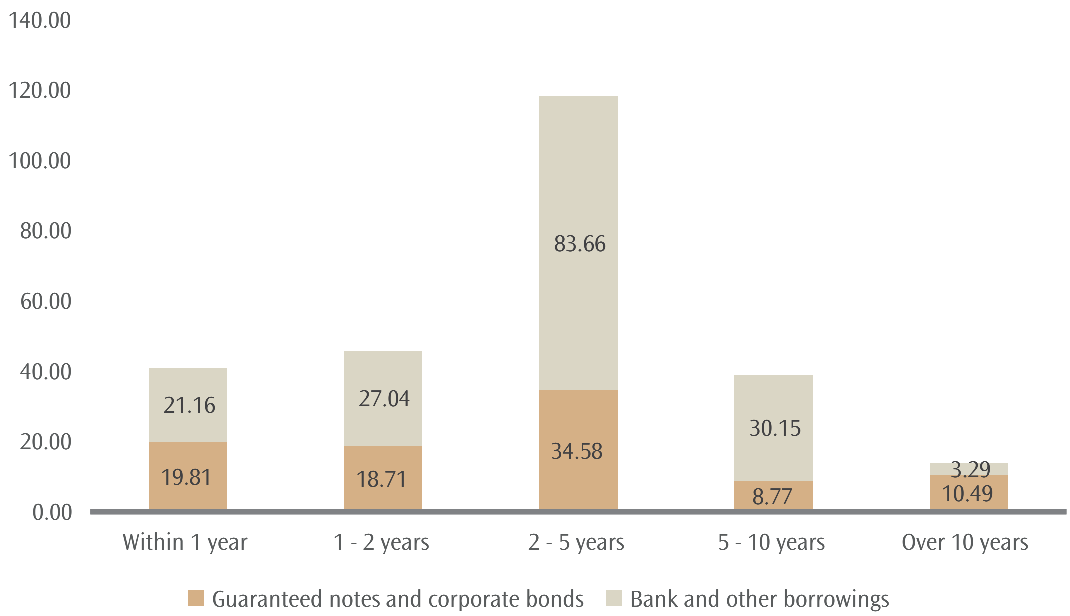
At 31 December 2023, the Group had bank and other borrowings amounting to RMB165.30 billion while guaranteed notes and corporate bonds amounted to RMB92.36 billion. Total debt amounted to RMB257.66 billion, of which RMB40.97 billion will mature within a year, accounting for 15.9% of total debt. Of the total debt, 70.3% was denominated in renminbi ("RMB"), 17.1% was denominated in HK dollars, 12.3% was denominated in US dollars and 0.3% was denominated in pounds sterling. The fixed-rate debt accounted for 46.9% of total debt while the remainder was floating-rate debt.

Management Discussion and Analysis (continued)

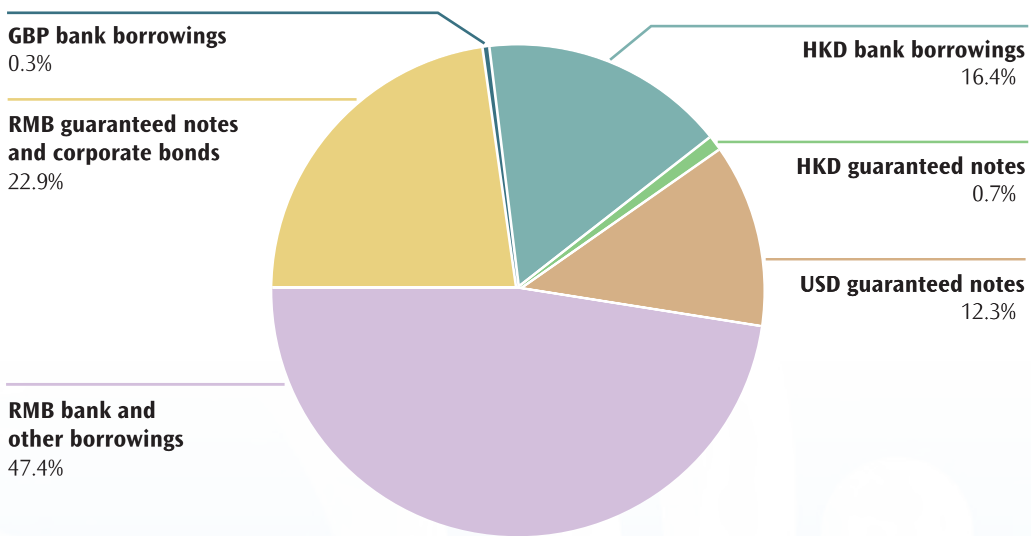
GROUP FINANCE *(continued)*

INTEREST-BEARING DEBT MATURITY PROFILE AT 31 DECEMBER 2023

RMB billion



INTEREST-BEARING DEBT BY CURRENCY AT 31 DECEMBER 2023



Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

Repayment schedule	**2023 (RMB billion)**	2022 (RMB billion)
Bank and other borrowings		
Within one year	**21.16**	19.72
More than one year, but not exceeding two years	**27.04**	60.50
More than two years, but not exceeding five years	**83.66**	60.21
More than five years	**33.44**	25.13
Total bank and other borrowings	**165.30**	165.56
Guaranteed notes and corporate bonds		
30-year (US$300 million, due November 2042)	**2.09**	2.03
10-year (US$500 million, due October 2023)	**–**	3.41
30-year (US$500 million, due October 2043)	**3.49**	3.38
10-year (US$450 million, due May 2024)	**3.17**	3.06
10-year (US$250 million, due May 2024)	**1.76**	1.71
20-year (US$500 million, due June 2034)	**3.49**	3.38
10-year (RMB6.0 billion, due August 2026) (iii)	**1.90**	1.90
5-year (US$750 million, due April 2023)	**–**	5.15
10-year (US$750 million, due April 2028)	**5.29**	5.13
7-year (RMB1.5 billion, due January 2026) (iii)	**1.50**	1.50
5.5-year (HK$2.0 billion, due January 2025)	**1.81**	1.76
10-year (US$450 million, due July 2029)	**3.19**	3.09
10-year (US$294 million, due November 2029)	**2.08**	2.01
5-year (US$300 million, due March 2025)	**2.12**	2.05
10-year (US$500 million, due March 2030)	**3.51**	3.40
15-year (US$200 million, due March 2035)	**1.41**	1.36
18-year (RMB3.701 billion, due April 2038) (ii)	**–**	3.68
6-year (RMB2.0 billion, due August 2026) (ii)	**–**	2.00
18-year (RMB3.001 billion due August 2038) (iii)	**–**	3.00
3-year (RMB2.4 billion due November 2023)	**–**	2.40
3-year (RMB1.5 billion due December 2023)	**–**	1.50
3-year (RMB1.5 billion due January 2024)	**1.50**	1.50
18-year (RMB1.001 billion due March 2039) (ii)	**1.00**	1.00
3-year (RMB2.0 billion due June 2024)	**2.00**	2.00
5-year (RMB1.0 billion due June 2026)	**1.00**	1.00
18-year (RMB2.101 billion due June 2039) (ii)	**2.00**	2.04
4-year (RMB1.0 billion due July 2025) (i)	**–**	1.00
4-year (RMB2.0 billion due July 2025) (ii)	**2.00**	2.00
4-year (RMB500 million due August 2025) (i)	**–**	0.50
7-year (RMB1.5 billion due August 2028) (iii)	**1.50**	1.50
18-year (RMB1.901 billion due November 2039) (ii)	**1.88**	1.89
3-year (RMB1.7 billion due November 2024)	**1.70**	1.70
5-year (RMB1.2 billion due November 2026)	**1.20**	1.20
3-year (RMB1.3 billion due December 2024)	**1.30**	1.30
5-year (RMB800 million due December 2026)	**0.80**	0.80
3-year (RMB1.8 billion due January 2025)	**1.80**	1.80

Management Discussion and Analysis (continued)

GROUP FINANCE *(continued)*

Repayment schedule	2023 (RMB billion)	2022 (RMB billion)
5-year (RMB1.2 billion due January 2027)	**1.20**	1.20
5-year (RMB1.0 billion due February 2027)	**1.00**	1.00
18-year (RMB5.001 billion due March 2040) (ii)	**4.98**	5.00
3-year (RMB2.0 billion due April 2025)	**2.00**	2.00
5-year (RMB1.0 billion due April 2027)	**1.00**	1.00
3-year (RMB1.5 billion due May 2025)	**1.50**	1.50
5-year (RMB1.5 billion due May 2027)	**1.50**	1.50
3-year (RMB2.0 billion due May 2025)	**2.00**	2.00
5-year (RMB1.0 billion due May 2027)	**1.00**	1.00
5-year (RMB2.0 billion due July 2027)	**2.00**	2.00
3-year (RMB1.0 billion due September 2025)	**1.00**	1.00
5-year (RMB500 million due September 2027)	**0.50**	0.50
5-year (RMB1.0 billion due October 2027)	**1.00**	1.00
5-year (RMB2.0 billion due December 2027)	**2.00**	2.00
5-year (RMB1.0 billion due December 2027)	**1.00**	1.00
3-year (RMB1.5 billion due December 2025)	**1.50**	1.50
5-year (RMB1.5 billion due December 2027)	**1.50**	1.50
3-year (RMB3.19 billion due October 2026)	**3.19**	–
3-year (RMB2.0 billion due November 2026)	**2.00**	–
5-year (RMB1.0 billion due November 2028)	**1.00**	–
5-year (RMB3.0 billion due December 2028)	**3.00**	–
Total guaranteed notes and corporate bonds	**92.36**	104.83
Total debt	**257.66**	270.39
Deducting:		
Bank balances and cash	**105.63**	110.31
Net debt	**152.03**	160.08
Total Equity (including non-controlling interests)	**392.91**	373.10
Net gearing *(%)*	**38.7%**	42.9%

(i) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of second year from interest commencement date

(ii) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of third year from interest commencement date

(iii) The guaranteed notes and corporate bonds with terms for interest rate adjustment and sell back option at the end of fifth year from interest commencement date

At 31 December 2023, the Group's available funds amounted to RMB154.89 billion comprising bank balances and cash of RMB105.63 billion and unutilised banking facilities of RMB49.26 billion. Among the bank balances and cash, 96.6% was denominated in RMB, 1.7% was denominated in HK dollars, 1.5% was denominated in US dollars, 0.2% was denominated in pounds sterling and a small amount was denominated in other currencies, while the above bank balances and cash also included regulated pre-sales proceeds of properties of RMB20.84 billion, representing a decrease of 17.2% as compared to last year.

GROUP FINANCE *(continued)*

RISKS OF EXCHANGE RATE AND INTEREST RATE VOLATILITY

In 2023, global geopolitical conflicts intensified, investor risk aversion rose and the global economic outlook remained uncertain. The Chinese Mainland actively stimulated its economy and promoted the stable and healthy development of the property market. The monetary policies of China and the US diverged, and the US - China interest rate differential widened, but the US interest rate hike cycle is expected to end soon. The US dollar – RMB exchange rate and interest rate experienced continuous two-way fluctuations. The Group's exchange rate and interest rate management is mainly based on natural hedging. During the year, the Group actively reduced its non-RMB net debt exposure. The Group repaid the HK$30.00 billion club loan ahead of schedule, reduced foreign currency debt and increased RMB financing. At the end of 2023, the proportion of debt denominated in RMB increased to 70.3%, representing a 7.7 percentage point increase compared to the end of 2022. The Group has not engaged in any speculative transactions in derivative financial instruments for the time being. However, the Group will prudently consider whether to enter into currency and interest rate swap arrangements when appropriate in order to hedge against the corresponding risks. The Board considers that the Group's exchange rate and interest rate risks are relatively controllable.

OTHERS

CONTINGENT LIABILITIES

At 31 December 2023, the Group provided guarantees amounting to RMB63.32 billion for the repayment of the mortgage bank loans granted to purchasers of the Group's properties. The Group had counter indemnities amounting to RMB1.54 billion for guarantees issued in respect of certain construction contracts undertaken by the Group.

In addition, as at 31 December 2023, the Group had provided guarantees to banks amounting to RMB0.14 billion, RMB10.01 billion and RMB0.25 billion in respect of credit facilities granted to and utilised by its associates, joint ventures and other entities respectively.

The Group has never incurred any losses in the past as a result of granting such guarantees.

CHARGE OF ASSETS

At 31 December 2023, certain of the Group's assets with carrying values of RMB98.89 billion have been pledged to secure its bank and other borrowings and guaranteed notes and corporate bonds.

MAJOR RISKS AND UNCERTAINTIES

The business and prospects of the Group mainly depend on the performance of the property market in the Chinese Mainland, Hong Kong and Macau and are therefore affected by the risks associated with the property markets in the Chinese Mainland, Hong Kong and Macau, including the economic situation, policy changes, exchange rate fluctuations, interest rate changes, adjustments of tax rules, and imbalances in supply and demand. In addition, the operation of the Group is also unavoidably affected by various industry-specific risk factors in property development, commercial property operations and other related businesses. Also, misconduct from buyers, tenants, and strategic business partners or other related factors may, to various extents, negatively impact its operation. The Group has formulated risk prevention systems and policies and endeavours to avoid the occurrence of any unexpected financial loss, litigation or reputational damage. In future, the Group will continue to closely monitor changes in these risks and the environment. It will also pay attention to interest rate risk and foreign exchange risk and take timely measures to reduce any impact on its businesses. For more details of the principal risks faced by, and key control measures taken by the Group during the year, please refer to the "Risk Management and Internal Controls Report" in this annual report.

Directors and Senior Management

From left to right:
Mr. ZHANG Zhichao, Mr. YAN Jianguo, Mr. LUO Liang, Mr. GUO Guanghui

Directors and Senior Management (continued)

BOARD OF DIRECTORS

Executive Directors

Mr. YAN Jianguo
JP
Chairman and Executive Director

Aged 57, graduated from Chongqing Institute of Architectural and Engineering (now known as Chongqing University) majoring in Industrial and Civil Construction in 1989, and obtained an MBA degree from Guanghua School of Management in Peking University in 2000 and a PhD degree in Marketing from Wuhan University in 2017. Mr. Yan joined 中國建築集團有限公司 (China State Construction Engineering Corporation*) ("CSCEC") in 1989 and had been seconded to the Company twice. During the years from 1990 to 1992, he had been working for the Shenzhen company of China Overseas Development Group Co., Ltd.* (the "Property Group", a wholly-owned subsidiary of the Company) and had held a number of positions, including site engineer and department head. He was assigned to the Company again from 2001 to 2011 and had been Assistant General Manager of Guangzhou company, Deputy General Manager of Shanghai company, General Manager of Suzhou company, General Manager of Shanghai company, Vice Managing Director of the Property Group and President of Northern China regional companies. Mr. Yan had worked in CSCEC from 2011 to June 2014 and had been Director of the General Office, General Manager of Information Management Department, Chief Information Officer and Assistant General Manager.

Mr. Yan joined Longfor Properties Co. Ltd. (listed in Hong Kong) in June 2014 and resigned on 5 December 2016. During the period, he had held a number of positions including Executive Director and Senior Vice President. Mr. Yan was appointed as Executive Director and Chief Executive Officer of the Company from 1 January 2017, has become Chairman of the Company and continued to serve as Chief Executive Officer of the Company from 13 June 2017, and ceased to act concurrently as Chief Executive Officer of the Company on 11 February 2020. Mr. Yan was the Chairman and Non-executive Director of China Overseas Property Holdings Limited (listed in Hong Kong) and the Chairman of China Overseas Grand Oceans Group Limited ("COGO") (listed in Hong Kong) from 13 June 2017 to 11 February 2020, and Non-executive Director of COGO until 22 April 2021. Mr. Yan was appointed as the Chairman and Non-executive Director of China State Construction International Holdings Limited ("CSC") (listed in Hong Kong) on 22 March 2019 and resigned as the Chairman of CSC and continued to act as Non-executive Director of CSC on 24 February 2023.

Besides acting as the Chairman and Executive Director of the Company and a director of certain subsidiaries of the Company, Mr. Yan is currently the Chairman and President of China Overseas Holdings Limited ("COHL") and a director of certain of its subsidiaries and a member of the 14th National Committee of the Chinese People's Political Consultative Conference. COHL is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance. He has about 34 years' experience in construction business, real estate investment and management.

* *English translation for identification purpose only*

Directors and Senior Management (continued)

Mr. LUO Liang
Vice Chairman, Executive Director, Chief Architect, Member of the Corporate Governance Committee

Aged 59, graduated from Huazhong University of Science and Technology, holder of a master degree, and a professor-level senior architect. Mr. Luo joined the Group in 1999 and has been appointed as the Chief Architect of the Group and one of its subsidiaries as from October 2002 and February 2018 respectively, the Executive Director of the Company as from March 2007, the Vice Chairman of the Company as from February 2020. He was the Vice President, the Executive Vice President and the Chief Operating Officer of the Company from August 2009 to May 2022. Mr. Luo is currently also a Member of the Corporate Governance Committee of the Company and a director of certain subsidiaries of the Group. Mr. Luo has about 35 years' architectural experience.

Mr. ZHANG Zhichao
Executive Director and Chief Executive Officer

Aged 44, graduated from the Southeast University majoring in Construction Engineering in 2001. Upon graduation, he joined the Shanghai company of the Property Group, and since then, he worked in various business units within the Property Group, such as engineering department, investment planning department, and acted as Deputy General Manager of Suzhou company, General Manager of Hefei company, General Manager of Wuxi company, and General Manager of Suzhou company. Mr. Zhang has been serving as Assistant President of the Company and General Manager of Northern China regional companies since May 2017, and in January 2019, he was appointed as Vice President of the Company. With effect from 11 February 2020, Mr. Zhang has also been appointed as the Executive Director and Chief Executive Officer of the Company. Mr. Zhang is currently the director of COHL which is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance, and a director of certain subsidiaries of the Group. He has about 22 years' experience in property development and corporate management.

Mr. GUO Guanghui
Executive Director and Vice President

Aged 51, graduated from Nanjing University of Science & Technology, holder of a master degree, and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. He joined the Company and its subsidiaries in 2006 and is currently the Vice President of the Company and a director of certain subsidiaries of the Group and was appointed Executive Director of the Company with effect from 12 June 2018. Mr. Guo is currently a Non-executive Director of COGO (listed in Hong Kong). Mr. Guo has about 29 years' management experience in corporate finance and accounting.

Directors and Senior Management (continued)

Non-Executive Directors

Mr. ZHUANG Yong
Vice Chairman and Non-Executive Director

Aged 47, graduated from the Chongqing University majoring in construction project management, real estate development and corporate management in 2000, and obtained a master of Architecture and Civil Engineering in 2007 from Chongqing University. Mr. Zhuang joined the Property Group in 2000 and since then, he worked in various business units within the Property Group, such as human resources department, sales and marketing management department, and acted as Deputy General Manager of Shanghai company, General Manager of Nanjing company, General Manager of Suzhou company and Assistant General Manager of Western China regional companies. From 2015 to 2017, Mr. Zhuang served as the Assistant President of the Company, General Manager of Northern China regional companies and Vice President of the Company, and since October 2018, as General Manager of South China regional companies. With effect from 11 February 2020, Mr. Zhuang has also been appointed as the Non-executive Director and Vice Chairman of the Board of the Company, and the Chairman and Executive Director of COGO (listed in Hong Kong). Mr. Zhuang is currently the director of COHL which is the substantial shareholder of the Company within the meaning of the Securities and Futures Ordinance. He has about 23 years' experience in corporate management.

Mr. ZHAO Wenhai
Non-Executive Director

Aged 56, graduated from Tsinghua University, obtained a Bachelor of Science in Engineering and a Master of Science in Engineering. Mr. Zhao has served as General Manager of Department of Strategic Development of CITIC Group Corporation ("CITIC Group") since June 2022. Mr. Zhao had been Director Assistant of Strategic and Planning Department, Deputy General Manager of Department of Risk Management, Deputy General Manager of Legal and Compliance Department of CITIC Group, Deputy General Manager of Department of Strategic Development of CITIC Group, General Manager of CITIC Mining Technology Development Co., Ltd.. Mr. Zhao has been appointed as Non-executive Director of the Company with effect from 20 October 2021.

Directors and Senior Management (continued)

Independent Non-Executive Directors

Mr. LI Man Bun, Brian David
BBS, JP, MA (Cantab), MBA, FCA
Independent Non-Executive Director,
Chairman of the Audit and Risk Management Committee,
Member of the Corporate Governance Committee,
Member of the Nomination Committee,
Member of the Remuneration Committee

Aged 49, joined the Board as an Independent Non-executive Director of the Company on 19 March 2013 and was appointed Chairman and Member of the Audit and Risk Management Committee, Member of the Nomination Committee and Member of the Remuneration Committee on the same day. He was appointed Member of the Corporate Governance Committee on 29 March 2021. Mr. Li is Co-Chief Executive of The Bank of East Asia, Limited ("BEA") (listed in Hong Kong), responsible for the overall management and control of BEA with a particular focus on its Chinese Mainland and international businesses. Mr. Li joined BEA in 2002 and served as General Manager & Head of Wealth Management Division from July 2004 to March 2009. Mr. Li was subsequently appointed Deputy Chief Executive in April 2009, Executive Director in August 2014, and Co-Chief Executive of BEA in July 2019.

Mr. Li is currently an Independent Non-executive Director of Towngas Smart Energy Company Limited (listed in Hong Kong) and Guangdong Investment Limited (listed in Hong Kong). He was an Independent Non-executive Director of Shenzhen Investment Holdings Bay Area Development Company Limited (listed in Hong Kong).

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of the Chinese People's Political Consultative Conference and a Vice Chairman of its Committee on Social and Legal Affairs, a Member of the Chief Executive's Council of Advisers of the Government of the Hong Kong Special Administrative Region, a Director of the Financial Services Development Council, a Member of the Process Review Panel for the Securities and Futures Commission, a Board Member of the Hong Kong-Shenzhen Innovation and Technology Park Limited, a Member of the Disaster Relief Fund Advisory Committee, and a Vice Chairman of the Asian Financial Cooperation Association.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance, an Honorary Certified Banker of The Hong Kong Institute of Bankers and a Full Member of the Treasury Markets Association. Mr. Li holds an MBA degree from Stanford University and a BA degree from the University of Cambridge.

Directors and Senior Management (continued)

Professor Chan Ka Keung, Ceajer
GBS, JP
Independent Non-Executive Director,
Chairman of the Corporate Governance Committee,
Chairman of the Remuneration Committee,
Member of the Audit and Risk Management Committee,
Member of the Nomination Committee

Aged 67, joined the Board as an Independent Non-executive Director of the Company on 27 June 2020 and was appointed Chairman and Member of the Remuneration Committee, Member of the Audit and Risk Management Committee and Member of the Nomination Committee on the same day. He was appointed Chairman of the Corporate Governance Committee on 29 March 2021. Professor Chan is the Chairman of WeLab Bank Limited and Senior Advisor of WeLab Holdings Limited, a leading fintech company in Asia with one of the first virtual banks established in Hong Kong. He was appointed as Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in the Hong Kong University of Science and Technology ("HKUST"). He is currently Adjunct Professor at HKUST Business School and received the Honorary Doctorate from HKUST in July 2020.

Professor Chan received his bachelor's degree in economics from Wesleyan University and his M.B.A. and Ph.D. in finance from the University of Chicago. Professor Chan specialised in asset pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

Professor Chan is currently a Member of Competition Commission. In the past, he held a number of public service positions including Chairman of the Consumer Council, Director of the Hong Kong Futures Exchange, and Member of the Commission on Strategic Development, Commission on Poverty, the Exchange Fund Advisory Committee, the Hang Seng Index Advisory Committee, the Hong Kong Council for Academic Accreditation and Non-executive Director of The Hong Kong Mortgage Corporation Limited.

In addition, Professor Chan is also an Independent Non-executive Director of Guotai Junan International Holdings Limited, Langham Hospitality Investments and Langham Hospitality Investments Limited, NWS Holdings Limited and Champion Real Estate Investment Trust, all of which are listed in Hong Kong. He is also an Independent Non-executive Director of Greater Bay Area Homeland Investments Limited. Professor Chan was an Independent Non-executive Director of USPACE Technology Group Limited (formerly known as Hong Kong Aerospace Technology Group Limited) and CMB International Capital Corporation Limited and a Non-executive Director of Trivium Holdings Limited and MTR Corporation Limited.

Directors and Senior Management (continued)

Dr. CHAN Ching Har, Eliza
GBS, JP, LL.D. (Hon)
Independent Non-Executive Director,
Chairman of the Nomination Committee,
Member of the Audit and Risk Management Committee,
Member of the Corporate Governance Committee,
Member of the Remuneration Committee

Aged 67, joined the Board as an Independent Non-executive Director of the Company on 29 June 2023 and was appointed Chairman and Member of the Nomination Committee, Member of the Audit and Risk Management Committee, Member of the Remuneration Committee and Member of the Corporate Governance Committee on the same day. Dr. Chan holds the qualifications of Barrister & Solicitor of British Columbia Supreme Court, Canada, Solicitor of the Supreme Court of England and Wales and Solicitor of the High Court of Hong Kong. Dr. Chan is a non-official member of the Executive Council of Hong Kong. She is also a member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a standing member of the CPPCC Tianjin Committee, Foreign Economic Affairs Legal Counsel to the Tianjin Municipal People's Government, an arbitrator of China International Economic and Trade and Arbitration Commission (CIETAC) and a China-appointed Attesting Officer.

Dr. Chan previously served as a member of the Selection Committee for the selection of the First Chief Executive of Hong Kong SAR, and was a member of the Election Committee for the selections of the Chief Executive of Hong Kong SAR and the Hong Kong SAR delegates to the National People's Congress. She was Chairman of Hong Kong CPPCC (Provincial) Members Association and now serves as Permanent Honorary Chairman. Dr. Chan also held a number of Hong Kong Government appointed positions, notably as a member of the Hong Kong Hospital Authority, member of Hong Kong Public Service Commission, member of the Hong Kong Board of Education, member of Hong Kong Examinations and Assessment Authority, Chairman of Public Complaints Committee under Hong Kong Hospital Authority, Chairman of Kowloon Hospital, Chairman of Hong Kong Eye Hospital, Chairman of Tseung Kwan O Hospital, member of the Governing Committee of Queen Elizabeth Hospital, member of the Medical Council of Hong Kong, Chairman of Pensions Appeal Panel, member of Administration Appeals Board, adjudicator of Hong Kong Immigration Tribunal, member of Disciplinary Panel of Institute of Accountants, Council member of The University of Science & Technology and Board member of Hong Kong Science and Technology Park Corporation.

Dr. Chan is a senior consultant of Chan & Jamison LLP and senior advisor of Deloitte Touche Tohmatsu. She was an Independent Non-executive Director of Lansen Pharmaceutical Holdings Limited (listed in Hong Kong), China National Aviation Company Limited (formerly listed in Hong Kong), China Electronics Optics Valley Union Holding Company Limited (listed in Hong Kong) and Cathay International Holdings Limited (formerly listed in London) as well as a Non-executive Director of China Aerospace International Holdings Limited (listed in Hong Kong) and Tianjin Development Holdings Limited (listed in Hong Kong). She is currently an Independent Non-executive Director of Bank of Communications (Hong Kong) Limited, China Taiping Life Insurance Co. Ltd., China Taiping Insurance (HK) Company Limited and Tong Ren Tang Technologies Co. Ltd. (listed in Hong Kong).

Directors and Senior Management (continued)

Senior Management

(as at 28 March 2024, date of this Annual Report)

Mr. XU Feng
Vice President
Aged 48, graduated from Zhejiang University, senior engineer. Mr. Xu joined CSCEC in 1999, joined the Group in 2004. He has about 26 years' management experience in human resources management and corporate management.

Mr. XU Wendong
Vice President
Aged 57, graduated from Harbin Institute of Civil Engineering and Architecture (now known as Harbin Institute of Technology), senior engineer, architect. Mr. Xu joined the Group in 2001. He has about 36 years' experience in architectural design and corporate management.

Mr. LIU Xianyong
Vice President
Aged 52, graduated from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology), senior economist. Mr. Liu joined the Group in 1995. He has about 29 years' experience in sales and marketing planning and corporate management.

Mr. LIU Huiming
Vice President
Aged 46, graduated from Tsinghua University and obtained a master degree of Science in Engineering from Tsinghua University, senior engineer. Mr. Liu joined the Group in 2003. He has about 21 years' experience in construction and corporate management.

Mr. WANG Linlin
Vice President
Aged 46, graduated from Shenyang Institute of Civil Engineering and Architecture and obtained a master degree of Management from Harbin Institute of Technology, senior engineer. Mr. Wang joined CSCEC in 2000 and joined the Group in 2007. He has about 24 years' experience in human resources, commercial operations and corporate management.

Mr. LI Yingjun
Vice President
Aged 45, graduated from Southeast University and obtained a master degree of Management from Southeast University. Mr. Li joined the Group in 2003. He has about 21 years' experience in investment planning, sales and marketing planning and corporate management.

Mr. GUO Lei
Vice President
Aged 52, graduated from Shenyang Institute of Civil Engineering and Architecture and obtained a master degree of Management from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology) and a doctorate degree of Management from Harbin Institute of Technology, professor-level senior engineer. Mr. Guo joined the Group in 2003. He has about 31 years' experience in engineering, contract and corporate management.

Mr. LIU Changsheng
Vice President
Aged 46, graduated from Hunan Normal University and obtained a master degree of Management from Nanjing University. Mr. Liu joined the Group in 2004. He has about 20 years' experience in sales and marketing planning and corporate management.

Mr. CHENG Xin
Assistant President
Aged 48, graduated from Southeast University and obtained an executive master degree of Business Administration from China Europe International Business School. Mr. Cheng joined the Group in 2017. He has about 28 years' experience in investment planning and corporate management.

Mr. FU Xiwei
Assistant President
Aged 45, graduated from Southeast University and obtained a master degree of Management from Southeast University. Mr. Fu joined the Group in 2004. He has about 20 years' experience in investment planning and corporate management.

Sustainable Development

Pursuing the strategic objective of "becoming an exceptional global property development corporation", the Group firmly adheres to its sustainability strategy of "Four Excellences" and provides its customers with "Good products and services", encourages our professional team to improve efficiency, pursues innovation and change, fulfils its corporate social responsibility of being a "Good Citizen" and achieves long-term and persistent "Good Effectiveness".

SUSTAINABILITY REPORT

During the year, the Group continued to strengthen disclosure transparency and credibility through its ninth independent Environmental, Social and Governance (ESG) report in compliance with the Guidance under Appendix C2 of the Hong Kong Stock Exchange, and the Global Reporting Initiative (GRI) Standards and with reference to Standards of Sustainability Accounting Standards Board (SASB) and the United Nations' Guide for Business Action on the Sustainable Development Goals (SDGs). The Group invited a third-party verification organisation to conduct independent assurance for the Group's ESG Report, responding to the expectations of the capital market.

With growing concern for climate change issues, the Group gradually refined the climate-related disclosures of the "Proposals on Task Force on Climate-related Financial Disclosures" (TCFD) during the year. This included formulating and publishing the Responding to Climate Change Policy and completing the climate scenario analysis. The Group also conducted climate risk exposure assessments for eight city groups based on designated climate risks and two scenarios (RCP8.5 and 4.5), and proposed climate adaptation measures for 24 representative buildings, strengthening the Group's ability to respond to climate risks.

To strengthen the Board's involvement in all ESG-related matters, a Board-level Corporate Governance Committee has been established in 2021 to take its corporate responsibility and sustainable development to the next level. The Corporate Governance Committee identified ESG risks and opportunities, provided long-term direction and strategies on sustainability-related matters, as well as reviewed and monitored management's execution of sustainability projects. To support the Corporate Governance Committee, we also established ESG Working Leadership Group, responsible for organising and leading the ESG Working Taskforce and overseeing the company-wide planning and achieving qualitative and quantitative sustainability targets.

The capital markets highly recognised the ESG management achievements of the Group. For seven consecutive years, the Group has been selected as a constituent company of the FTSE4Good Index Series. The Group has also been a member of the Hang Seng Corporate Sustainability Index Series for 14 consecutive years, and a constituent member of the Hang Seng ESG50 (top 50 ESG leaders with relatively high market capitalisation listed in Hong Kong) for the fourth year. Throughout the year, the Group won multiple significant awards in the prestigious financial magazine Institutional Investor, including the "Most Honoured Company", "Best ESG" and "Best Board of Directors". In addition, the Group received authoritative accolades such as "ESG Leading Enterprise Award 2023" by Bloomberg Businessweek/Chinese Edition, "2023 Forbes China ESG Innovative Enterprises Selection", the Platinum Award at "The Asset ESG Corporate Awards 2023", "2023 Influential Companies for ESG Development" by Guandian Index Academy, and "Annual Corporate Governance Excellence Award" by Jiemian News 2023 ESG Pioneer 60.

The Group won the "Most Honoured Company", "Best IR Program", "Best ESG", "Best Board of Directors" and other honors by Institutional Investor

RELATIONSHIP WITH KEY STAKEHOLDERS

Inter-departmental communication and cooperation are essential to sustainability management. During the year, the ESG Working Leadership held meetings to review the implementation progress of the "2023 Sustainability Targets" while systematically sorting out the sustainable development goals, managing the gap compared to corresponding regulatory and capital market requirements, conducting internal analysis, further integrating the company's business development with sustainable development strategies, as well as to review major sustainability issues and strategic framework for the Group.

Sustainable Development (continued)

DECARBONISATION PLAN

The Group has been actively responding to China's "3060 Decarbonisation Targets" with the commitment to reducing at least 30% of Scope 1 and 2 carbon emissions intensity per unit area by 2030 (2019 baseline year), and striving to achieve carbon neutrality by 2060. To effectively promote the achievement of these decarbonisation targets, the Group has established "COLI Carbon Peak and Carbon Neutrality Working Leadership", completed background research and carbon audit, and issued the inaugural "Carbon Neutrality White Paper", publishing the investigation results on the Group's carbon emissions scope and decarbonisation potential, as well as key focus areas for planning pathways to achieve carbon neutrality. Taking significant strides towards the dual carbon goals, the Group also set out effective programmes such as the "Carbon Peak Implementation Plan" and executed 12 key initiatives such as developing low-energy buildings.

Carbon Neutrality White Paper

GREEN BUILDING OPPORTUNITIES

During the year, the Group continuously put into practice the concept of "Smart Technology, Green and Healthy" promoting digitalisation and Building Information Modelling (BIM) technology, prefabricated components and modular design. These efforts aim to reduce material waste and energy consumption, enhance operational efficiency, shorten the construction time and mitigate environmental pollution. The Group has comprehensively improved product quality and energy efficiency levels. Besides, the Group actively organised and planned innovative research works through constructing the "CSCEC Healthy Habitat Sci-Tech Innovation Platform". Collaborating with top universities, research institutions, and technology companies, the Group also established multiple "Healthy Habitat Laboratory" to facilitate the production of focused technological achievements and showcase our core breakthrough technologies to outside.

The Group has actively carried out the declaration of technological demonstration projects based on the key projects. In 2023, a total of eight projects were submitted, including CSCEC Demonstration Project, China Academy of High-Tech Industry and Economy Research Demonstration Project, and NDRC Demonstration Project. The Group has also actively collaborated with the industry. In 2022, the Group was the only real estate developer invited to attend the Carbon Peak and Carbon Neutrality by Conference on Science of China, where it presented a report titled "Research and Practice of Green and Low-Carbon Office Buildings." The Group was selected as the" Annual Green Building Pioneer" member of the China Green Building Council of CSUS, led by MOHURD and CAST, and received the honour of being named the "Annual Green Building Pioneer".

CSCEC Green Construction Engineering Research Center

Sustainable Development (continued)

SUSTAINABLE BUILDINGS

Move with the times, the Group have updated and publicly disclosed the "Sustainable Development Policy" and "Environmental Policy". The Group is committed to integrating green, safety, health, and climate resilience in architectural design, construction, and operation. In order to meet and exceed requirements of environment-related regulations, the Group is dedicated to optimising and implementing internal construction standards of "Technical Guidance for Green Building", and other green building standards such as "Technical Manual for Green Building", which are compiled based on Chinese Mainland's "The Assessment Standard for Green Building" as well as the evaluation criteria from the US LEED and WELL. Additionally, the Group actively promotes the certification of management systems. The headquarters, Lingchao Supply Chain Management Company Ltd., and all commercial projects of the Group have obtained ISO 14001 certification for environmental management systems.

As of the end of 2023, the Group had newly added 67 green building standard projects, and had accumulated 636 green building certifications, including National Green Building Star Certifications, US LEED certification, US BOMA certification, US WELL certification and UK BREEAM certification, corresponding to an accumulative green GFA of about 110 million square metres. Besides, the Group participated in the compilation of the national Technical Standards for Zero Carbon Emission Buildings and Technical Specification for Low Carbon Office Building. The Group also utilised key projects to develop low-carbon technologies. These projects include Shenzhen China Overseas Building, which is China's first-ever Grade 5A high-rise office building with nearly zero-energy and zero-carbon status. This building was completed and entered into operation in 2023. Another notable project is Beijing China Overseas Finance Centre, which is the first large-scale zero-carbon commercial building with integrated technologies such as PEDF (Solar photovoltaic, Energy storage, Direct current and Flexibility) in the capital of China.

Shenzhen China Overseas Building

SUSTAINABLE PROCUREMENT

The Group placed great emphasis on sustainable supply chain management, and constantly improved the "Supplier Code of Conduct" and "Sustainable Procurement Policy" to encourage suppliers to abide by the code of conduct in ten aspects including environmental protection, corporate ethics, and health and safety. In 2023, 65% of the suppliers of the Group met green standard, while the cumulative proportion of procurement spending on materials meeting green standards reached 21%. The collective procurement complying with ISO 14025 certification for environmentally-friendly products, including recyclable and green building materials, accounts for 16%. In the future, the Group will strengthen supplier training in environmental protection, anti-corruption, safety, and product quality, as well as conduct ethical audits of suppliers, fostering sustainable cooperation with them.

SUSTAINABLE PROJECT OPERATION

The Group continues to promote low-carbon and environmentally-friendly operations for owned commercial properties, as well as to introduce low-carbon intelligent technology and use renewable energy equipment, to strengthen energy consumption management, waste management and separation and recycling. In 2023, ten shopping malls of the Group implemented waste sorting and recycling services, and a total of about 32,576 tons of waste have been successfully sorted.

The Group has incorporated the "China Overseas Commercial Green Environmental Convention" as a voluntary convention in its leasing agreements, advocating the collective responsibility of constructing a sustainable property ecosystem. The convention presents a series of action initiatives for tenants in environmental conservation matters, consistently promoting the adoption of green standards, attracting clients who embrace green principles, and developing online customer platforms, including a paperless carbon management system. In 2023, 100% of new office tenants signed the "COOC Green Leasing Cooperation Plan".

Sustainable Development (continued)

CUSTOMER SERVICE

The Group regards its customers as the driving force behind the Group's efforts in sustainable development and product innovation. The Group upholds the philosophy of providing full-cycle customer service from project positioning, design, construction, and sales to post-property occupation service; it continues to include customer satisfaction reviews in its performance appraisal, so as to constantly improve its products and services.

During the year, the Group announced the "Code of Responsible Marketing", organised regular training for our salespersons, and set up a supervisory team for self-examination and self-correction, to elevate our service quality, and strengthen our long-lived trust with our consumers. The Group continued to optimize the customer service platform "COLI Homes with Happiness" with the functions of apartment inspection, selection, purchase, contract signing, in-take, and residence, so as to improve the customer lifecycle experience in one stop. Besides, the Group invented an industry-leading delivery evaluation model and VOC system, and became the first property developer to upgrade its service line to short-cut number "95". To ensure a superior customer service experience, the Group published the "Ten Criteria for Good Customer Services" this year. COLI achieved customer overall satisfaction scores of 90 in 2023, ranking top 3 among top real estate enterprises.

In 2023, the Group has honoured "Top Deliverability Companies of 2023" by China National Radio House, "Top 10 Chinese Real Estate Companies with Superb Delivery Capability in 2023"by EHconsulting.

EMPLOYEE DEVELOPMENT

A stable and efficient employee team is the key to a company's success. By taking employees' "talent" and "satisfaction" as two main focuses, the Group continuously refines its performance appraisal and remuneration system, the working environment, and networking activities to enhance employees' satisfaction and sense of belonging. As of the end of 2023, the Group employed 3,651 full-time employees with male to female employee ratio of 2.63:1, employee satisfaction score reached 84, and employee engagement score reached 92, maintaining a leading position in the industry.

Adhering to the human resources strategy of "Diversified and Inclusive Recruitment and Talent Retention" and the talent concept of "Gathering Hard-workers and Inspiring Talents", the Group has implemented a comprehensive performance management system, and measures the efforts and value creations of each employee in an open, fair and equitable manner. The Group continued to expand recruitment channels to select talents through three major recruitment brands, namely "Sons of the Sea", "Sea's Recruits" and "Stars of the Sea". The Group adheres to a policy of selecting the best candidates and encourages employees to choose growth paths and development directions that suit their individual needs, aiming to enhance job alignment and employee competency to better support China Overseas. In 2023, 72% of vacant positions within the Group were filled by internal candidates.

The Group's training mainly centred on "improving systems, empowering business development and strengthening synergy". By the end of 2023, the Group conducted 1,389 training sessions, covering all staffs and involving 53,067 participants, with an average of 89 training hours for each employee. Topics included workplace personal capabilities, occupational safety and health, and sustainable development.

The Group values employees' health and work-life balance. During the year, the Group provided all employees with annual routine medical examinations and supplementary medical insurance to enhance medical protection. We also established an employee care programme to provide support and assistance to those who suffer from illness or difficulties. In 2023, the Group provided a total of 308 hours of occupational safety and health training courses for employees and contractors.

"5•2•1" Employees Health Management

Sustainable Development (continued)

CARING FOR THE COMMUNITY AND MAKING CONTRIBUTIONS

The Group participated in the construction of indemnificatory housing and the renovation of shantytowns and took the initiative to be involved in livelihood protection projects. During the year, the Group completed over 330,000 square metres of various types of indemnificatory housing and talent housing, providing people with a safe place to live. Through collaborations with various sectors of society, the Group actively engaged in community development in Hong Kong, and launched the "Bidding Farewell to Subdivided Housing" campaign, helping Hong Kong citizens improve their living quality.

"Bidding Farewell to Subdivided Housing" campaign

In 2023, the Group continued to participate in rural revitalisation in Gansu Province. The Group provided assistance to Zhuoni County in creating the characteristic agricultural brand and product known as "Zhuoni Black Fungus". The Group also deeply participated in the entire production process, including trademark registration, package design, branding, production, quality control, and nationwide online and offline promotion. Additionally, the Group organised promotional events titled "Sea of Hope, Rural Revitalisation" at hundreds of sales offices across the country.

2023 "Sea of Hope, Rural Revitalisation" activity

With our longstanding dedication in the area of "Caring for the Community", "Caring for the Environment" and "Caring for the Employees", and collaborative efforts with business partners to build an inclusive society, the Group has been recognised as "Caring Company" for 16 consecutive years.

The Group has been recognised as "Caring Company" for 16 consecutive years.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

In 2023, the Group organised 446 integrity cultural events with the theme of "Clean COLI" across the nation, deepening the awareness of clean governance principles. Additionally, the Group updated internal management systems such as the "Measures for Compliance Management" and "Measures for Risk Management" within the year, further enhancing the effectiveness of integrity management and risk control capabilities.

廉动中海
SUPERVISION · AUDIT · RISK MANAGEMENT

"Clean COLI" themed events

The Group mainly engages in property investment and development in the PRC, which is under strict regulation. The laws and regulations relating to the Group's operations cover these aspects:

- Establishment of a real estate development enterprise
- Qualification of a real estate developer
- Land for property development
- Sale of commodity properties
- Transfer of real estate
- Mortgages of real estate
- Real estate management
- Measures on stabilizing property prices
- PRC taxation
- Foreign currency exchange
- Labour protection

Major laws or regulations	Issues of Concern	Compliance measures
• Environmental Impact Assessment Law of the People's Republic of China • Administrative Regulations on Environmental Protection for Construction Projects	Construction work commencement permit	Environmental impact assessment has been undertaken to ensure that all new projects of the Group undergo a comprehensive review before they are constructed.
• Environmental Protection Law of the People's Republic of China • Prevention and Control of Noise Pollution Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste • Law of the People's Republic of China on the Prevention and Control of Air Pollution • Regulations on the Administration of Construction Project Environmental Protection	Protection of the environment and preservation of antiquities and monuments	The Group has established a quality assessment system to regulate the construction work process. The Group has appointed a third-party supervision unit to provide construction supervision services for its property development projects in Chinese Mainland. The Group obtained environmental protection acceptance and inspection approvals for all projects.

Sustainable Development (continued)

RELATIONSHIP WITH KEY CORPORATE STAKEHOLDERS

Employee

The Group's employees are located across a number of cities and offices across the PRC. The Group's human resources management policy focuses on two areas:

- Personal development
- Equal Opportunity

The Group maintains and strengthens its core competencies through continuous investment in training and development and maintaining workforce diversity. The annual training hours per employee were 89 hours in 2023. Property development is one of the industries with the highest ratio of male employees. In terms of gender distribution, the ratio of male to female employees is approximately 2.63:1. The Group will continue to monitor diversity indicators and encourage female participation in the industry.

Customers

The Group builds its brand by offering customer-oriented products and services to customers. With business focused on Chinese Mainland, the Group develops a wide variety of medium-to-high-end properties in each region to satisfy the needs of different types of customers. To better understand our customers, the Group has been conducting customer satisfaction surveys on a regular basis. The Group has also established an owners' corporation to serve as a critical communication channel between the Group and its customers and a driving force for the Company's community volunteering efforts. The Group will continue to broaden the range of property products, optimise the project development cycle, enhance property quality and improve customer services, in response to and even exceed the rising expectations of our customers.

Suppliers

The Group's suppliers, most of which are engineering suppliers providing major materials, equipment and services for the Group's property development projects, are located across Chinese Mainland. As a quality-based national brand, the Group has been working closely with its suppliers. Through supplier screening, evaluation, annual assessment, other management systems and regular communication, the Group makes every effort to ensure that the suppliers share its belief in upholding high product quality and integrity-based corporate culture.

Contractors

The Group outsources the construction process of its property development projects to the contractors. The Group maintains a long-term cooperation relationship with the contractors to ensure strong execution capabilities with standardised and scalable property development procedures. The Group has placed and will continue to place significant emphasis on quality control, environmental protection, health and safety over its project development. Through the implementation of integrated assessments, the Group cooperates with contractors to ensure quality control, environmental protection as well as health and safety of property development projects.

Details of the above will be disclosed in the Group's Environmental, Social and Governance Report to be published in April 2024.

Sustainable Development (continued)

Rendering of Shenzhen Bay Super Headquarters Base

Accolades & Awards 2023

Awards	Organisers
The Asset ESG Corporate Awards 2023 – Platinum Award	The Asset
ESG Leading Enterprises 2023 (Category I: Market capitalisation over HK$20 billion)	The Bloomberg Businessweek/Chinese Edition
BCI Asia Awards – Hong Kong Top 10 Developer	BCI Central
China Property of Supreme Excellence Award 2023	Award Committee on China Property Awards of Supreme Excellence and Property Management wards of Supreme Excellence
Junzi Corporation Award	Hang Seng University of Hong Kong
Most Honored Company in Asia Pacific property industry Ranked TOP 3 in • Best CEO • Best CFO • Best Investor Relations Program • Best Investor Relations Professional • Best ESG • Best Board of Directors	Institutional Investor
Corporate Governance and ESG Excellence Awards 2023 Honourable Mention for ESG Excellence (Category 1: Hang Seng Index Constituent Companies)	The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University
2023 Forbes China ESG Innovative Enterprises	Forbes China

Accolades & Awards 2023 (continued)

Awards	Organisers
100 ESG Inspiring Cases of the Year 2023	Forbes China
Influence Indexes • Outstanding Real Estate Companies in 2023 • 2023 Influential Property Developers • 2023 Property Developers Worth Investment • 2023 Influential Companies for ESG Development	Guandian Index Academy
Top 10 Real Estate Companies of Excellent ESG Performance 2023	Guandian Index Academy
No.1 in Top 30 Listed China Real Estate Companies of Excellence 2023	Guandian Index Academy
14th Investor Relation Tianma Award of Hong Kong Listed Companies	Securities Times
ESG Competitiveness • Carbon Peak & Neutrality Pioneer Award	Golden Bee CSR China Honour Roll and China Sustainability Tribune
Top 3 in the Real Estate Construction industry in “Carbon Rating Report of China’s 100 Overseas Listed Companies”	The Chinese University of Hong Kong, Shenzhen Institute of Data Economy, Shenzhen Institute of Artificial Intelligence and Robotics for Society, ESG Future Foundation.
The 8th Hong Kong Business Sustainability Index – Achiever	The China University of Hong Kong and The Centre for Business Sustainability of CUHK Business School
GBA 2023 The CRECCHKI Real Estate ESG Awards • Outstanding Performance – Green Building – Silver Award • Outstanding Performance – Green Design – Bronze Award	The China Real Estate Chamber of Commerce Hong Kong and International Chapter
Outstanding IR Team of the Year (Large Market Cap) at the “Jinge Award”	GuruClub

Investor Relations

The management and Corporate Communications Department of the Group update investors (including shareholders, bond investors and analysts) on the Group's performance and business operations through various channels. Following the release of interim and annual results, analyst meetings and post results road shows are held to meet with investors, collect opinions and answer queries directly. The Group voluntarily discloses certain unaudited operating and financial data on a quarterly basis, and announces property sales results and new land acquisitions on a monthly basis to improve the transparency of information disclosure.

The Group communicates and connects closely with investors and interacts with them through conferences arranged by investment banks, company visits, conference call and site visits to property projects. During the year, the Group participated in 23 investment conferences, communicated with more than 1,500 investors and organised 11 deal/non-deal roadshows.

With a gradual interconnection between the Hong Kong and Chinese Mainland stock market and bond market, the Group maintains regular communications with mainland investors, and further expands into mainland capital market. Investors from all sectors can obtain more information about the Group by clicking on the page "Investor Relations" at the Group's website.

Investor Relations (continued)

MAJOR INVESTOR RELATIONS ACTIVITIES IN 2023

During the year, the Group participated in 23 investment conferences, communicated with more than 1,500 investors and organised 11 deal/non-deal roadshows.

Months	Activities
January – March	Morgan Stanley Virtual China Investment Opportunities Summit Barclays Credit Conference UBS Greater China Conference 2023 J.P. Morgan Property Corporate Day Announcement of 2022 annual results – 2022 Annual Results Announcement – Post results road shows
May – June	China Securities 1H2023 Capital Market Investment Conference HSBC 10th Annual China Conference BofA 2023 APAC Financial, Real Estate Equity and Credit Conference Morgan Stanley's China Summit J.P. Morgan 19th Annual Global China Summit Huatai Securities 2023 Midyear Investment Summit CGS-CIMB 8th Annual HK/China Property & China Property Management Hybrid Conference J.P. Morgan Asia Credit Conference 2023 HSBC 7th Annual Asia Credit Conference Barclays Research EM ESG Corporate Days Guosheng Securities 1H2023 Capital Market Conference Citi Asia Pacific Property Conference 2023
July – September	UBS APAC Property Conference 2023 Announcement of 2023 interim results – 2023 Interim Results Announcement – Post results road shows 30th CITIC CLSA Investors' Forum
October – December	BofA Asian Credit Conference Citi China Investor Conference 2023 Shenwan Hongyuan 2024 Annual Investment Conference CITIC Securities 2024 Annual Capital Market Conference China Securities 2024 Annual Capital Market Conference

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

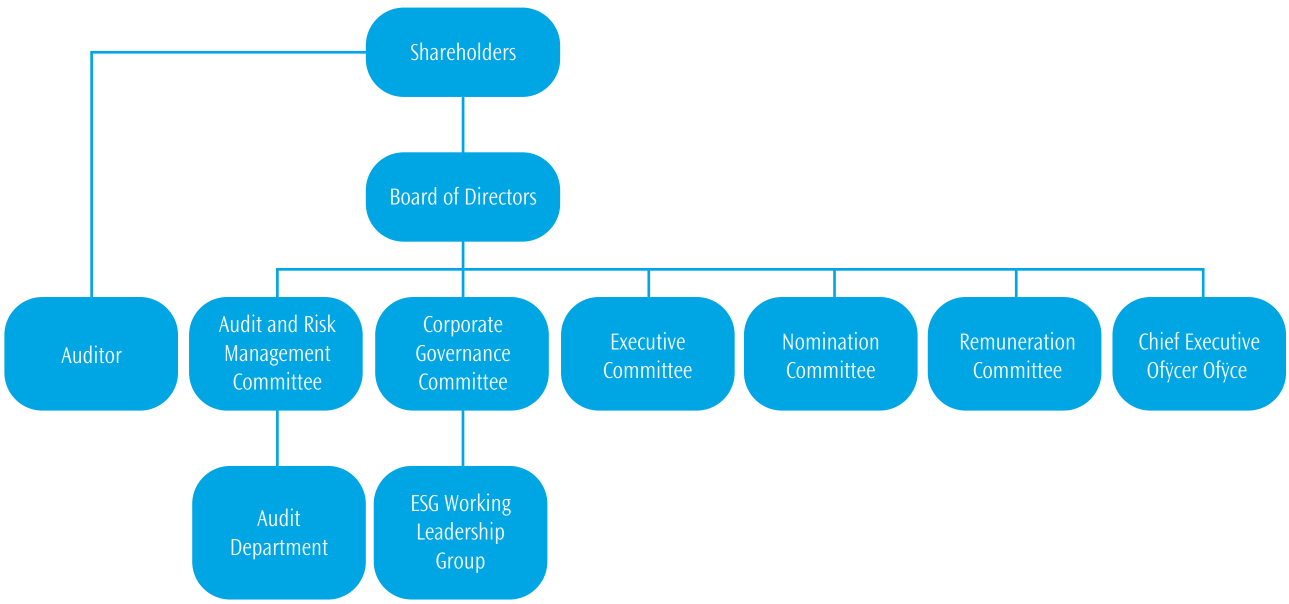
The board (the "Board") of directors of the Company (the "Directors") believes that good corporate governance practices are the keys to attain long-term and sustainable growth of the business and safeguard the interests of its shareholders. The Company strives to strengthen its corporate governance practices appropriate to the conduct and growth of the Group's business, the cornerstone of which is to have an experienced, committed Board and an effective internal control to enhance its transparency and accountability to the shareholders of the Company.

The Company has applied the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from time to time.

The Board is of the view that the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2023. Key corporate governance principles and practices of the Company as well as the status of the Company's compliance with the CG Code are summarised below.

CORPORATE GOVERNANCE STRUCTURE

The following persons are contributing to the Company's corporate governance:



BOARD OF DIRECTORS

Management Functions

The Board is responsible for the overall strategic leadership and management of the Group with the objectives of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirements.

Having regard to the best interests of the Company and its shareholders, the Board reviews and approves major matters such as the Company's business strategies, budgets, major investments as well as mergers and acquisitions. In addition, the Board supervises and controls the implementation of strategies of the Company and its operation and financial performance of the Company, formulates appropriate risk control policies and procedures in pursuit of the business strategies of the Group, performs and maintains a high standard of corporate governance of the Company and promotes the communication with its shareholders.

The day-to-day management, administration and operation of the Company are delegated to the Executive Committee and the Chief Executive Officer Office. The Board gives clear directions to the management as to their powers and authorities, and circumstances in which the management should report back to the Board and obtain approval from the Board prior to entering into any commitment by the management.

The Board also delegates certain specific responsibilities to five Board committees of the Company, namely the Audit and Risk Management Committee, the Corporate Governance Committee, the Executive Committee, the Nomination Committee and the Remuneration Committee, to implement internal supervision and control on each relevant aspect of the Company. Responsibilities and functions of each Board committee are described below. All the Board committees will report to the Board on their decisions or recommendations made.

Board Composition and Diversity

The composition of the Board during the year and up to the date of this report is as follows:

Executive Directors
Mr. Yan Jianguo *(Chairman)*
Mr. Luo Liang *(Vice Chairman and Chief Architect)*
Mr. Zhang Zhichao *(Chief Executive Officer)*
Mr. Guo Guanghui *(Vice President)*

Non-executive Directors
Mr. Zhuang Yong *(Vice Chairman)*
Mr. Zhao Wenhai

Independent Non-executive Directors
Dr. Fan Hsu Lai Tai, Rita *(retired on 28 June 2023)*
Mr. Li Man Bun, Brian David
Professor Chan Ka Keung, Ceajer
Dr. Chan Ching Har, Eliza *(appointed on 29 June 2023)*

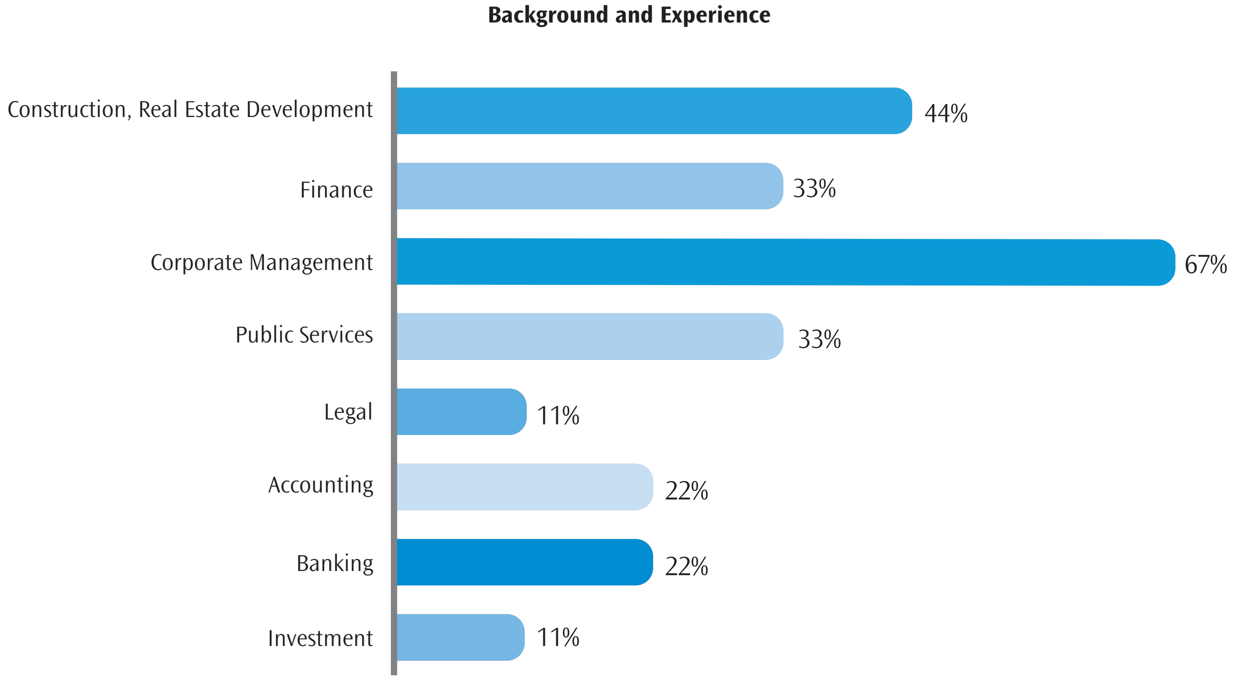
The biographical details of the Directors and the relationships among the Directors (if any) are set out in the section headed "Directors and Senior Management" on pages 64 to 71 of this annual report.

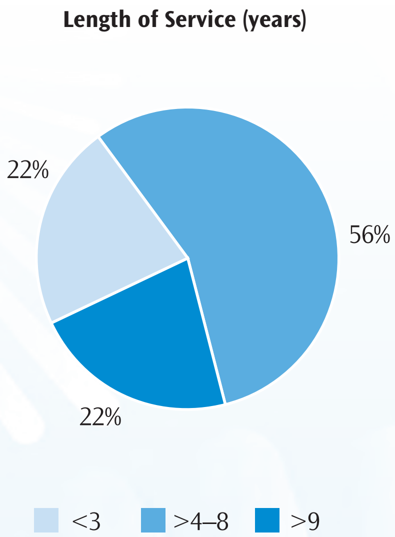
BOARD OF DIRECTORS *(continued)*

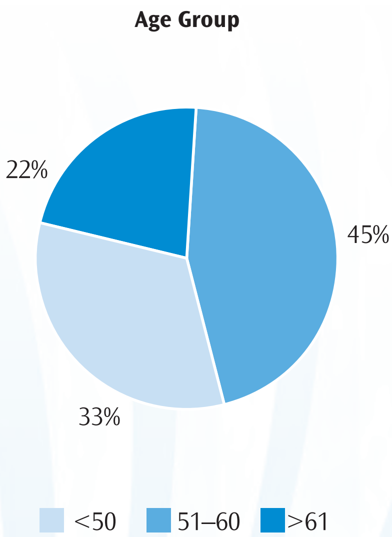
Board Composition and Diversity *(continued)*

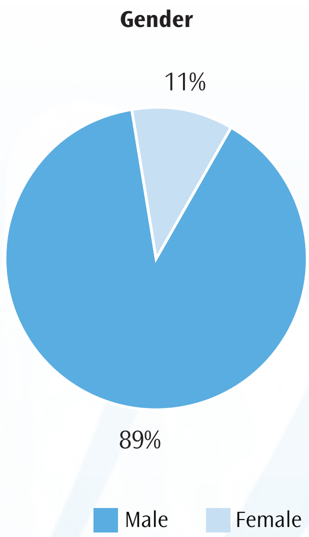
The current composition of the Board reflects an appropriate mix of skills, experience and diversity of perspectives among its members that are relevant to the Company's strategy, governance and business and contribute to the Board's effectiveness.

Board composition and diversity are as follows as at 31 December 2023:









BOARD OF DIRECTORS *(continued)*

Board Composition and Diversity *(continued)*

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. Since 6 August 2013, the Board has adopted a board diversity policy (the "Board Diversity Policy") in order to achieve a sustainable and balanced development of the Company. In designing the Board's composition, Board diversity takes into account various factors, including but not limited to gender, age, educational background, professional experience, knowledge, culture and length of service. All Board appointments will be based on meritocracy and selection of candidates will be based on a range of diversity factors. The Nomination Committee is responsible for reviewing the Board Diversity Policy annually, making recommendation to the Board of the amendment of this policy and developing measurable objectives for implementing this policy and monitoring progress towards the achievement of these objectives.

The Board currently has one female Director out of nine Directors. The Board is committed to maintaining at least one Director of a different gender on the Board to achieve gender diversity. The management team led by the Chairman of the Board has identified appropriate candidates through multiple channels and established a list of potential successors to the Board. Such list will be reviewed and updated from time to time.

The Company values diversity in its workforce and is committed to creating a free and open work environment enabling all employees to excel at their positions regardless of gender, age or race. During 2023, the employee male-to-female ratio was 2.63:1. The Company expects that in consideration of the global economy and business development, the gender ratio of all employees will be maintained at the current level in the medium term. For details of our hiring practices and diversity at workforce levels (including senior management), please refer to the Company's 2023 Environmental, Social and Governance Report.

During the year, the Nomination Committee reviewed the implementation and effectiveness of the Board Diversity Policy and confirmed that the Board has an appropriate mix of skills and experience to deliver the Company's strategy, and that the Board Diversity Policy is effective.

Board Independence

The Company recognises that Board independence is critical to good corporate governance and is a key to an effective Board. Mechanisms have been put in place and regularly reviewed on an annual basis to ensure independent views are available to the Board, including:

- sufficient number of Independent Non-executive Directors representing one-third of the Board;
- regular disclosure of time commitment of Directors to the Company;
- established a clear process and criteria under the Nomination Policy and the Board Diversity Policy for nomination of a candidate for directorship in the Company;
- maximum tenure of 12 consecutive years for Independent Non-executive Directors (unless otherwise determined by the Board);
- full disclosure of conflict of interests, if any, in proposals or transactions to be considered by the Board at Board meetings;

Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Board Independence *(continued)*

- free access to senior management or external independent professional advice at the Company's expenses to assist the Independent Non-executive Directors to perform their duties;

- separate discussions amongst the Independent Non-executive Directors and the Chairman of the Board without the presence of the Executive Directors;

- annual written confirmation of independence by the Independent Non-executive Directors and annual assessment by the Nomination Committee on the Directors' independence; and

- regular evaluation of independence of the Independent Non-executive Directors by the full Board.

During the year, the Company has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The Company has three Independent Non-executive Directors representing one-third of the Board.

All Independent Non-executive Directors are financially independent from the Group bringing in independent view and judgement, a wide range of business and financial expertise, knowledge and experience to the Group's affairs. The Board considers that there is a reasonable balance between the composition of the Executive Directors and the Non-executive Directors which has provided adequate checks and balances for safeguarding the interests of the shareholders of the Company.

Mr. Li Man Bun, Brian David has been serving as an Independent Non-executive Director for more than nine years. The Directors opine that he has consistently demonstrated the required character, integrity, independence and experience to discharge the duties of an independent non-executive director. Furthermore, the Directors consider that there is no evidence that length of tenure has an adverse impact on independence of the Independent Non-executive Director and the Directors are not aware of any circumstances that might influence Mr. Li in exercising his independent judgement. Based on the aforesaid, the Directors conclude that despite his length of service, Mr. Li will continue to maintain an independent view of the Company's affairs and bring his relevant experience and knowledge to the Board.

The Company has received annual written confirmation of independence from each of the Independent Non-executive Directors as regards the factors set out in Rule 3.13 of the Listing Rules. None of them holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies. The Board considers that all Independent Non-executive Directors are independent of the Company.

BOARD OF DIRECTORS *(continued)*

Chairman and Chief Executive Officer

The roles of the Chairman of the Board and the Chief Executive Officer are separate to ensure a balance of power and authority.

Mr. Yan Jianguo is the Chairman of the Board to lead and manage the Board. He is responsible for ensuring that before any meeting is held, all Directors receive complete and reliable information in a timely manner and the Directors are properly briefed on issues arising at the meetings. He also promotes culture of openness and debate and encourages Directors with different views to voice their concerns in order to ensure that the Board works effectively and discharges its responsibilities as well as the Board decisions fairly reflect Board consensus. The Chairman is responsible for establishing good corporate governance practices and procedures, and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board as a whole. The Chairman also holds meeting annually with the Independent Non-executive Directors to discuss corporate governance and other matters without other Directors present.

Mr. Zhang Zhichao is the Chief Executive Officer of the Company. He leads the Chief Executive Officer Office, whose members comprise all of the senior management. The Chief Executive Officer Office is responsible for the implementing the strategies and objectives set by the Board and overseeing day-to-day management of the Company's businesses within the powers and authorities delegated by the Board.

Appointment, Re-Election and Removal

In accordance with the articles of association of the Company, one-third of the Directors will retire from office by rotation for re-election by shareholders at the annual general meeting and every Director is subject to retirement by rotation at least once every three years. In addition, any newly appointed Director is subject to re-appointment by shareholders at the next following annual general meeting.

Non-executive Directors (as well as all other Directors) are not appointed for a specific term according to their service of contract and/or letter of appointment but they are subject to retirement by rotation and re-election once every three years in accordance with the articles of association of the Company.

In addition, the Nomination Committee will generally oversee the appointment or re-appointment of Directors and the succession planning of the Board, having due regard to the Board Diversity Policy and the Nomination Policy of the Company as summarised in the sections headed "Board Composition and Diversity" and "Nomination Committee" respectively in this Corporate Governance Report. The Board will also consider each retiring Director recommended by the Nomination Committee and recommend the retiring Director to stand for re-appointment at the annual general meeting in accordance with the articles of association of the Company.

Directors' Securities Transactions

The Company has adopted a set of code of conduct for securities transactions by Directors ("Code of Conduct") on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the year of 2023.

Corporate Governance Report (continued)

BOARD OF DIRECTORS *(continued)*

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover in respect of legal action against Directors and officers of the Company.

Supply of and Access to Information

For regular Board meetings and Board committee meetings, the agenda and accompanying Board papers are sent in full to all Directors or Board committee members at least three days before the intended date of a Board meeting or Board committee meeting.

Management has supplied the Board and its committees with adequate, complete and reliable information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management will answer any questions that the Board or committee members may have, and is also invited to join the Board or Board committee meetings where appropriate.

All Directors are also entitled to have access to timely information such as monthly updates in relation to the Group's businesses and have separate and independent access to senior management of the Company.

Directors' Training

All Directors have a fiduciary duty and statutory responsibilities towards the Company and the Group. Every newly appointed Director will receive an induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and his/her responsibilities under laws, regulations and particularly the governance policies of the Company.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

The Company makes available continuous professional development opportunities and site visit to the Group's properties for all Directors at the expense of the Company so as to keep them abreast of industry trends and the Company's operations.

BOARD OF DIRECTORS *(continued)*

Directors' Training *(continued)*

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2023 which comprised attending seminars and talks, giving talks at seminars, reading reference materials relevant to the directors' duties and responsibilities and site visit. Details of the type of training they received during the year are summarised as follows:

	Type of Training (see remarks)
Directors	
Mr. Yan Jianguo	A, B, C, D
Mr. Luo Liang	A, B, C, D
Mr. Zhang Zhichao	C, D
Mr. Guo Guanghui	C, D
Mr. Zhuang Yong	A, B, C
Mr. Zhao Wenhai	C
Mr. Li Man Bun, Brian David	A, C
Professor Chan Ka Keung, Ceajer	A, B, C, D
Dr. Chan Ching Har, Eliza *(appointed on 29 June 2023)*	A, C, D

Remarks:

A: *attending seminars or trainings*
B: *giving talks at seminars*
C: *reading reference materials relevant to the director's duties and responsibilities*
D: *visiting the Company's projects*

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Board takes a leading role in developing the Company's culture, which aligns with the purpose, values and strategy of the Company. The Group embraces the corporate culture of "leading", which means constantly surpassing limits, leading industry trends, and dauntlessly breaking new ground and strives to achieve its strategic goal of "to be an exceptional global property development corporation", expanding and creating better livings around its principal business of property development and operation, continually strengthening its three major businesses — Property Development, Urban Services and Design Services.

Built on more than 45 years of development experience and having braved the challenges of numerous economic and real estate cycles, the Group cleaves to a long-term market perspective in planning the development of the enterprise. Steady and sustained long-term growth has been the Group's strategy and action guide for the past years and will remain so for the years ahead.

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE *(continued)*

The Group firmly believes the measure of a good business is whether it qualifies as "a Company of Four Excellences", offering "good products and good services", and demonstrating "good effectiveness and good citizenship". The Group will maintain its strategies and stay committed to its vision "to be an exceptional global property development corporation", firmly adhere to its operating philosophy of "good products, good services, good effectiveness and good citizenship", maintain its positioning in major cities, mainstream areas and mainstream products, and maintain the strategic structural balance of "today, tomorrow, and the day after tomorrow", where residential development, commercial assets management, together with new businesses including senior living, education and logistics, are the Group's main businesses of today, the growth drivers of tomorrow, and will spur growth the day after tomorrow.

Our corporate values adhere to the principles of behaving properly, strictly complying with rules, seeking truth and being honest and pragmatic. The Board is responsible for overseeing our ethics issues, conduct and affairs for promoting the success of the Group for the benefit of our shareholders and stakeholders. The Company has a set of clear Corporate Code of Conduct to ensure the Company operates to the highest standards of ethical conduct with integrity and professionalism and all staff are required to strictly follow the Corporate Code of Conduct. For details on the Corporate Code of Conduct, please refer to the Company's 2023 Environmental, Social and Governance Report.

During the year, the Board reviewed the key areas of progress of how the Company achieves "good products, good services, good effectiveness and good citizenship", which details have been disclosed in the Company's 2023 Environmental, Social and Governance Report, and satisfied that the Company's culture aligns with the purpose, values and strategy of the Company.

Details of the Group's strategy, business and financial review in the year 2023 are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the relevant laws and standards. Appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure that a balanced, clear and understandable assessment of the Company's position and prospects are presented in annual reports, interim reports, announcements and other disclosures required under the Listing Rules and other statutory requirements.

Risk Management and Internal Controls

The Board has the overall responsibility for maintaining an appropriate and effective risk management and internal control systems and for evaluating and determining the nature and extent of the risks that the Company is willing to take when achieving the Company's business objectives. The Board delegates to the management the design, implementation and ongoing assessment of the risk management and internal control systems, and through the Audit and Risk Management Committee oversees and reviews the adequacy and effectiveness of the risk management and internal control systems.

Details of the main feature of the risk management and internal control systems including the risk management structure, the risk management process and the management of principal risks are set out in the "Risk Management and Internal Controls Report" of this annual report.

DELEGATION BY THE BOARD

Board Proceedings

The Board meets regularly, and at least four times each year with meeting dates scheduled in advance to facilitate the attendance by the Directors. The Board held five meetings during the year and meetings were also held as and when necessary to discuss significant transactions, including material acquisitions, disposals and connected transactions, if any. Also, the Board discussed the corporate governance duties performed by it including, without limitation, to review the Company's policies and practices on corporate governance, and compliance with legal and regulatory requirements. The attendance of each Director at meetings of the Board and its committees is set out in the table on page 101 of this annual report.

Notice of at least fourteen days is served for regular Board meetings and reasonable notice is given for all other Board meetings. The Chairman of the Board, assisted by the Company Secretary, is responsible for drawing up and approving the agenda for each Board meeting. Agendas and accompanying Board papers in sufficient details are circulated at least three days before the intended date of meetings so as to allow the Directors have sufficient time to prepare before meetings. Management briefing sessions will also be scheduled as and when necessary. Directors are also invited to inform the Chairman or the Company Secretary if they intend to include discussion items in the agenda for Board meetings.

Within a reasonable time after meetings, draft and final versions of all minutes for Board meetings and committee meetings will be sent to all Directors and committee members for review. The approved minutes are kept by the Company Secretary, and the Board and committee members may inspect the documents at anytime.

The proceedings of the Board meetings apply to the meetings of each Board committee.

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that the Company has followed procedures and complied with all applicable laws and regulations. Where necessary, Directors can seek separate independent professional advice at the Company's expenses so as to discharge their duties to the Company.

To safeguard independence of the Directors, Directors are required to declare their interest, if any, in any business proposals to be considered by the Board and, where appropriate, they are required to abstain from voting if a Director has a conflict of interest in any matter to be considered by the Board. In addition, physical Board meetings (with the attendance of Independent Non-executive Directors who have no material interest in the transactions) will be held to consider all material connected transactions or any transactions involving substantial shareholder's or Director's material interest. If considered appropriate, Independent Non-executive Directors will take the lead in such meeting.

Currently, the Board has set up five committees, namely the Audit and Risk Management Committee, the Corporate Governance Committee, the Executive Committee, the Nomination Committee and the Remuneration Committee in compliance with the Listing Rules. Each committee has its own defined scope of duties and terms of reference. The terms of reference of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Company and the Hong Kong Stock Exchange. The Company Secretary shall also make available the terms of reference of all the committees to any shareholder upon request. Sufficient resources are provided to each committee to discharge its duties. Where necessary, the committees can seek independent professional advice at the Company's expenses to perform their responsibilities.

DELEGATION BY THE BOARD *(continued)*

Executive Committee

The Executive Committee comprises all Executive Directors of the Company, namely Mr. Yan Jianguo, Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui. The Executive Committee is chaired by Mr. Yan Jianguo.

The principal duties of the Executive Committee are as follows:

- To review and approve loans or banking facilities to be granted to the Company, its subsidiaries, jointly controlled entities and associated companies and the opening of bank or securities related accounts matters;
- To review and approve financial instruments to be issued by the Company, its subsidiaries, jointly controlled entities and associated companies;
- To review and approve grant of loan or other financial assistance to the Company's jointly controlled entities and/or associated companies;
- To review and approve provision of corporate guarantees, indemnity and/or letter of comfort by the Company for its subsidiaries, jointly controlled entities and/or associated companies;
- To review and approve land auctions or tenders, and contracts in the ordinary and usual course of business of the Company; and
- To deal with any other specific business delegated by the Board.

The Executive Committee will report to the Board on a regular basis and the resolutions passed by the Executive Committee from time to time shall be tabled for the information of all Directors at the Board meetings.

During the year, the Executive Committee held two meetings and passed resolutions by way of written resolution to (amongst other matters) review and approve:

- various bank loans and facilities;
- provision of corporate guarantee for the subsidiaries, joint controlled entities and/or associated companies of the Company;
- land auctions and contracts in the ordinary and usual course of business of the Company; and
- listed securities and corporate bonds issued by the subsidiaries of the Company.

DELEGATION BY THE BOARD *(continued)*

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises three members, namely Mr. Li Man Bun, Brian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har, Eliza, all of whom are Independent Non-executive Directors. The Audit and Risk Management Committee is chaired by Mr. Li Man Bun, Brian David.

The principal duties of the Audit and Risk Management Committee are as follows:

- To review and monitor the integrity of the financial information of the Group;
- To review the financial control, risk management and internal control systems of the Company; and
- To oversee the matters relating to the external auditor.

The Audit and Risk Management Committee held four meetings during 2023 and reviewed:

- the Group's annual financial reports for the year ended 31 December 2022, and interim and quarterly results for the year ended 31 December 2023;
- the audit plans from the internal auditor and the external auditor;
- the audit approach and methodology applied to the audit process, the areas of audit emphasis and the impact of the new and revised accounting standards on the Company's financial statements;
- the internal and independent audit results;
- the external auditor's independence and provision of non-audit services;
- the re-appointment of the external auditor and their remuneration;
- the adequacy and effectiveness of the risk management, internal control and financial reporting systems;
- the major investigations findings on risk management and internal control matters;
- the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions; and
- the continuing connected transactions and their annual caps.

The Audit and Risk Management Committee also met with the external auditor twice a year in the absence of management to discuss matters relating to any issue arising from audit and any other matters the auditor may wish to raise.

Corporate Governance Report (continued)

DELEGATION BY THE BOARD *(continued)*

Remuneration Committee

The Remuneration Committee currently comprises three members, namely Professor Chan Ka Keung, Ceajer, Mr. Li Man Bun, Brian David and Dr. Chan Ching Har, Eliza, all of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Remuneration Committee are as follows:

- To make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management;
- To make recommendations to the Board on the remuneration packages of the Directors of the Company and senior management in consultation with the Chairman of the Board;
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- To review and approve matters relating to share schemes under the Listing Rules.

The Remuneration Committee held one meeting and passed resolutions by way of written resolution during 2023 and reviewed:

- the remuneration policy and structure of the Group;
- the remuneration package of all Directors of the Company and the senior management and employees of the Group;
- the discretionary bonus of the senior management of the Company and the employees of the Group;
- the vesting and lapse of Share Options under the Share Option Scheme (as defined in the section headed "Share Option Scheme" in this annual report with details set out thereto); and
- the revision to the terms of reference of the Remuneration Committee.

DELEGATION BY THE BOARD *(continued)*

Remuneration Committee *(continued)*

The primary goal of the Company's Director and Employee Remuneration Policy is to provide a fair and competitive remuneration package to attract, retain and motivate the Directors and employees of the Company in line with the long-term business strategy of the Company and the interests of the shareholders of the Company.

Subject to the compliance with relevant laws and regulations and with reference to market research and conditions, Executive Directors' and employees' remuneration package comprises the following fixed and variable components:

Components	Determining Factors
Fixed remuneration	
Basic salary	• salaries paid by comparable companies • Executive Directors' and employees' performance and contribution, time commitment, responsibilities, employment conditions • the Company's operating performance
Variable remuneration	
Discretionary bonus	• the Company's operating performance and profitability • Executive Directors' and employees' performance and contribution
Share options	• the Company's operating performance and profitability • Executive Directors' and employees' performance and contribution • on and subject to the relevant share option scheme and the requirements of the Listing Rules

The remuneration of Non-executive Directors (including the Independent Non-executive Directors), comprising the Directors' fees, is determined by reference to their respective duties and responsibilities with the Company, the Company's standard for emoluments and the prevailing market conditions and remuneration paid by comparable companies.

The Company will seek shareholders' approval in its annual general meeting to authorise the Board to fix the remuneration of Directors. No Director was involved in determining his/her remuneration.

Details of Directors' remuneration for 2023 are set out in note 13 to the financial statements.

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

Remuneration bands *(RMB)*	Number of individuals *(Note)*
4,000,000 or below	5
4,000,001 to 4,500,000	2
4,500,001 to 5,000,000	4

Note: Inclusive of a senior management who resigned during the year 2023.

DELEGATION BY THE BOARD *(continued)*

Nomination Committee

The Nomination Committee currently comprises three members, namely Dr. Chan Ching Har, Eliza, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer, all of whom are Independent Non-executive Directors. The Nomination Committee is chaired by Dr. Chan Ching Har, Eliza.

The principal duties of the Nomination Committee are as follows:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- To identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of Independent Non-executive Directors; and
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting during 2023 and reviewed:

- the structure, size and composition of the Board;
- the implementation and effectiveness of the Board Diversity Policy and the Board Independence mechanisms;
- the re-election of the retiring Directors at the annual general meeting;
- the independence of the Independent Non-executive Directors;
- the change of Independent Non-executive Directors; and
- the revision to the Nomination Policy.

In respect of selecting individual to be nominated or re-elected as Director, the Nomination Committee will have regard to the Board Diversity Policy and the Procedure Regarding Appointment, Election and Removal of Directors of the Company (equivalent to the nomination policy of the Company and hereafter referred to as "Nomination Policy"). The nominee shall satisfy the requirements as set out in the Listing Rules including that the nominee should have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with his or her position as a Director. In addition, the Nomination Policy also stipulates that the independence of any Independent Non-executive Director serving more than 12 consecutive years may be impaired and may not be suitable for re-election effective from 31 March 2023.

Based on the formalised process and procedure of nominating a director regulated under the Nomination Policy of the Company, the management team led by the Chairman of the Board will identify a wide and diverse range of candidates from various backgrounds that would be attributable to the business needs and carry out a due diligence on the shortlisted candidates. A comprehensive review will be presented to the Nomination Committee who will further discuss and assess the suitability of the candidates against a range of criteria from an independent perspective in accordance with the Board Diversity Policy, and make recommendation to the Board.

DELEGATION BY THE BOARD *(continued)*

Nomination Committee *(continued)*

During the year, the Nomination Committee reviewed the qualifications, experience, background and the core competencies in the field of relevant industry knowledge of the Directors in accordance with the Nomination Policy and the Board Diversity Policy. The Nomination Committee and the Board are satisfied that the Board has the appropriate mix of diverse, experience and skills, and recommended the shareholders to re-elect Mr. Luo Liang and Mr. Zhang Zhichao as Directors at the annual general meeting held on 28 June 2023. Also, at the recommendation of the Nomination Committee, the Board appointed Dr. Chan Ching Har, Eliza as Independent Non-executive Director with effect from 29 June 2023 upon the retirement of Dr. Fan Hsu Lai Tai, Rita.

Corporate Governance Committee

The Corporate Governance Committee currently comprises four members, namely Professor Chan Ka Keung, Ceajer, Mr. Li Man Bun, Brian David, Dr. Chan Ching Har, Eliza and Mr. Luo Liang, the majority of whom are Independent Non-executive Directors. The Corporate Governance Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Corporate Governance Committee are as follows:

- To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- To review and monitor the training and continuous professional development of the Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company; and
- To perform the duties in respect of environmental, social, and governance ("ESG") related issues of the Group under the Listing Rules.

DELEGATION BY THE BOARD *(continued)*

Corporate Governance Committee *(continued)*

The Corporate Governance Committee held two meetings during 2023 and reviewed:

- the Company's policies and practices on corporate governance, and compliance with the CG Code;
- the implementation and effectiveness of the Shareholders' Communication Policy;
- the ESG Report for the year 2022; and
- the work done in respect of the ESG related issues for the first half of the year 2023 and the work plan for the year 2023.

The Board has the overall responsibility for effective corporate governance and oversight of ESG matters. To ensure the effectiveness of sustainability management and implement sustainability management policies and measures systematically, the Company has formulated the Measures for Environmental, Social and Governance Management to clearly define the role and responsibilities and reporting mechanism for sustainability affairs.

The Corporate Governance Committee is responsible for providing long-term direction and strategies on sustainability-related matters, identify ESG risks (including climate-related risks), and review and monitor management's execution of sustainability projects. To support the Corporate Governance Committee, the Company has established an ESG Working Leadership, and the ESG strategic framework under the framework of being "a Company of Four Excellences", for planning and achieving qualitative and quantitative sustainability targets, which covered from green building area, air quality testing, customer satisfaction, employee satisfaction, employee training, carbon emissions to energy consumption density.

For detailed discussions on the Group's ESG policies and performance, please refer to the Company's 2023 ESG Report.

Corporate Governance Report (continued)

ATTENDANCE RECORDS

To ensure that the Directors have spent sufficient time on the affairs of the Company, the Directors are required to disclose to the Company once a year the number and nature of their other offices held in Hong Kong or overseas listed public companies and other significant commitments, as well as an indication of the time involved in those positions. In addition, the Directors usually inform the Company promptly whenever there are changes regarding their other positions. During the year, no Director held more than five listed company directorship (including the Company).

The Board was satisfied that the Directors had positively contributed to the Board through active participation in the Company's affairs as reflected in their high attendance record on the Board meetings, Board committees meetings and annual general meeting held in 2023 as set out in the following table:

	Actual Attendance/Number of Meetings a Director was entitled to attend						
Name of Directors	Board Meetings	Executive Committee Meetings	Audit and Risk Management Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Corporate Governance Committee Meetings	Annual General Meeting
Mr. Yan Jianguo	4/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Luo Liang	5/5	2/2	N/A	N/A	N/A	2/2	1/1
Mr. Zhang Zhichao	5/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Guo Guanghui	5/5	2/2	N/A	N/A	N/A	N/A	1/1
Mr. Zhuang Yong	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Zhao Wenhai	4/5	N/A	N/A	N/A	N/A	N/A	1/1
Dr. Fan Hsu Lai Tai, Rita (Note 1)	2/2	N/A	2/2	1/1	1/1	1/1	1/1
Mr. Li Man Bun, Brian David	5/5	N/A	4/4	1/1	1/1	2/2	1/1
Professor Chan Ka Keung, Ceajer	5/5	N/A	4/4	1/1	1/1	2/2	1/1
Dr. Chan Ching Har, Eliza (Note 2)	2/3	N/A	1/2	N/A	N/A	1/1	N/A

Notes:

1. *retired on 28 June 2023*

2. *appointed on 29 June 2023*

BOARD EVALUATION

The Board recognises the importance and benefit of conducting regular evaluations of its performance to ensure effectiveness. Since 2022, the Board evaluation process was formalized, by adopting a board evaluation questionnaire for the full Board as well as Board Committees every two years.

Directors were asked to express their own views and feedbacks to the Company on anonymous basis on the overall performance of the Board and its committees, its role, responsibilities, skills and composition, conduct of Board and committee meetings, provision of information, culture and boardroom behaviours and areas for improvement. The responses and comments from all Directors were analysed and discussed by the Corporate Governance Committee and the Board. An action plan has been developed in light of the evaluation process and the constructive insights from the Directors in order to further enhance corporate governance.

DIVIDEND POLICY

The Company aims at providing a stable and sustainable return to the shareholders and a dividend policy was adopted by the Company in 2019. Under the dividend policy, the Board shall take into account future operating and profit, cash flows, capital and other reserve requirements of the Group, overall financial position, contractual restrictions, articles of association of the Company, all applicable laws (including the Inland Revenue Ordinance) and other factors when the Board recommends the declaration of dividends and determines the dividend amounts.

The Company will continue to review the dividend policy and retain its sole and absolute discretion to update, revise and/or modify the dividend policy at any time.

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Company and reports to the Chairman of the Board. The Company Secretary supports the Board by ensuring good information flow and that the Board policies and procedures are strictly followed. The Company Secretary is also responsible for advising the Board on corporate governance matters and facilitating the induction and professional development of Directors.

During the year, Mr. Edmond Chong, the Company Secretary of the Company, has taken no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to maintain an on-going and open dialogue with current and prospective, and both individual and institutional shareholders of the Company. A Shareholders' Communication Policy was adopted throughout the year pursuant to the CG Code which aims at establishing a two-way relationship and communication between the Company and its shareholders.

Apart from reporting to the shareholders and investors on its operation and financial conditions semi-annually and annually, the Company also discloses relevant operational data monthly and quarterly so that the investors can have a better understanding about the Company's operations and allow for a fair and balanced outlook of the Company and industry to the market.

The Company views general meetings as an essential mean of conducting a dialogue with individual shareholders. Shareholders of the Company are encouraged to attend the general meetings of the Company which provide a useful forum for exchanging views with management of the Company. A separate resolution would be proposed by the Chairman in respect of each substantial issue at the general meetings. All Directors (including the Non-executive Directors) are invited to the general meetings. The Chairman of the Board and the chairpersons of the Audit and Risk Management Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee, or in their absence, other members of the relevant committees, are available at the general meetings to answer questions from shareholders on the business of the Group. The Company's management ensures the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors' independence.

COMMUNICATION WITH SHAREHOLDERS *(continued)*

To further enhance minority shareholders' rights, the Company has conducted all voting at the general meetings by poll. Detailed procedures for conducting the poll are explained clearly at the beginning of the general meeting. The share registrar of the Company will also be appointed as scrutineer for the poll at the general meetings. Poll results will be posted on the Company's website and the Hong Kong Stock Exchange's website after each general meeting.

Apart from participating in the Company's general meetings, the Company has adopted an Inside Information Disclosure Policy which provides guidance on the disclosure of material information to all shareholders. Shareholders may also send their specific enquiries requiring the Board's attention to the Company Secretary. Other general enquiries can be directed through the Company's investor and public relations' designated contacts, email addresses and enquiry lines as set out in the "Corporate Information" section on page 3 of this annual report.

Effective engagement with investors and timely disclosure are key components of good corporate governance. The Company also holds regular meetings with financial analysts and investors, organises various roadshows (both domestic and international), media interviews and marketing activities, during which the Company's management will provide relevant information and data to the analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner while at all times respecting the relevant regulations restricting the disclosure of inside information. The Company's website is updated continuously, providing up-to-date information regarding latest development of the Company.

During the year, the Corporate Governance Committee reviewed the Shareholders' Communication Policy through the analysis of the recent capital market situation, the shareholders' structure of the Company and the above communication carried out with the shareholders and the investors. Based on the aforesaid, the Board concurred with the view of the Corporate Governance Committee, and concluded that the Shareholders' Communication Policy is effective.

Corporate Governance Report (continued)

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a General Meeting

Shareholder(s) of the Company can request the Directors to convene a general meeting pursuant to section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") by fulfilling the conditions below:

(i) One or more shareholder(s) in aggregate holding not less than 5% of the total voting rights of the Company carrying the right to vote at general meetings may send request(s) to the Company in hard copy form or in electronic form.

(ii) Such request(s):

(1) Must state the general nature of the business to be dealt with at the meeting;

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

(3) May consist of several documents in like form; and

(4) Must be authenticated by the person or persons making it.

Procedures for Shareholders to Put Forward Proposals at General Meetings

(i) The procedures for proposing candidate(s) for election as Director(s) at a shareholders' meeting are set out in the Corporate Governance section of the Company's website.

(ii) Shareholder(s) can request the Company to circulate a statement (or notice of a resolution that may properly be moved and is intended to be moved at the annual general meeting) to members of the Company entitled to receive notice of a general meeting (or annual general meeting, where applicable), in pursuance of section 580 (or section 615, in the case of annual general meeting) of the Companies Ordinance subject to the following:

(1) The statement should be of not more than 1,000 words and with respect to:

(a) A matter mentioned in a proposed resolution to be dealt with at that meeting; or

(b) Other business to be dealt with at that meeting.

(2) Each shareholder may only request the Company to circulate:

(a) One such statement with respect to the resolution mentioned in (1)(a) above; and

(b) One such statement with respect to the other business mentioned in (1)(b) above.

SHAREHOLDERS' RIGHTS *(continued)*

Procedures for Shareholders to Put Forward Proposals at General Meetings *(continued)*

(ii) (continued)

(3) Such request(s) has to be sent by the shareholders who have a relevant right to vote and fulfill the conditions below:

(a) Shareholders representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote; or

(b) At least 50 shareholders.

Relevant right to vote means:

(a) In relation to a statement with respect to a matter mentioned in a proposed resolution, a right to vote on that resolution at the meeting to which the requests relate;

(b) In relation to any other statement, a right to vote at the meeting to which the requests relate; and

(c) In relation to notice of a resolution, a right to vote on the resolution at the annual general meeting to which the requests relate.

(4) Such request(s):

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

(b) Must identify the statement (or notice, in the case of annual general meeting) to be circulated;

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

(d) Must be received by the Company:

(aa) at least 7 days before the general meeting to which it relates; and

(bb) not later than 6 weeks before the annual general meeting to which the requests relate; or if later, not later than the time at which notice of that meeting is given.

Enquiries to the Board

The "Corporate Information" of this annual report provides the registered address of the Company and the email address, fax number and telephone number of the Investor Relations team to facilitate the shareholders of the Company to address their concerns or enquiries to the Board at any time. Please mark for the attention of the Company Secretary in the incoming letters or e-mails.

AUDITOR'S REMUNERATION

For the year ended 31 December 2023, fees for audit services and non-audit services payable to the external auditor of the Company amounted to approximately RMB10,746,000 and RMB793,000 respectively. Fee payable for the non-audit services included but not limited to the professional services rendered in connection with results announcement, continuing connected transactions and ESG report consultation etc.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's articles of association during the year ended 31 December 2023, and a consolidated version is available on the websites of the Company and the Hong Kong Stock Exchange.

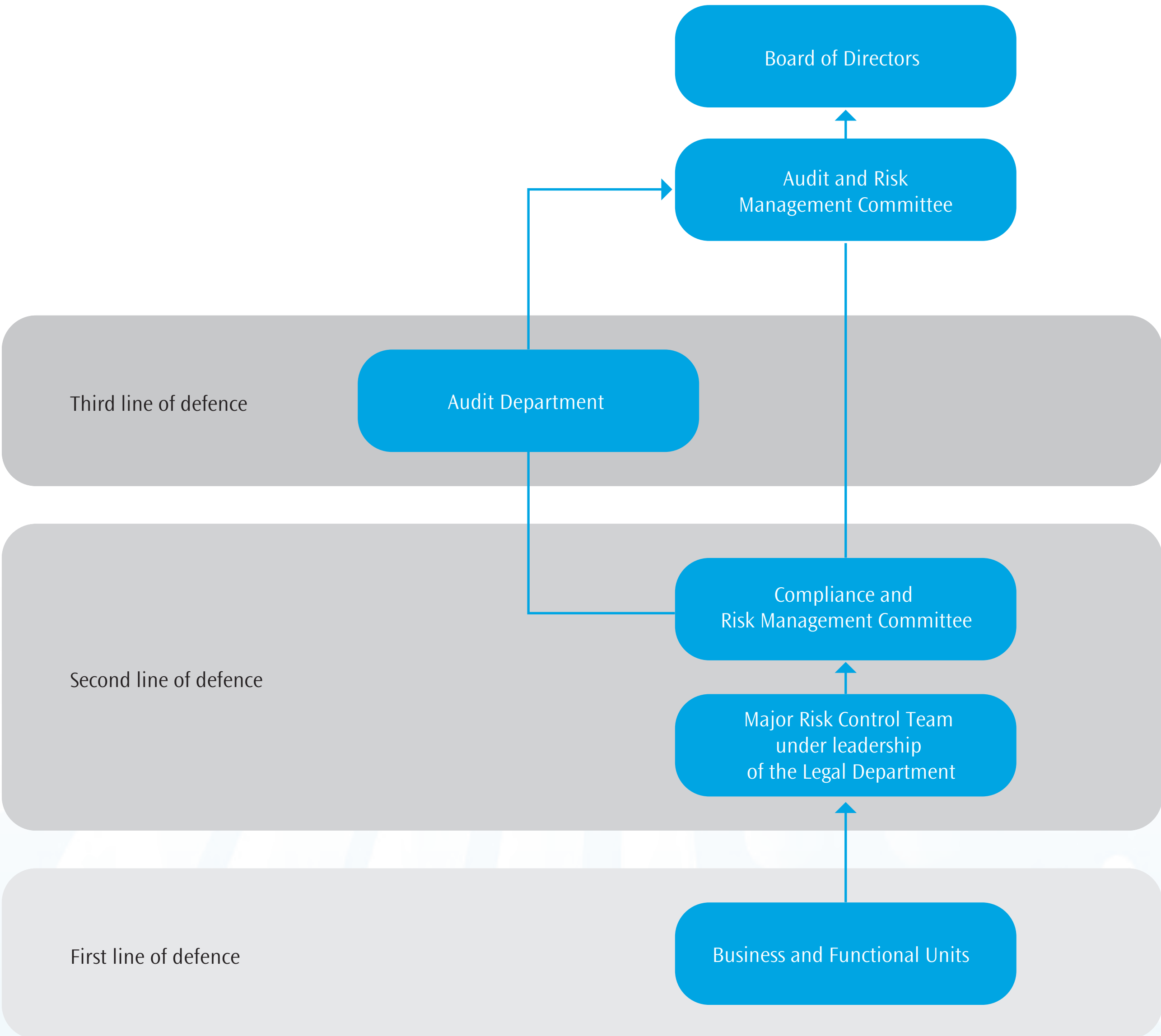
Risk Management and Internal Controls Report

The Board acknowledges that risk is inherent in our business and the markets in which we operate, and we undertake and monitor risk in pursuit of our strategic and business objectives. We aim to establish an effective risk management system and culture to safeguard the Company's assets and the interests of shareholders for the long-term development of the Company, to ensure that reliable financial information will be provided to management and to ensure that risks affecting significant investments and business of the Company can be identified and properly managed so that they can be minimised, transferred or avoided. However, risk management and internal control systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and it can only provide reasonable, but not absolute, assurance against material misrepresentation or loss.

RISK MANAGEMENT STRUCTURE

In 2023, the Company conducted a comprehensive review of its risk management structure, which involved a thorough examination of matters such as risk culture, governance, management structure and business processes. Based on the review, the Company considered a wide range of measures to strengthen its risk management, which included launching two new sets of Risk Management Policy and Compliance Policy, restructuring the risk management framework, enhancing the business management process, promoting a stronger risk culture and increasing awareness among all employees at the Company.

The Company's current risk management structure is guided by the principle of "three lines of defence" which aims at carrying out risk assessment and risk monitoring for various sectors, embedding risk management into business processes, monitoring and making timely adjustment to risk management procedures:



Risk Management and Internal Controls Report (continued)

RISK MANAGEMENT STRUCTURE *(continued)*

Board of Directors

The Board has the overall responsibility for establishing and maintaining appropriate and effective risk management and internal control systems. Its principal duties include:

- evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives
- oversee and review the adequacy and effectiveness of the risk management and internal control systems on an ongoing basis

Audit and Risk Management Committee

The Audit and Risk Management Committee is delegated with the authority from the Board to oversee the risk management and internal control systems at the Board level. Its principal duties include:

- oversee the design, implementation and monitoring of the risk management and internal control systems
- consider major investigation findings on risk management and internal control matters
- discuss with management on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function
- review the adequacy and effectiveness of the risk management and internal control systems twice a year and report to the Board
- provide market insights and advices to the Board in relation to the Group's risks and internal control

Third Line of Defence – Audit Department

The Audit Department assists the Audit and Risk Management Committee in assessing the risk management and internal control systems. Its principal duties include:

- draw up the audit plan and perform regular independent review of the risk management and internal control systems
- review key risk areas and put forward any risk action plans for implementation by the relevant business units concerned
- report to the Audit and Risk Management Committee and the Board on the Group's overall risk position and key exposures, the actions planned or taken by the management, and major emerging risks that require specific attention
- provide independent assurance to the Audit and Risk Management Committee and the Board as to the adequacy and effectiveness of the Company's risk management and internal control systems

RISK MANAGEMENT STRUCTURE *(continued)*

Second Line of Defence
– Compliance and Risk Management Committee ("CRMC")
– Major Risk Control Team ("MRCT")
– Legal Department

CRMC is chaired by the Chief Executive Officer and made up of members from the senior management. Its principal duties include:

- develop the risk management and internal control framework
- review the reports on major risks and group compliance from MRCT
- review and discuss the major risk and compliance issues

MRCT is under the leadership of the Legal Department. Its principal duties include:

- collect and collate risk information, and review the risk assessment results from the business and functional units (i.e. the first line of defence)
- conduct analysis on the Company's risk events in the year and update the risk profile of the Company
- formulate risk mitigation measures, risk management procedures and designated departments in charge
- coordinate with the business and functional units and follow up on changes in major risks and implementation of countermeasures
- report major risk and compliance issues to CRMC
- determine, categorise and prioritise the Company's annual risk management issues and prepare regular reports to the CRMC

First Line of Defence
– Business and Functional Units

Business and functional units act as the risk owners. Its principal duties include:

- identify, evaluate and monitor risk areas in the day-to-day operations
- formulate risk mitigation measures and escalate the risk issues to MRCT
- execute all proper risk management, mitigation measures and actions as required to protect the Group's interest and efficacy of business performance
- ensure the effectiveness of risk management system and mitigation strategies

RISK MANAGEMENT PROCESS

The risk management process is embedded in our day-to-day operations. This includes risk appetite, identification, assessment, treatment and monitoring. This is an ongoing process with regular monitoring, review and reporting to the Audit and Risk Management Committee and the Board.

Risk appetite

Taking into account the internal and external environment, the Company's strategic objective, business planning, risk management principles and culture, an appropriate risk management approach is adopted after identifying the potential internal and external risks that may arise in relation to the Company's business, in which a risk-averse, risk-seeking, risk-control and risk-transfer strategies might be adopted.

Risk Management and Internal Controls Report (continued)

RISK MANAGEMENT STRUCTURE *(continued)*

Risk identification

Risk identification is the cornerstone to risk assessment and treatment. Our risk management framework with both “top-down” and “bottom-up” approaches allows the Company to identify the inherent and emerging risks at both strategic and operational levels based on the internal and external environment, the Company’s development objectives, significant business operation procedures and the history of the Company’s major risks and issues.

Our potential risks in critical business areas are categorised into six main areas: external market, strategic, operational, financial, regulatory and ESG (including climate-related risks). A comprehensive list of risks and opportunities at both operational level and group level can be developed.

Risk assessment

Identified risks and opportunities are assessed and analysed in two dimensions: (i) impact to the Group’s finances, operations, regulatory compliance, reputation and relationships with customers and suppliers; and (ii) likelihood of occurrence, based on the predefined risk assessment standard which covers both qualitative and quantitative elements.

The risks and opportunities will be analysed and plotted into a matrix in the form of a heat map such that each business and functional units can consider and prioritise the risks according to the risk ratings. For other risks that might have more significant impact, such risks will be escalated to CRMC and MRCT for re-assessment.

Risk treatment

Based on the analysis results and the heat map, risk management plans and mitigation measures will be explored and developed to mitigate risks to acceptable levels taking into account all relevant costs and benefits, and presented to CRMC and MRCT for review and approval.

Risk review and monitoring

CRMC and MRCT review the risk register and risk management plans submitted by each business and functional unit, and monitor the implementation of reasonable risk mitigation measures and monitor how the material risks are changing over time. Adequate risk-related information will be reported to the Board and the Audit and Risk Management Committee through the Audit Department on a regular basis.

RISK CULTURE

The Board recognises the importance of an effective risk management system and is committed to promote a risk-aware culture throughout the Company that integrates risk management into the course of business operation of the Company and entrenches risk management in the organisational operation and the process of achieving the business goal. In the meantime, through regular training, risk management has been integrated into our business routine. The Group strives to continually enhance its risk management framework in order to keep pace with the dynamic business environment.

Risk Management and Internal Controls Report (continued)

PRINCIPAL RISKS OF THE GROUP

Principal risks faced by, and key control measures taken by the Group during the year are summarised below:

	Risk	Risk description	Key risk control measures
1.	Macroeconomic risk	Global economic growth has been hold back by factors including interest rate hikes in the US dollar, international trade friction and intensifying geopolitical conflicts.	• continuously monitor the global and Chinese Mainland economic situations and respond with appropriate strategies in a timely manner • conduct regular performance review and perform stress test based on exposure and sensitivity in different scenarios • maintain disciplined investment, focus on selecting quality assets in higher-tier cities and make precise investments • clearly convey the Company's business development strategy and prospects to the capital market to understand the Company's core competitiveness and long-term investment value
2.	Market risk	The domestic real estate market steadily declined and uncertainty increased.	• continuously make targeted and lean investments and execute precise management • enhance the sales and marketing strategy and management in order to expedite the return in contracted sales
3.	Exchange rate risk	Renminbi exchange rate fluctuation.	• continuously monitor the volatility of RMB exchange rate • gradually adjust the proportion of RMB loan in the entire borrowings portfolio • constantly optimise the ratio of RMB and foreign currency debt at appropriate time • review and explore different financing tools to minimise the foreign exchange risk
4.	Policy risk	Change of government policies and regulations on the property sector.	• closely follow up with Chinese Mainland and overseas government policies • review cautiously Chinese Mainland and overseas operations to minimise political and regulatory risks and its impact
5.	Operational risk	Rising construction cost, labour cost, financing cost and operating costs, and declining profitability in property development sector.	• actively seize opportunity of realignment in the industry and explore new investment opportunities • actively manage the project inventories to stabilise the supply of properties and cash inflow • various measures have been well established to ensure that the property projects are built with high quality standards and on schedule in order to provide confidence to the market • collaboration amongst various departments within the Group to implement strong cost control

INTERNAL CONTROL SYSTEM

In 2023, the Company conducted a comprehensive review of its internal control system in order to improve the efficiency of the business operation and to ensure the compliance with the laws and regulations and safeguard the assets, and the accuracy and completeness of financial report and related information of the Company. This included a thorough review of matters such as code of conduct of employees, internal control structure and business management procedures. Based on the review, the Company carried out a broad range of key control measures to further strengthen its internal control:

(i) Appropriate corporate governance structure and rules of procedures have been established to define responsibilities and authorities of decision making, executing, and supervising, and therefore, to form scientific division of duties and check and balance mechanism.

(ii) A diverse range of internal control policies and procedures have been deployed to help ensure efficient and effective operations in our growing business units and functions. Each functional department of the Company has its business management code, operation guidelines and post manual based on business needs. They also use necessary control mechanisms to ensure that employees are clear about and exercise authority properly.

(iii) A comprehensive budget management has been established to allow the Company to ascertain responsibility and authority for each business unit in budget management and regulates the preparation, review and execution program of budget. The budget will be re-assessed semi-annually with reference to the business performance, business needs and strategy and significant risk and opportunities.

(iv) A standardised accounting procedures and a specific business audit system have been maintained to guarantee the authenticity and integrity of accounting data and information for disclosure and reporting purposes. There are regular management reports on the Group's cash, liquidity and borrowings so that cash flow position of the Company is closely monitored.

(v) Information technology has been applied to enhance the Company's internal monitoring capability, and establish a compatible information system on operation and management, thus, leveraged on effective combination with internal monitoring process, to achieve the purpose of reducing or eliminating the artificial control factors.

(vi) Each regional office of the Company is required to assign a compliance officer responsible for overseeing compliance issues within their respective region. The Company has implemented an electronic approval system that ensures all matters are approved according to established processes and all approval processes and documents are retained within the system. The responsible regional offices and headquarters departments are obligated to verify the compliance of submitted projects and contracts through this system.

The Audit and Risk Management Committee is responsible for considering and assessing the risks of the Company and the control measures to be taken and reviewing the effectiveness of the risk management and internal control systems. It will also carry out research on important findings regarding risk management and internal control matters and the response from management to the findings, and report any deficiency of the control systems and corresponding suggestions for improvement to the Board. In addition, the external auditors host regular discussion with the Audit and Risk Management Committee on any internal control problem identified in the course of the audit.

The Audit Department has been established to conduct internal audit of the Company and its subsidiaries, joint ventures and associated companies, and assist the Audit and Risk Management Committee and the Board to provide an independent review of the risk management and internal control systems. It also monitors the effectiveness and adequacy of internal control, makes remediation suggestions to the management of the Company on identified deficiencies in the design and implementation, and supervise the management to make and implement remediation plans. The Audit Department regularly reviews the operation of the risk management and internal control systems of the Company and submits review report to the Audit and Risk Management Committee and the Board on a half-yearly basis.

In 2023, the Board reviewed the effectiveness and adequacy of the risk management and internal control systems of the Company and its subsidiaries, including financial report, operation and regulation compliance. Upon reviewing the Audit Department's reports of the year, the Board considered that the systems are effective and efficient. During the year, no material deficiency of the systems was found, and the Company has rectified any deficiency in its control (if any) which might exist. The Board believes that the systems are operating effectively and various risks that may affect the Company's achievement of goals are under control.

The Board also reviewed and considered that the resources, professional qualification and experience of the staff of the accounting, internal audit and financial reporting functions of the Company as well as training programs and budget in 2023 were sufficient.

WHISTLEBLOWING POLICY

The Group has put in place the Whistleblowing Policy which sets out the principles and procedures for all the employees of the Group and those who deal with the Group (including but not limited to customers, suppliers and business partners) to raise concerns in confidence and anonymity to the Audit and Risk Management Committee about possible improprieties in any matter related to the Group. Proper arrangements are established for fair and independent investigation of these matters and for appropriate follow-up actions.

During the year, there were no whistleblowing cases reported to the Audit and Risk Management Committee.

ANTI-CORRUPTION POLICIES

The Company is committed to high standards of ethics, honesty and integrity. We have a zero-tolerance approach to any form of bribery and corruption. Various anti-corruption policies have been set up to strengthen anti-corruption awareness within the Company and among our business partners through codes, agreements, policies, systems and regular training.

The anti-corruption policies outlines the Company's principles, code of conducts, requirements relating to anti-corruption, conflict of interest, confidentiality of information, anti-competitive practices, anti-discrimination and other irregularities as well as the reporting channel for any suspected or actual cases. All employees are required to sign and commit the Work Integrity Responsibility Statement every year. Training related to anti-corruption was also regularly provided to the employees so as to deepen employees' understanding of anti-fraud and corruption.

During the year, the Company did not have any corruption-related violations and lawsuits.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company has established the Inside Information Disclosure Policy to:

- ensure that any potential inside information is promptly identified and reported to the Executive Committee of the Company who will make timely decisions on disclosure of inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;

- conduct its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

- establish preventive controls and reporting mechanism as well as external communication guidelines applicable to confidential or unpublished inside information in relation to the Group and its securities;

- set out restrictions in securities dealing by senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Company and its securities in compliance with the Model Code for Securities Transactions by Directors set out in Appendix C3 to the Listing Rules; and

- provide regular training to all employees to help understand the Company's Inside Information Disclosure Policy as well as their duties and obligations in relation to the inside information.

Report of Directors

The directors of the Company (the "Directors") present the annual report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The Group is principally engaged in property development and investment, and other operations. The activities of the Company's principal subsidiaries, associates and joint ventures are set out in notes 44, 18 and 19 respectively to the financial statements.

An analysis of the Group's performance by segment is set out in note 8 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" as set out on pages 12 to 63 of this annual report.

In addition, discussions on the Group's environmental policies and performance and compliance with the relevant laws and regulations and an account of the Group's key relationships with its employees, customers, suppliers and stakeholders, that have a significant impact on the Group can be found in the section headed "Sustainable Development" as set out on pages 72 to 79 of this annual report and in the Company's 2023 Environmental, Social and Governance Report published in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 141 and 142 of this annual report respectively.

An interim dividend of HK35 cents per share (2022: HK40 cents per share) was paid on 5 October 2023. The board of Directors (the "Board") recommends the payment of a final dividend of HK45 cents per share (2022: HK40 cents per share) to shareholders whose names appear on the Register of Members of the Company on 27 June 2024. Together with the interim dividend of HK35 cents per share, dividends for the year will amount to a total of HK80 cents per share (2022: HK80 cents per share). Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable on 12 July 2024.

SHARE CAPITAL

The total number of shares of the Company in issue (the "Shares") as at 31 December 2023 was 10,944,883,535 ordinary Shares.

Details of movements in the share capital of the Company during the year are set out in note 30 to the financial statements.

RESERVES

Movements during the year in the reserves of the Group and of the Company (including but not limited to distributable reserves) are set out in the consolidated statement of changes in equity on pages 145 and 146 of this annual report and note 42 to the financial statements respectively.

Report of Directors (continued)

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out on page 8 of this annual report.

MAJOR PROPERTIES

Details of the major property development projects and commercial properties of the Group at 31 December 2023 are set out on pages 43 to 45 and pages 50 to 56 of this annual report.

TANGIBLE FIXED ASSETS

The Group's investment properties were revalued at the reporting date. The revaluation resulted in a net increase in fair value of RMB4,845,721,000 which has been credited directly to the consolidated income statement.

Details of the movement in investment properties and movements in property, plant and equipment of the Group during the year are set out in notes 17 and 16 respectively to the financial statements.

EQUITY-LINKED AGREEMENTS

For the year under review, save for the Share Option Scheme (as defined in the section headed "Share Option Scheme" in this report with details set out thereto) adopted by the Company on 11 June 2018, the Company did not enter into any equity-linked agreement.

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES

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

Issue of Listed Securities

The following securities were issued by the wholly-owned subsidiaries of the Company during the year. The net proceeds are used to repay the existing indebtedness of the Group.

Name of Subsidiary	Securities	Issue Date	Due Date	Issue Scale *(RMB'000)*	Coupon Rate	Name of stock exchange/ market on which the securities are listed/issued
China Overseas Development Group Co., Ltd.* ("China Overseas Development")	2023 corporate bonds					Shenzhen Stock Exchange
	(i) First tranche (Type I)	6 November 2023	7 November 2026	2,000,000	2.90%	
	(ii) First tranche (Type II)	6 November 2023	7 November 2028	1,000,000	3.25%	
	(iii) Second tranche (Type II)	11 December 2023	12 December 2028	3,000,000	3.20%	
China Overseas Finance (Cayman) VIII Limited	Guaranteed notes	18 October 2023	25 October 2026	3,190,000	3.50%	Private placing

* *English translation for identification purpose only*

Report of Directors (continued)

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES *(continued)*

Redemption of Listed Securities

The following securities were redeemed by the wholly-owned subsidiaries of the Company during the year:

Name of Subsidiary	Securities	Issue Date	Redemption Date	Redemption Value (RMB'000)	Remaining Value (RMB'000)
Beijing China Overseas Plaza Commercial Development Ltd.*	(i) RMB3,701 million at coupon rate of 2.50% (ii) RMB3,001 million at coupon rate of 3.90% (iii) RMB1,001 million at coupon rate of 3.85% (iv) RMB2,101 million at coupon rate of 3.60% (v) RMB1,901 million at coupon rate of 3.50% (vi) RMB5,001 million at coupon rate of 3.35% Commercial mortgage-backed securities listed on the Shenzhen Stock Exchange	(i) 28 April 2020 (ii) 17 August 2020 (iii) 23 March 2021 (iv) 23 June 2021 (v) 10 November 2021 (vi) 29 March 2022	(i) 28 April 2023 (ii) 5 May 2023 (iii)-(iv) Principal amount with interest payable will be repaid in instalments in May and November each year (v)-(vi) Principal amount with interest payable will be repaid in instalments in February and August each year	(i) 3,686,200# (ii) 2,996,500# (iii) 600 (iv) 44,900 (v) 7,970 (vi) 10,000	(i) Nil (ii) Nil (iii) 999,200# (iv) 2,000,200# (v) 1,886,180# (vi) 4,986,000#
China Overseas Development	RMB1,000 million at coupon rate of 3.10% corporate bonds which were listed on the Shenzhen Stock Exchange	9 July 2021	12 July 2023	1,000,000	Nil
China Overseas Development	RMB500 million at coupon rate of 2.75% corporate bonds which were listed on the Shenzhen Stock Exchange	6 August 2021	9 August 2023	500,000	Nil
China Overseas Development	RMB2,000 million at coupon rate of 3.20% corporate bonds which were listed on the Shenzhen Stock Exchange	13 August 2020	14 August 2023	2,000,000	Nil
China Overseas Development	RMB2,400 million at coupon rate of 3.40% corporate bonds which were listed on the Shenzhen Stock Exchange	6 November 2020	9 November 2023	2,400,000	Nil
China Overseas Development	RMB1,500 million at coupon rate of 3.60% medium-term notes which were listed on the National Interbank Bond Market	10 December 2020	14 December 2023	1,500,000	Nil
China Overseas Finance (Cayman) VII Limited	US$750 million at coupon rate of 4.25% guaranteed notes which were listed on the Hong Kong Stock Exchange	26 April 2018	26 April 2023	5,109,975	Nil
China Overseas Finance (Cayman) III Limited	US$500 million at coupon rate of 5.375% guaranteed notes which were listed on the Hong Kong Stock Exchange	29 October 2013	29 October 2023	3,621,179	Nil

* *English translation for identification purpose only*

\# *included equity class securities of RMB1 million wholly subscribed by Beijing China Overseas Plaza Commercial Development Ltd.*

Details of the above securities (including the carrying amount) are set out in the relevant announcements of the Company and note 32 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Analysis of bank and other borrowings, guaranteed notes and corporate bonds and interest capitalised are set out in notes 31, 32 and 10 respectively to the financial statements.

DIRECTORS

(a) Directors of the Company

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Yan Jianguo
Mr. Luo Liang
Mr. Zhang Zhichao
Mr. Guo Guanghui

Non-executive Directors

Mr. Zhuang Yong
Mr. Zhao Wenhai

Independent Non-executive Directors

Dr. Fan Hsu Lai Tai, Rita *(retired on 28 June 2023)*
Mr. Li Man Bun, Brian David
Professor Chan Ka Keung, Ceajer
Dr. Chan Ching Har, Eliza *(appointed on 29 June 2023)*

Dr. Fan Hsu Lai Tai, Rita did not stand for re-election and retired as an Independent Non-executive Director with effect from the conclusion of the annual general meeting held on 28 June 2023. Dr. Fan confirmed that she has no disagreement with the Board and there is no other matter relating to her retirement that needs to be brought to the attention of the shareholders of the Company.

In accordance with article 105(1) of the Company's articles of association, Mr. Yan Jianguo, Mr. Zhao Wenhai and Professor Chan Ka Keung, Ceajer shall retire by rotation at the forthcoming annual general meeting to be held on 21 June 2024 ("2024 AGM") and, being eligible, offer themselves for re-election.

In accordance with article 96 of the Company's articles of association, Dr. Chan Ching Har, Eliza shall hold office until 2024 AGM and shall be subject to re-election.

The term of office for each Independent Non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's articles of association.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers the Independent Non-executive Directors to be independent.

No Director proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS *(continued)*

(b) Directors of the subsidiaries of the Company

The list of directors of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at http://www.coli.com.hk under the "Corporate Governance" section.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Information regarding Directors' emoluments and senior management's emoluments are set out in notes 13 and 41(b) to the financial statements respectively, and the section headed "Remuneration Committee" on page 97 of the Corporate Governance Report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 64 to 71 of this annual report.

SHARE OPTION SCHEME

The share option scheme was approved and adopted by the shareholders of the Company on 11 June 2018 (the "Share Option Scheme") to enable the qualifying grantees to acquire ordinary Shares of the Company and unless otherwise cancelled or amended, it will remain in force for 10 years from 11 June 2018. The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses, to provide additional incentives to the qualifying grantees (being, among others, any employee of the Group or such other persons that have contributed to the Group as specified in the Share Option Scheme) that have contributed to the Group; and to promote the long term financial success of the Group by aligning the interests of share option holders with shareholders of the Company.

The limit on the number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No share options may be granted under any scheme of the Company if this will result in the limit being exceeded.

The number of Shares in respect of the share options that may be granted according to the Share Option Scheme (the "Share Options") shall not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme (i.e. 11 June 2018). On the basis of 10,956,201,535 Shares in issue as at 11 June 2018, this would be 1,095,620,153 Shares.

Report of Directors (continued)

SHARE OPTION SCHEME *(continued)*

The number of Share Options available for grant under the Share Option Scheme at the beginning and the end of the financial year 2023 was 740,179,153 and 754,705,153 respectively. No Share Options were granted during the year 2023. As at the date of this Annual Report, the total number of Shares in the capital of the Company available for issue under the Share Option Scheme is 809,728,653 Shares which represented approximately 7.40% of the total issued share capital of the Company at that date.

Unless otherwise approved by the shareholders of the Company in a general meeting, the number of Shares issued and to be issued upon exercise of the Share Options (whether exercised or outstanding) granted to each of the eligible persons in any 12-month period shall not exceed 1% of the Shares in issue.

Unless otherwise approved by the shareholders of the Company in a general meeting, no Share Options may be granted to any substantial shareholder of the Company, Independent Non-executive Directors or their respective associates, that would result in the Shares issued or to be issued to such person in the 12-month period up to and including the date of Board meeting proposing for the grant (i) in aggregate exceeding 0.1% of the Shares in issue from time to time; and (ii) in aggregate exceeding HK$5 million based on the closing price of the Shares at the date of the Board meeting proposing for such grant.

The exercise price in respect of any particular Share Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Share Option, but shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The period within which the Shares must be taken up under a Share Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 6 years from the date of grant of the relevant Share Option.

The minimum period, if any, for which a Share Option must be held before it can be exercised shall be determined by the Board as its absolute discretion. The Share Option Scheme itself does not specify any minimum holding period.

HK$1.00 is payable by each of the Share Option holders to the Company on the acceptance of the offer of the Share Option. The period within which payments or calls must or may be made should be 28 days after the offer date of a Share Option or such period as the Directors may determine.

The life of the Share Option Scheme is 10 years commencing on 11 June 2018 and expiring on 10 June 2028.

Other details of the Share Option Scheme are set out in Appendix III to the circular published by the Company on 16 April 2018.

Report of Directors (continued)

SHARE OPTION SCHEME *(continued)*

During the year, details of the movements of the Share Options under the Share Option Scheme are as follows:

				Number of Share Options					
Participants	**Date of grant**	**Subscription Price** *HK$ (per Share)*	**Exercise Period** *(Note a)*	**Balance as at 1 January 2023**	**Granted**	**Exercised**	**Cancelled**	**Lapsed** *(Note b)*	**Balance as at 31 December 2023**
Directors									
Mr. Yan Jianguo	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	466,000	–	–	–	–	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 *(Note d)*	1,800,000	–	–	(1,200,000)	–	600,000
Mr. Luo Liang	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	466,000	–	–	–	–	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 *(Note d)*	1,600,000	–	–	(1,066,000)	–	534,000
Mr. Zhang Zhichao	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	366,000	–	–	–	–	366,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 *(Note d)*	1,600,000	–	–	(1,066,000)	–	534,000
Mr. Guo Guanghui	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	400,000	–	–	–	–	400,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 *(Note d)*	1,300,000	–	–	(866,000)	–	434,000
Mr. Zhuang Yong	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	400,000	–	–	–	–	400,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 *(Note e)*	1,600,000	–	–	(533,000)	–	1,067,000
Other employees and related entity participants	29.06.2018	25.85	29.06.2020 to 28.06.2024 *(Note c)*	54,654,500	–	–	–	(3,575,000)	51,079,500
	24.11.2020	18.724	24.11.2022 to 23.11.2026 *(Note d)*	256,050,000	–	–	(165,645,000)	(10,851,000)	79,554,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 *(Note e)*	5,410,000	–	–	(1,780,000)	(100,000)	3,530,000
				326,112,500	–	–	(172,156,000)	(14,526,000)	139,430,500

Report of Directors (continued)

SHARE OPTION SCHEME *(continued)*

Notes:

(a) Exercise of the Share Options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.

(b) Share Options lapsed during the year upon the resignation of certain eligible persons.

(c) One-third of the Share Options granted on 29 June 2018 were vested on each of 29 June 2020 and 29 June 2021. The third tranche of the Share Options were cancelled on 21 June 2022 in accordance with the exercise conditions under the terms of the Share Option Scheme.

(d) The first and second tranches of the Share Options (i.e. each represents one-third of the Share Options granted on 24 November 2020) were cancelled on 12 January 2023 and 25 October 2023 respectively in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining one tranche of the Share Options (i.e. being one-third of the Share Options granted on 24 November 2020) may be vested on 24 November 2024 subject to the terms of the Share Option Scheme.

(e) The first tranche of the Share Options (i.e. being one-third of the Share Options granted on 11 November 2021) were cancelled on 25 October 2023 in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining two tranches of the Share Options (i.e. each represents one-third of the Share Options granted on 11 November 2021) may be vested on each of 11 November 2024 and 11 November 2025 subject to the terms of the Share Option Scheme.

Further details of the Share Option Scheme are set out in note 30 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 December 2023, the interests and short positions of the Directors, the chief executive of the Company and their respective associates in the Shares, 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 maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long Positions in Shares of the Company

Name of Director	Capacity	Nature of interests	Number of Shares held	% of Shares in issue *(Note)*
Mr. Li Man Bun, Brian David	Beneficial owner	Personal	5,660,000	0.0517%

Note: The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 31 December 2023.

(b) Long Positions in Underlying Shares of the Company

Shares Options were granted to Mr. Yan Jianguo, Mr. Luo Liang, Mr. Zhang Zhichao, Mr. Guo Guanghui and Mr. Zhuang Yong pursuant to the Share Option Scheme to subscribe for the ordinary Shares of the Company. Information in relation to these Share Options during the year ended 31 December 2023 can be found in the section headed "Share Option Scheme" of this report. These constitute interests in underlying Shares of equity derivatives of the Company under the SFO.

Report of Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES *(continued)*

(c) Long Positions in Shares and Underlying Shares of the Associated Corporations

(all being personal interest and being held in the capacity of beneficial owner)

Name of associated corporation	Name of Director	Number of shares held	% of shares in issue *(Note 1)*
China State Construction Engineering Corporation Limited ("CSCECL") *(Note 2)*	Mr. Luo Liang	294,000	0.001%
	Mr. Zhang Zhichao	70,000	0.000%
	Mr. Guo Guanghui	210,000	0.001%
China State Construction International Holdings Limited ("CSC")	Mr. Luo Liang	3,531,469	0.070%
China State Construction Development Holdings Limited	Mr. Zhang Zhichao	2,984,000	0.138%
China Overseas Property Holdings Limited	Mr. Li Man Bun, Brian David	1,820,000	0.055%
China Overseas Grand Oceans Group Limited ("COGO")	Mr. Luo Liang	112,906	0.003%
	Mr. Zhuang Yong	750,825	0.021%

Notes:

1. *The percentage represents the number of shares interested divided by the number of shares of the related associated corporation in issue (as the case may be) as at 31 December 2023.*

2. *The number of shares of CSCECL held by each of Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui represented the "A" shares in CSCECL under the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL together with bonus shares on the basis of four bonus "A" shares for every ten existing "A" shares.*

(d) Long Positions in Debentures of the Associated Corporations

Mr. Zhuang Yong in his capacity as a beneficial owner had personal interests in a nominal amount of US$900,000 in the 5.35% Guaranteed Notes due 2042 issued by China Overseas Finance (Cayman) V Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above, as at 31 December 2023, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above and in the section headed "Share Option Scheme", none of the Directors and the chief executive of the Company (including their spouses and children under the age of 18) had, as at 31 December 2023, any interest in, or had been granted any right to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above and in note 30 to the financial statements, at no time during the year, the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, as at the date of this report, the following Directors declared interests in the following entities which compete or are likely to compete, either directly or indirectly, with the businesses of the Company:

Mr. Yan Jianguo, the Chairman and Executive Director of the Company, is also the Chairman and President of China Overseas Holdings Limited ("COHL") and the Non-executive Director of CSC. Mr. Zhang Zhichao, the Executive Director and the Chief Executive Officer of the Company, is also a director of COHL. Mr. Zhuang Yong, the Vice Chairman and Non-executive Director of the Company, is also a director of COHL and the Chairman and Executive Director of COGO. Mr. Guo Guanghui, the Executive Director of the Company, is also a Non-executive Director of COGO. COHL, COGO and CSC are engaged in construction, property development and related businesses.

The entities in which the above Directors had declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders. In addition, the Board includes three Independent Non-executive Directors and one Non-executive Director (other than Mr. Zhuang Yong) whose views carry significant weight in the Board's decisions. The Audit and Risk Management Committee of the Company, which consists of three Independent Non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, internal control, risk management and compliance systems of the Company and its subsidiaries. The Company is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors had declared interests.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

At 31 December 2023, the interests and short positions of the substantial shareholders and other persons of the Company in the Shares and underlying Shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Name of Shareholder	Capacity	Number of Shares held *(Long Position)*	% of Shares in issue *(Note 1)*
Silver Lot Development Limited ("Silver Lot")	Beneficial owner	521,264,928	4.76%
COHL *(Note 2)*	Beneficial owner	5,618,894,255	51.34%
	Interest of controlled corporation	521,264,928	4.76%
CSCECL *(Note 3)*	Interest of controlled corporation	6,140,159,183	56.10%
China State Construction Engineering Corporation ("CSCEC") *(Note 3)*	Interest of controlled corporation	6,140,159,183	56.10%
Complete Noble Investments Limited ("Complete Noble") *(Notes 4 and 5)*	Beneficial owner	1,095,620,154	10.01%
Affluent East Investments Limited ("Affluent East") *(Notes 4 and 5)*	Interest of controlled corporation	1,095,620,154	10.01%
CITIC Limited ("CITIC") *(Notes 4 and 5)*	Interest of controlled corporation	1,095,620,154	10.01%
CITIC Glory Limited ("CITIC Glory") *(Note 5)*	Interest of controlled corporation	1,095,620,154	10.01%
CITIC Polaris Limited ("CITIC Polaris") *(Note 5)*	Interest of controlled corporation	1,095,620,154	10.01%
CITIC Group Corporation ("CITIC Group") *(Note 5)*	Interest of controlled corporation	1,095,620,154	10.01%

Notes:

1. *The percentage represents the number of ordinary Shares interested divided by the number of Shares of the Company in issue as at 31 December 2023.*

2. *Silver Lot is a direct wholly-owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares of the Company in which Silver Lot is or is taken to be interested.*

3. *COHL is a direct wholly-owned subsidiary of CSCECL, which in turn is a direct non-wholly owned subsidiary of CSCEC, thus CSCECL and CSCEC are deemed by the SFO to be interested in Shares of the Company in which COHL is or is taken to be interested.*

4. *Complete Noble is a direct wholly-owned subsidiary of Affluent East, which in turn is a direct wholly-owned subsidiary of CITIC.*

5. *More than 50% of CITIC is held by CITIC Glory and CITIC Polaris, both of which are direct wholly-owned subsidiaries of CITIC Group, in aggregate. Accordingly, CITIC is an indirect non-wholly owned subsidiary of CITIC Group and Affluent East, CITIC, CITIC Glory, CITIC Polaris and CITIC Group are all deemed by the SFO to be interested in Shares of the Company in which Complete Noble is or is taken to be interested.*

Save as disclosed above, the Company had not been notified by any other person (other than the Directors or the chief executive of the Company) who had an interest in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 December 2023.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

Definitions

In this section, the following expressions have the following meanings unless the context requires otherwise:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"COHL"	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a controlling shareholder of the Company, COPL, CSC and CSCD
"Company"	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 688)
"COPL"	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2669)
"COPL Group"	COPL and its subsidiaries from time to time
"CSC"	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3311)
"CSC Group"	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
"CSC Minority Controlled Group"	companies held as to 30% to 50% by the CSC Group, and their respective subsidiaries from time to time (excluding members of the Group and members of the CSC Group, respectively)
"CSCD"	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 830)
"CSCD Group"	CSCD and its subsidiaries from time to time
"CSCECL"	China State Construction Engineering Corporation Limited, a joint stock company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), being a controlling shareholder of COHL, the Company, COPL, CSC and CSCD
"CSCECL Connected Persons"	the associates of CSCECL, 30%-controlled companies held directly or indirectly by CSCECL and connected subsidiaries between CSCECL and the Company, and their respective subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies)) from time to time
"CSCECL Group"	CSCECL and its subsidiaries (excluding COHL, the Company, COPL, CSC, CSCD and their respective subsidiaries) from time to time
"Group"	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Macau"	the Macao Special Administrative Region of the PRC
"PRC"	the People's Republic of China, which for the purpose of this Annual Report excludes Hong Kong, Macau and Taiwan

Report of Directors (continued)

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

CSCECL and COHL are controlling shareholders of the Company, COPL, CSC and CSCD. Thus, members of CSCECL Group, COHL, COPL Group, CSC Group and CSCD Group are connected persons of the Company, and that the transactions contemplated under various agreements in this section between members of the Group and members of each of CSCECL Group, COHL, COPL Group, CSC Group and CSCD Group constitute connected or continuing connected transactions of the Company under the Listing Rules.

During the year under review, the Group entered into the following connected transactions or continuing connected transactions which are exempted from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules or which have been approved by independent shareholders in pursuance of Rule 14A.36 of the Listing Rules:

(A) CONNECTED TRANSACTION

Formation of Joint Venture with China Construction Fourth Engineering Division Urban Development Investment Corp. Ltd. ("CCFED") in relation to land in Guangzhou, the PRC

On 15 December 2023, 廣州廣奧房地產發展有限公司 (Guangzhou Guangao Real Estate Development Company Limited) ("Guangao"), a wholly-owned subsidiary of the Company, and CCFED, a wholly-owned subsidiary of CSCECL, agreed to form a joint venture utilising 廣州啟瑞房地產開發有限公司 (Guangzhou Qirui Real Estate Development Company Limited), a wholly-owned subsidiary of Guangao. The purpose of the joint venture is to develop a piece of land situated at the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou, Guangdong Province, the PRC into a combination of residential and commercial properties (the "Guangzhou Project"). Upon completion, the joint venture was owned as to 90% and 10% by the Company and CCFED respectively.

The total capital commitment to the Guangzhou Project is approximately RMB13,700 million, to which Guangao and CCFED shall contribute approximately RMB12,330 million and RMB1,370 million respectively in proportion to their respective equity interests in the joint venture. The respective contribution to the total capital commitment to the Guangzhou Project was determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Guangzhou Project and the parties' interests in the joint venture.

Details of the transaction were disclosed in an announcement dated 15 December 2023 and a circular dated 12 January 2024. The abovementioned formation of joint venture with CCFED was duly approved by the independent shareholders of the Company at a general meeting held on 31 January 2024.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS

(1) CSCD Master Engagement Agreement

On 29 March 2021, the Company and CSCD entered into a master engagement agreement, pursuant to which the Group may invite the CSCD Group to participate in competitive tender for provision of contracting and engineering works, project management, supervision and consultancy services for the construction works of the Group as a contractor or service provider (as the case may be) from time to time for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both dates inclusive) provided that the total contract sum that may be awarded to the CSCD Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2021 to 31 December 2021	HK$300 million
1 January 2022 to 31 December 2022	HK$300 million
1 January 2023 to 31 December 2023	HK$500 million
1 January 2024 to 30 June 2024	HK$150 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 29 March 2021.

(2) CSC Master Engagement Agreement

On 25 October 2022, the Company and CSC entered into a master engagement agreement, pursuant to which the Group may invite the CSC Group to participate in competitive tender for the Group's construction works in the PRC, Hong Kong and Macau as construction contractor from time to time for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the CSC Group does not exceed the corresponding cap as set out below.

Period	Cap
1 January 2023 to 31 December 2023	HK$9,000 million
1 January 2024 to 31 December 2024	HK$9,000 million
1 January 2025 to 31 December 2025	HK$9,000 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 25 October 2022.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS *(continued)*

(3) CSCECL Master Engagement Agreement

On 31 March 2022, the Company and CSCECL entered into a master engagement agreement, pursuant to which the Group may invite the CSCECL Group to participate in competitive tender as construction contractor for construction related services such as building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators in the PRC for a term of three years commencing from 1 July 2022 and ending on 30 June 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the CSCECL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2022 to 31 December 2022	RMB12,000 million
1 January 2023 to 31 December 2023	RMB16,500 million
1 January 2024 to 31 December 2024	RMB9,500 million
1 January 2025 to 30 June 2025	RMB5,000 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 31 March 2022.

(4) COPL Services Framework Agreement

On 28 April 2020, the Company and COPL entered into a framework agreement (the "COPL Services Framework Agreement"), pursuant to which the Group may invite the COPL Group to participate in competitive tenders to provide the property management services and other services (the "Services") to the Group in respect of the property development projects or properties owned or held by the Group for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive) provided that the total contract sum that may be awarded to the COPL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2020 to 31 December 2020	HK$1,076 million
1 January 2021 to 31 December 2021	HK$2,093 million
1 January 2022 to 31 December 2022	HK$2,616 million
1 January 2023 to 30 June 2023	HK$1,633 million

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS *(continued)*

(4) COPL Services Framework Agreement *(continued)*

Upon the expiry of the COPL Services Framework Agreement, the Company and COPL entered into a new framework agreement on 28 April 2023 for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive) provided that the total contract sum that may be awarded to the COPL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2023 to 31 December 2023	HK$1,229 million
1 January 2024 to 31 December 2024	HK$3,078 million
1 January 2025 to 31 December 2025	HK$4,005 million
1 January 2026 to 30 June 2026	HK$2,719 million

The prices and terms of the tenders awarded by the Group are subject to the standard and systematic tender procedures maintained by the Group, details of which are set out in the announcement of the Company dated 28 April 2020 and 28 April 2023.

(5) COPL Car Parking Spaces Framework Agreement

On 5 September 2022, the Company and COPL entered into a framework agreement (the "COPL Car Parking Spaces Framework Agreement"), pursuant to which the COPL Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (the "Transactions"), situated in the developments or properties built, developed or owned by the Group and managed by the COPL Group as property manager for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive) provided that the total contract sum that may be awarded to the COPL Group does not exceed the corresponding cap as set out below.

Period	Cap
1 January 2023 to 31 December 2023	HK$600 million
1 January 2024 to 31 December 2024	HK$600 million
1 January 2025 to 31 December 2025	HK$600 million

To determine the sale price for each Transaction, the Group will obtain the valuation from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, ongoing management cost savings, terms of the Transactions and the qualifications of the purchaser. In any event, the sale price shall be no less favourable to the Group than that available to independent third party purchaser. For details of the COPL Car Parking Spaces Framework Agreement, please refer to the announcement of the Company dated 5 September 2022.

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS *(continued)*

(6) Financial Services Master Agreement

On 31 October 2022, the Company and 中建財務有限公司 (China State Construction Finance Limited*, "CSCF") (a subsidiary of CSCECL) entered into a master agreement (the "Financial Services Master Agreement"), pursuant to which CSCF agreed to provide the Group with deposit services, loan services, factoring services, and other financial services (the "Financial Services") on a non-exclusive basis for a term of three years commencing from 1 November 2022 and ending on 31 October 2025 (both dates inclusive) subject to the maximum daily deposit balance (including interests accrued thereon) of the aggregated deposits placed by the Group with CSCF shall not exceed RMB7,000 million for each day of the three years ending 31 October 2025. The aggregated factoring amounts for the account receivables to be granted by CSCF to the Group shall not exceed the corresponding cap as set out below.

Period	Cap
1 November 2022 to 31 December 2022	RMB300 million
1 January 2023 to 31 December 2023	RMB2,000 million
1 January 2024 to 31 December 2024	RMB2,000 million
1 January 2025 to 31 October 2025	RMB1,700 million

Details of the prices and terms of the Financial Services Master Agreement are set out in the announcement of the Company dated 31 October 2022.

(7) CSC Framework Agreement in relation to Supply of Materials

On 28 April 2021 and 3 May 2022, the Company and CSC entered into a framework agreement and a supplemental agreement respectively, pursuant to which the CSC Group and the CSC Minority Controlled Group may invite the Group to participate in competitive tender as supplier for civil-works, electromechanical and renovation items, goods or materials (the "Materials") for construction project(s) of the CSC Group or the CSC Minority Controlled Group for a term of three years commencing from 1 July 2021 and ending on 30 June 2024 (both dates inclusive) provided that the total contract sum that may be awarded to the Group does not exceed the corresponding cap as set out below.

Period	Cap
1 July 2021 to 31 December 2021	RMB150 million
1 January 2022 to 31 December 2022	RMB1,000 million
1 January 2023 to 31 December 2023	RMB1,000 million
1 January 2024 to 30 June 2024	RMB500 million

The prices and terms of the tenders awarded to the Group are subject to the standard and systematic tender procedures maintained by the CSC Group or the CSC Minority Controlled Group (as the case may be), details of which are set out in the announcement of the Company dated 28 April 2021 and 3 May 2022.

* *English translation for identification purpose only*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS *(continued)*

(8) CSCECL Supply Chain Management Framework Agreement

On 9 July 2021, the Company and CSCECL entered into a framework agreement (the "CSCECL Supply Chain Management Framework Agreement"), pursuant to which 深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*) ("Shenzhen Lingchao", being a wholly-owned subsidiary of the Company) will provide, and CSCECL Group and CSCECL Connected Persons may engage Shenzhen Lingchao to provide, (i) supply chain management services including procurement of the Materials which can be provided by Shenzhen Lingchao; and/or (ii) supply chain consultation services, from time to time for the period commencing from 9 July 2021 and ending on 31 December 2023 (both dates inclusive) subject to the following caps as set out below:

Period	Cap
9 July 2021 to 31 December 2021	RMB7,700 million
1 January 2022 to 31 December 2022	RMB7,700 million
1 January 2023 to 31 December 2023	RMB7,700 million

Details of the prices and terms of the CSCECL Supply Chain Management Framework Agreement are set out in the announcement of the Company dated 9 July 2021.

Upon the expiry of the CSCECL Supply Chain Management Framework Agreement, the Company and CSCECL entered into a new framework agreement on 11 December 2023 (the "New CSCECL Supply Chain Management Framework Agreement") for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive) subject to the following caps as set out below:

Period	Cap
1 January 2024 to 31 December 2024	RMB2,500 million
1 January 2025 to 31 December 2025	RMB3,000 million
1 January 2026 to 31 December 2026	RMB3,500 million

Details of the prices and terms of the New CSCECL Supply Chain Management Framework Agreement are set out in the announcement of the Company dated 11 December 2023.

* *English translation for identification purpose only*

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP *(continued)*

(B) CONTINUING CONNECTED TRANSACTIONS *(continued)*

(9) CSCECL Lease Framework Agreement

On 28 April 2023, the Company and CSCECL entered into a framework agreement (the "CSCECL Lease Framework Agreement"), pursuant to which the CSCECL Group (as lessee) may lease properties (including but not limited to apartments, office premises, shops and car parking spaces etc.) from the Group from time to time for a term of three years commencing from 1 May 2023 and ending on 30 April 2026 (both dates inclusive) subject to the following caps as set out below:

Period	Cap
1 May 2023 to 31 December 2023	RMB113 million
1 January 2024 to 31 December 2024	RMB180 million
1 January 2025 to 31 December 2025	RMB190 million
1 January 2026 to 30 April 2026	RMB67 million

Details of the prices and terms of the CSCECL Lease Framework Agreement are set out in the announcement of the Company dated 28 April 2023.

Annual review and confirmation regarding continuing connected transaction in accordance with Rule 14A.55 and 14A.56 of the Listing Rules

The Independent Non-executive Directors conducted annual review on the continuing connected transactions mentioned in this section and confirmed that those transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company also engaged auditor to report on the Group's continuing connected transactions mentioned in this section 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor issued an unqualified letter and confirmed that nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions mentioned in this section:

a. have not been approved by the Board;

b. were not, in all material respects, in accordance with the relevant agreements governing such transactions;

c. were not, in all material aspects, in accordance with the pricing policies of the Group; and

d. have exceeded the annual cap set by the Company.

The continuing connected transactions mentioned in this section also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year were disclosed in note 41 to the financial statements. Transactions under "Fellow subsidiaries" section of item (a) therein also constitute connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There is no transaction, arrangement or contract of significance subsisting during or at the end of the financial year 2023 in which the Directors or an entity connected with him/her is or was materially interested, either directly or indirectly.

INTEREST IN CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs (B)(2), (B)(3), (B)(4), (B)(6) and (B)(8) of the section headed "Connected Transactions Entered Into By The Group" above are considered contracts of significance under paragraph 16 of Appendix D2 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2023, the five largest customers of the Group accounted for less than 30% of the Group's revenue. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

EMOLUMENT POLICY, BASIS OF DETERMINING EMOLUMENT TO DIRECTORS AND RETIREMENT BENEFIT SCHEME

Subject to the compliance with relevant rules and regulations, the Company implements an emolument and benefit system comprised of basic salary, incentive bonus and employee benefits. The emolument and employee benefits are reviewed at appropriate time, with reference to both the annual survey on the industry's remuneration level and the Company's operating performance. The emoluments of the Directors are determined by reference to the industry's remuneration level, the Company's operating performance and the respective responsibilities and performances of the Directors. Under the arrangement of the Company's ultimate controlling shareholder, certain Directors and core employees are holding A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL. The purpose of the arrangement is to motivate the core talents. In addition, the Company set up the Share Option Scheme in 2018. The information of the scheme is set out separately in note 30 to the financial statement and the Report of Directors.

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. With effect from 1 January 2018, Employer Voluntary Contributions are made, under specific criteria set in the company policy, as a part of the employee benefits program. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme. Details of these schemes are set out in notes 3 and 12 to the financial statements.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

DONATIONS

During the year, the Group made charitable and other donations amounted to approximately RMB5,153,000.

AUDIT AND RISK MANAGEMENT COMMITTEE

One of the principal duties of the Audit and Risk Management Committee is to review the Group's financial reporting requirements and system, and risk management and internal control systems. The members of the Audit and Risk Management Committee have been satisfied with the Company's financial reporting disclosures and system, and risk management and internal control procedures.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 84 to 106 of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, every Director, former Director, other officer or other former officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto provided that such articles shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has maintained appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year under review.

AUDITOR

Ernst & Young ("EY") has been appointed as auditor of the Company since 2020. The accompanying financial statements of the Group for the year ended 31 December 2023 have been audited by EY.

A resolution will be proposed at the forthcoming annual general meeting to re-appoint EY as auditor of the Company.

On behalf of the Board

Yan Jianguo
Chairman and Executive Director

Hong Kong, 28 March 2024

Independent Auditor's Report

EY 安永

To the members of China Overseas Land & Investment Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Overseas Land & Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 141 to 240, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, 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 financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group's investment properties amounted to approximately RMB207,746 million as at 31 December 2023 and fair value gains of approximately RMB4,846 million were accounted for under "gains arising from changes in fair value of investment properties" in the consolidated income statement. Management engaged independent valuers to determine the valuation of the Group's investment properties. There are significant judgements and estimates involved in the valuation which mainly include: • Completed investment properties: The valuation was arrived at using the investment approach by considering the capitalised income derived from the existing tenancies and the reversionary potential, including reversionary yields and prevailing market rents, of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions. • Investment properties under construction: The valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market. The estimated cost to complete the development and estimated developer's profit as at the date of valuation were also taken into account. The significance of the carrying amounts of the investment properties to the consolidated financial statements and the existence of significant judgements and estimates of the assumptions involved in the property valuations warrant specific audit focus and attention on this area. Related disclosures are included in notes 3(b), 4(a) and 17 to the consolidated financial statements.	Our procedures in relation to the valuation of investment properties included: • Assessing the competence, independence and objectivity of the valuers and discussing the scope of their work; and • Assessing, with the assistance of our internal valuation specialists, the methodologies used by the valuers and, on a sample basis, the appropriateness of the key assumptions, based on our knowledge of the property industry, research evidence of reversionary yields, prevailing market rents and estimated selling prices with reference to comparable market transactions for similar properties, comparing the estimated developer's profit to historical records, and testing, on a sample basis, the data used in the valuation of properties, including the rental rates from existing tenancies and estimated cost to complete, by comparing to the underlying agreements with the tenants and contractors respectively.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Recoverability of property portfolio held by the Group	
As at 31 December 2023, the carrying value of the Group's stock of properties was approximately RMB487,487 million. Management assesses the recoverability of property portfolio held by the Group's subsidiaries based on estimates of the net realisable values of the stock of properties. This involves estimation of, inter-alia, construction costs to be incurred to complete the properties under development based on existing plans, and a forecast of future sales based on the current market price of properties of comparable locations and conditions. Management concluded that no significant provision for impairment is necessary for the stock of properties held by the Group's subsidiaries for the year ended 31 December 2023. If the estimated net realisable values of the stock of properties are significantly different from their carrying values as a result of changes in market conditions and/or significant variation in the budgeted development costs, material provision for impairment losses may result. Accordingly, the existence of significant estimation uncertainty and the significance of the carrying amounts of the stock of properties to the consolidated financial statements warrant specific audit focus and attention on this area. Related disclosures are included in notes 3(b), 4(c), 9 and 21 to the consolidated financial statements.	Our procedures in relation to management's recoverability assessment included: • Obtaining an understanding of, evaluating and testing, on a sample basis, the key internal controls around the property development cycle with particular focus on controls over cost budgeting and periodic reviews, sources of impairment assessment data and calculation of impairment provisions; • Understanding management's assessment, with reference to the appropriate supporting evidence, on the impairment of the stock of properties which had relatively low forecasted or actual gross profit margins, within the general property development and sales cycle; and • For significant stock of properties which had relatively low forecasted or actual gross profit margins, assessing the reasonableness of key assumptions adopted by management. For the forecast of future sales, we checked, on a sample basis, the contracted sales price of the underlying properties and recent market transaction prices of properties with comparable locations and conditions, where applicable. For construction costs to be incurred for properties under development, we assessed the reasonableness of the latest budgets of total construction costs and tested, on a sample basis, the incurred construction costs to supporting documentations, e.g., construction contracts and other documentations.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

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

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

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

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

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

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
28 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	7	**202,524,069**	180,321,569
Direct operating costs		**(161,371,266)**	(141,928,019)
		41,152,803	38,393,550
Other income and gains/(losses), net	9	**1,402,848**	(1,785,094)
Gains arising from changes in fair value of investment properties	17	**4,845,721**	4,795,561
Selling and distribution expenses		**(4,261,579)**	(3,919,149)
Administrative expenses		**(2,614,320)**	(2,602,607)
Operating profit		**40,525,473**	34,882,261
Share of profits and losses of			
Associates		**1,250,171**	1,776,078
Joint ventures		**377,138**	405,315
Finance costs	10	**(1,032,448)**	(1,056,725)
Profit before tax		**41,120,334**	36,006,929
Income tax expenses	11	**(14,073,689)**	(11,450,757)
Profit for the year	12	**27,046,645**	24,556,172
Attributable to:			
Owners of the Company		**25,609,837**	23,264,747
Non-controlling interests		**1,436,808**	1,291,425
		27,046,645	24,556,172
		RMB	RMB
Earnings Per Share	14		
Basic and diluted		**2.34**	2.13

The notes on pages 149 to 240 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023 **RMB'000**	2022 RMB'000
Profit for the year	**27,046,645**	24,556,172
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of subsidiaries of the Company	**(168,265)**	(817,840)
Exchange differences on translation of associates	**(115,667)**	(654,875)
	(283,932)	(1,472,715)
Other comprehensive income for the year	**(283,932)**	(1,472,715)
Total comprehensive income for the year	**26,762,713**	23,083,457
Total comprehensive income attributable to:		
Owners of the Company	**25,332,428**	21,810,367
Non-controlling interests	**1,430,285**	1,273,090
	26,762,713	23,083,457

The notes on pages 149 to 240 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current Assets			
Property, plant and equipment	16	6,903,790	7,085,545
Investment properties	17	207,746,168	190,226,516
Goodwill	34	56,395	56,395
Interests in associates	18	23,182,151	21,241,893
Interests in joint ventures	19	23,120,012	22,168,401
Financial assets at fair value through profit or loss	20	218,173	218,173
Other receivables		212,050	298,254
Deferred tax assets	33	7,513,453	7,559,276
		268,952,192	248,854,453
Current Assets			
Stock of properties and other inventories	21	487,640,804	488,812,985
Land development expenditure	22	8,604,923	11,469,316
Trade and other receivables	23	6,987,106	7,042,079
Contract assets	27	993,541	1,278,436
Deposits and prepayments		12,467,286	11,929,654
Deposits for land use rights for property development		204,520	–
Amounts due from associates	24	1,717,436	4,459,576
Amounts due from joint ventures	24	8,766,323	8,788,592
Amounts due from non-controlling shareholders	24	3,949,904	4,367,921
Tax prepaid		17,691,023	15,945,005
Bank balances and cash	25	105,629,033	110,306,115
		654,651,899	664,399,679
Current Liabilities			
Trade and other payables	26	85,684,211	78,650,740
Pre-sales proceeds	27	108,619,041	107,675,933
Amounts due to fellow subsidiaries and a related company	28	2,565,938	3,625,206
Amounts due to associates	28	4,228,149	1,635,770
Amounts due to joint ventures	28	4,024,969	4,408,323
Amounts due to non-controlling shareholders	29	8,648,674	13,712,388
Lease liabilities – due within one year	35	94,230	132,897
Tax liabilities		30,867,023	31,952,821
Bank and other borrowings – due within one year	31	21,157,995	19,717,640
Guaranteed notes and corporate bonds – due within one year	32	19,810,287	19,639,747
		285,700,517	281,151,465
Net Current Assets		368,951,382	383,248,214
Total Assets Less Current Liabilities		637,903,574	632,102,667

Consolidated Statement of Financial Position (continued)

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Capital and Reserves			
Share capital	30	**74,035,443**	74,035,443
Reserves		**298,982,385**	280,444,265
Equity attributable to owners of the Company		**373,017,828**	354,479,708
Non-controlling interests		**19,893,880**	18,618,117
Total Equity		**392,911,708**	373,097,825
Non-current Liabilities			
Lease liabilities – due after one year	35	**960,434**	1,024,636
Bank and other borrowings – due after one year	31	**144,139,899**	145,834,990
Guaranteed notes and corporate bonds – due after one year	32	**72,555,955**	85,192,869
Deferred tax liabilities	33	**27,335,578**	26,952,347
		244,991,866	259,004,842
Total of Equity and Non-Current Liabilities		**637,903,574**	632,102,667

The financial statements on pages 141 to 240 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

The notes on pages 149 to 240 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Translation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	74,033,624	284,461	417,622	(11,793,034)	10,834,104	269,783,398	343,560,175	13,546,179	357,106,354
Profit for the year	–	–	–	–	–	23,264,747	23,264,747	1,291,425	24,556,172
Exchange differences on translation of subsidiaries of the Company	–	–	(799,505)	–	–	–	(799,505)	(18,335)	(817,840)
Exchange differences on translation of associates	–	–	(654,875)	–	–	–	(654,875)	–	(654,875)
Total comprehensive income for the year	–	–	(1,454,380)	–	–	23,264,747	21,810,367	1,273,090	23,083,457
2021 final dividend	–	–	–	–	–	(7,018,822)	(7,018,822)	–	(7,018,822)
2022 interim dividend	–	–	–	–	–	(3,860,042)	(3,860,042)	–	(3,860,042)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	3,016,347	3,016,347
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(794,256)	(794,256)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(973,499)	(973,499)
Equity-settled share-based transactions *(Note 30)*	–	–	–	(128,840)	–	–	(128,840)	–	(128,840)
Transfer to PRC statutory reserve	–	–	–	–	299,870	(299,870)	–	–	–
Acquisition of subsidiaries *(Note 37)*	–	–	–	–	–	–	–	2,550,256	2,550,256
Exercise of share option under share option scheme *(Note 30)*	1,819	–	–	(358)	–	–	1,461	–	1,461
Others	–	–	–	–	–	115,409	115,409	–	115,409
At 31 December 2022	74,035,443	284,461	(1,036,758)	(11,922,232)	11,133,974	281,984,820	354,479,708	18,618,117	373,097,825

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2023

	Attributable to owners of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Translation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	74,035,443	284,461	(1,036,758)	(11,922,232)	11,133,974	281,984,820	354,479,708	18,618,117	373,097,825
Profit for the year	–	–	–	–	–	25,609,837	25,609,837	1,436,808	27,046,645
Exchange differences on translation of subsidiaries of the Company	–	–	(161,742)	–	–	–	(161,742)	(6,523)	(168,265)
Exchange differences on translation of associates	–	–	(115,667)	–	–	–	(115,667)	–	(115,667)
Total comprehensive income for the year	–	–	(277,409)	–	–	25,609,837	25,332,428	1,430,285	26,762,713
2022 final dividend	–	–	–	–	–	(3,983,938)	(3,983,938)	–	(3,983,938)
2023 interim dividend	–	–	–	–	–	(3,581,713)	(3,581,713)	–	(3,581,713)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	4,508,537	4,508,537
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(1,247,500)	(1,247,500)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(1,639,668)	(1,639,668)
Transfer to PRC statutory reserve	–	–	–	–	818,142	(818,142)	–	–	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	771,343	771,343	(2,062,855)	(1,291,512)
Acquisition of a subsidiary *(Note 37)*	–	–	–	–	–	–	–	286,964	286,964
At 31 December 2023	74,035,443	284,461	(1,314,167)	(11,922,232)	11,952,116	299,982,207	373,017,828	19,893,880	392,911,708

Notes:

(a) The property revaluation reserve mainly represents the surplus on revaluation of properties transferred from owner-occupied properties to investment properties, net of tax.

(b) The reserves mainly represent the merger reserve arising from the acquisition of subsidiaries in 2015 by the Group from China State Construction Engineering Corporation Limited ("CSCECL") and in 2016 from CITIC Limited, which are all state-owned entities and are under common control of the State Council of the People's Republic of China ("PRC"). Other reserves include share option reserve which represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited/lapsed.

(c) The PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which were established in accordance with the relevant PRC regulations.

The notes on pages 149 to 240 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**41,120,334**	36,006,929
Adjustments for:		
Share of profits and losses of associates	**(1,250,171)**	(1,776,078)
Share of profits and losses of joint ventures	**(377,138)**	(405,315)
Finance costs	**1,032,448**	1,056,725
Depreciation	**405,104**	667,214
Interest income	**(2,459,861)**	(2,315,487)
Gain arising from changes in fair value of investment properties	**(4,845,721)**	(4,795,561)
Losses on disposals of investment properties	**–**	94,556
Gain on disposals of property, plant and equipment	**(31,112)**	–
Re-measurement gains on pre-existing interest in an associate upon acquisition	**(141,254)**	(1,251,160)
Gains on bargain purchase of subsidiaries	**(89,068)**	(1,236,618)
Impairment losses on stock of properties	**–**	1,520,022
Impairment losses on amounts due from joint ventures	**–**	1,327,122
Equity-settled share-based payment credit	**–**	(128,840)
Effect of foreign exchange rate changes	**1,073,116**	4,283,299
	34,436,677	33,046,808
Interest received	**2,388,566**	1,950,710
Decrease/(increase) in stock of properties and other inventories	**12,539,966**	(8,542,572)
Decrease in land development expenditure	**2,864,393**	919,382
(Increase)/decrease in trade and other receivables, deposits and prepayments	**(349,463)**	1,334,078
Decrease/(increase) in contract assets	**284,895**	(351,524)
(Increase)/decrease in deposits for land use rights for property development	**(204,520)**	1,020,286
Decrease in restricted bank deposits	**312,084**	497,694
Increase/(decrease) in trade and other payables and pre-sales proceeds	**78,382**	(17,810,401)
Cash generated from operations	**52,350,980**	12,064,461
Income taxes paid	**(17,071,643)**	(22,582,866)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**35,279,337**	(10,518,405)
INVESTING ACTIVITIES		
Dividends received from associates	**457,014**	79,274
Dividends received from joint ventures	**273,352**	32,500
Purchase of property, plant and equipment	**(204,801)**	(649,192)
Acquisition of financial assets at fair value through profit or loss	**–**	(97,945)
Net cash inflow/(outflow) on acquisition of subsidiaries	**19,484**	(3,757,260)
Additions of investment properties	**(7,076,150)**	(6,751,737)
Decrease in amounts due from fellow subsidiaries	**–**	62,490
Advances to associates	**(107,095)**	(1,783,807)
Repayment from associates	**1,975,756**	3,594,211
Advances to joint ventures	**(3,180,643)**	(1,302,852)
Repayment from joint ventures	**2,072,478**	3,583,773
Advances to non-controlling shareholders	**(1,204,863)**	(724,386)
Repayment from non-controlling shareholders	**648,011**	663,602
Return of capital from associates	**362,400**	448,836
Capital contributions to associates	**(774,027)**	(3,286,314)
Return of capital from joint ventures	**927,624**	1,001,678
Capital contributions to joint ventures	**(168,696)**	(478,875)
Net proceeds on disposals of property, plant and equipment	**50,880**	40,316
Net proceeds on disposals of investment properties	**1,157,920**	1,185,869
NET CASH USED IN INVESTING ACTIVITIES	**(4,771,356)**	(8,139,819)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(9,879,391)**	(9,192,936)
Other finance costs paid		**(39,471)**	(211,769)
Dividends paid to owners of the Company		**(7,565,651)**	(10,878,864)
Dividends paid to non-controlling shareholders		**(1,163,168)**	(718,643)
New bank and other borrowings raised		**73,718,349**	65,826,004
Repayment of bank and other borrowings		**(75,615,048)**	(70,029,359)
Issue of guaranteed notes and corporate bonds		**9,190,000**	28,495,000
Redemption of guaranteed notes and corporate bonds		**(22,875,324)**	(6,928,395)
Advances from fellow subsidiaries and a related company		**–**	100,092
Repayment to fellow subsidiaries		**(1,110,968)**	(595,859)
Contributions from non-controlling shareholders		**4,508,537**	1,404,348
Return of capital to non-controlling shareholders		**(1,247,500)**	(794,256)
Advances from associates		**2,735,149**	374,816
Repayment to associates		**(142,770)**	(297,259)
Advances from joint ventures		**137,800**	671,708
Repayment to joint ventures		**(529,215)**	(1,537,636)
Advances from non-controlling shareholders		**275,978**	5,523,426
Repayment to non-controlling shareholders		**(5,522,068)**	(2,949,966)
Principal element of lease payments		**(110,758)**	(334,441)
Net proceeds from exercise of share option under share option scheme		**–**	1,461
Deposits received for partial disposal of subsidiaries' interests		**967,530**	–
Acquisition of additional interests in subsidiaries		**(750,300)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(35,018,289)**	(2,072,528)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,510,308)**	(20,730,752)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**109,709,019**	129,861,401
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**145,310**	578,370
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**105,344,021**	109,709,019
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash as per consolidated statement of financial position		**105,629,033**	110,306,115
Less: restricted bank deposits	*25*	**(285,012)**	(597,096)
		105,344,021	109,709,019

The notes on pages 149 to 240 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company's immediate parent company is China Overseas Holdings Limited, a company incorporated in Hong Kong, and its ultimate holding company is 中國建築集團有限公司 (China State Construction Engineering Corporation*, "CSCEC"), an entity established in the PRC and the PRC government is a substantial shareholder of CSCEC. The registered office and principal place of business of the Company are situated at 10/F, Three Pacific Place, 1 Queen's Road East, Hong Kong. The Group's business activities are principally carried out in Hong Kong, Macau, Beijing, Guangzhou, Shenzhen, Shanghai, Xiamen, Changsha, Jinan, Nanjing, Hangzhou, Suzhou, Chengdu, Tianjin, Xi'an and other regions in the Chinese Mainland.

The Group, comprising the Company and its subsidiaries, is principally engaged in property development, commercial property operations and other businesses.

The Company's functional currency is Renminbi ("RMB") and the consolidated financial statements are presented in RMB as the directors of the Company consider that RMB is the appropriate presentation currency for the users of the Group's consolidated financial statements.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to the Group:

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 application of the above amendments to HKFRSs has had no material impact on the Group's results and financial position. The impact to the consolidated financial statements upon the adoption of these amendments are described below:

(a) 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. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022.

Upon the application of these amendments, the Group has determined the deductible temporary differences and taxable temporary differences arising from right-of-use assets and lease liabilities respectively, which have been reflected in the reconciliation disclosed in note 33 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.

* *English translation for identification purpose only*

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are mainly operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

The Group has not early adopted the following amendments to existing standards that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28 (2011)	*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 early 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*

The Group has already commenced an assessment of the impact of the above amendments to HKFRSs. So far it has assessed that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values as explained in the accounting policies set out below.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 31 December 2023.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Except for business combination under common control, subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests and the fair value of the consideration paid or received is recognised directly in retained profits and attributed to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the related assets (including any goodwill), liabilities, any non-controlling interests (including any components of other comprehensive income attributable to them) and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the period in which it is incurred.

Business combinations – acquisition method

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are recognised in profit or loss as incurred.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – acquisition method *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

1. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

2. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

3. assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non- controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – acquisition method *(continued)*

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKFRS 9 *Financial Instruments* or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Fair Value Measurement

The Group measures its investment properties and financial assets at fair value through profit or loss 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Fair Value Measurement *(continued)*

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

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

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

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

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

Separate Financial Statements

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Cost includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence or joint control over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 *Financial Instruments*. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Interests in Associates and Joint Ventures *(continued)*

If an interest in an associate becomes an interest 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.

When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. When the Group disposes of a business to its associate or joint venture, the entire gain or loss on disposal is recognised in profit or loss as a loss of control of a business.

Accounting policies of associates and joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

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*.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management. The Group's management, who is responsible for resource allocation and assessment of performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including investment properties under construction and right-of-use assets for such purposes). Investment properties include land use rights held for undetermined future use, which are regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

For a transfer from stock of properties to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Related Parties

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Property, Plant and Equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets in the course of construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Impairment Losses on Tangible and Intangible Assets other than Goodwill *(continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Assets *(continued)*

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost, which include trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and bank balances. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses).

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Assets *(continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 *Financial Instruments* which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of financial assets measured at amortised cost other than trade receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

When there is a significant increase in credit risk or the proceeds receivable are not settled in accordance with the terms stipulated in the agreements, management considers these receivables as underperforming or non-performing and impairment is measured as lifetime expected credit losses.

When management considers that there is no reasonable expectation of recovery, the financial assets measured at amortised cost will be written off.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Liabilities and Equity Instruments

Financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities (including trade and other payables, amounts due to associates, joint ventures, non-controlling shareholders, fellow subsidiaries and a related company, lease liabilities, bank and other borrowings and guaranteed notes and corporate bonds) are measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Liabilities and Equity Instruments *(continued)*

Derecognition

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged or cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group or the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group or the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments*; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the revenue recognition policy in profit or loss.

Inventories

Inventories, representing raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Stock of Properties

Completed properties and properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of generally three months or less that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, interest in respect of lease liabilities and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the Group's subsidiaries had borrowed funds in their functional currencies, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Borrowing Costs *(continued)*

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Foreign Currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Leases are initially measured on a present value basis at the date at which the leased asset is available for use by the Group. These are presented within "Property, plant and equipment" in the consolidated statement of financial position.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments of the Group to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Leases *(continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Leases *(continued)*

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases (presented as rental income within "Revenue" in the consolidated income statement) where the Group is a lessor is recognised as income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the 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.

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

Employee Benefits

(i) Retirement benefits

The Group participates in mandatory provident fund schemes in Hong Kong which are the defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in the Chinese Mainland, the subsidiaries in the Chinese Mainland participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the Chinese Mainland is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group's contributions to the scheme are expensed as incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Employee Benefits *(continued)*

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Share-based payments

Share options granted by the Company

The Company operates a share option scheme, under which the Group receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an employee benefit expense with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. the entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The grant by the Company of equity instruments over its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the Company accounts.

At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve. When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, except that deferred tax is not recognised for the Pillar Two income taxes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current tax and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own equity instruments which are reacquired by the Company or the Group are recognised directly in equity at cost. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Revenue Recognition

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 entitles in exchange for those goods or services.

Property development

The Group recognises revenue as the performance obligations are satisfied at a point in time when the customer obtains control of the property and the Group satisfies the performance obligations.

Upon entering into a contract with a buyer, the Group obtains rights to receive consideration from the buyer and assumes performance obligations to transfer goods or provide services to the buyer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Revenue is measured at the fair value if the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discount.

Proceeds received from buyers prior to meeting the revenue recognition criteria are included in "Pre-sales proceeds" in the consolidated statement of financial position.

Accounting for costs incurred for obtaining a contract

Costs such as stamp duty and sales commission incurred directly attributable for obtaining a pre-sale property contract, if recoverable, are capitalised and recorded in contract assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Property development *(continued)*

Contract costs

Other than the costs which are capitalised as inventories, 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.

The capitalised contract costs are amortised and charged to the 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.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Construction services

When the outcome of a construction service contract can be estimated reliably, revenue and costs are recognised when or as the construction projects are transferred to the customer. Revenue from the provision of construction 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 services.

Material procurement services

Revenue from material procurement services is recognised at the point in time when control of the material is transferred to the customer, generally on delivery of the material.

Hotel operation, building design consultancy and supply chain management services

Revenue from hotel operation, building design consultancy and supply chain management services are recognised when services are provided.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Property rentals

Rental income from operating leases where the Group is a lessor is recognised as revenue on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets, that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

For distribution of non-cash assets as a dividend to the Company's shareholders, the Group measures the dividend payable at the fair value of the assets being distributed. When the Group settles the dividend payable, the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

The key assumptions concerning the future, and other key sources of judgement and estimation uncertainty at the end of 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 discussed below:

(a) Fair Value of Investment Properties

Investment properties at 31 December 2023 are carried at their fair values of RMB207,746,168,000 (2022: RMB190,226,516,000). The fair values were based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss recognised in profit or loss.

(b) Impairment of Property Portfolio Held by the Group's Associates and Joint Ventures

The carrying amounts of the Group's net investments in a listed associate, unlisted associates and joint ventures (representing interests in and amounts due from these companies) undertaking property development projects in the Chinese Mainland and Hong Kong included in the consolidated statement of financial position at 31 December 2023 were RMB12,764,282,000 (2022: RMB12,578,745,000), RMB12,135,305,000 (2022: RMB13,122,724,000) and RMB31,886,335,000 (2022: RMB30,956,993,000), respectively.

Management assessed the recoverability of property portfolio held by the Group's unlisted associates and joint ventures based on the judgement and estimation of the net realisable value of the stock of properties of the associates and joint ventures which involve, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

The recoverable amount of the investment in the listed associate is evaluated based on the value in use, the performance and financial position of the associate, and return on investments including the listed associate's share price performance and dividend yield.

Judgement is required in assessing the ultimate recoverability of the property portfolio held by the Group's associates and joint ventures.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY *(continued)*

(c) Impairment of Stock of Properties

At 31 December 2023, the carrying amount of the Group's stock of properties was RMB487,487,473,000 (2022: RMB488,649,399,000). Management assessed the recoverability of the amount based on the judgement and estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the underlying stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

(d) Land Appreciation Tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land costs, borrowing costs and other property development expenditure.

The subsidiaries engaging in the property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which mainly includes bank and other borrowings and guaranteed notes and corporate bonds disclosed in notes 31 and 32, respectively, bank balances and cash and total equity, comprising share capital, retained profits, other reserves and non-controlling interests.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects, taking into account the provision of funding. Based on the operating budgets, the directors of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, issue of new share as well as raising of new debt financing or the redemption of existing debt.

The Group monitors its capital structure on a basis of the Group's net gearing. The net gearing is calculated as net debt divided by total equity. For this purpose, the Group defines net debt as total debt less bank balances and cash.

The net gearing at the end of the reporting period was as follows:

	2023 **RMB'000**	2022 RMB'000
Bank and other borrowings	**165,297,894**	165,552,630
Guaranteed notes and corporate bonds	**92,366,242**	104,832,616
Total debt	**257,664,136**	270,385,246
Less: Bank balances and cash	**(105,629,033)**	(110,306,115)
Net debt	**152,035,103**	160,079,131
Total equity (including non-controlling interests)	**392,911,708**	373,097,825
Net gearing *(%)*	**38.7%**	42.9%

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS

Details of material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

a. Categories of financial instruments

	2023 **RMB'000**	2022 RMB'000
Financial assets		
Loans and receivables at amortised cost (including bank balances and cash)	**140,348,743**	145,603,431
Financial assets at fair value through profit or loss	**218,173**	218,173
Financial liabilities		
Liabilities at amortised cost	**362,818,869**	372,571,632

b. Financial risk management objectives and policies

The Group's major financial instruments include bank and other borrowings, guaranteed notes and corporate bonds, trade and other receivables, trade and other payables, amounts due from/to affiliated companies, financial assets at fair value through profit or loss, bank balances and cash, and lease liabilities. Details of the financial instruments are disclosed in the respective notes.

Management monitors and manages the financial risks relating to the Group through internal risk assessment which analyses exposures by the degree and magnitude of risks. These risks include market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

The Group does not enter into or trade any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to these kinds of risks or the manner in which it manages and measures these risks.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and changes in foreign exchange rates.

Interest rate risk

The Group's main interest rate risk arising from its variable-rate bank and other borrowings, amounts due from joint ventures, and other receivables amounting to RMB136,730,233,000 (2022: RMB136,709,927,000), NIL (2022: RMB7,370,675,000), and RMB212,050,000 (2022: RMB298,254,000), respectively, which expose the Group to cash flow interest rate risk. The variable-rate bank and other borrowings with original maturities from one to more than ten years are for financing development of property projects. An increase in interest rates would increase interest expenses. Management monitors interest rate exposure on a dynamic basis and will consider hedging significant interest rate exposure should the need arise.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate bank and other borrowings, guaranteed notes and corporate bonds, amounts due to associates, joint ventures and non-controlling shareholders, and amounts due from associates and joint ventures amounting to RMB28,567,661,000 (2022: RMB28,842,703,000), RMB92,366,242,000 (2022: RMB104,832,616,000), RMB1,991,812,000 (2022: RMB10,840,379,000) and RMB4,611,171,000 (2022: RMB5,036,614,000), respectively. Management will also consider hedging significant interest rate exposure should the need arise.

Interest rate risk sensitivity analysis

The sensitivity analysis is prepared assuming that the amount of assets/liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2022: 100) basis points higher/lower and all other variables were held constant, the Group's profit after tax and total equity for the year would decrease/increase by RMB115,099,000 (2022: RMB110,416,000) after capitalising finance costs in properties under development and investment properties under construction of RMB1,012,629,000 (2022: RMB971,205,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank and other borrowings, amounts due from joint ventures and other receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk *(continued)*

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. The currencies giving rise to this exchange rate fluctuation risk are primarily Hong Kong dollars ("HK$")-denominated bank and other borrowings and guaranteed notes and corporate bonds, and United States dollars ("US$")-denominated guaranteed notes and corporate bonds, in aggregate accounting for 29.4% of the Group's interest-bearing debt. Management manages its foreign currency risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, mainly attributable to amounts due from associates and joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds, are as follows:

	2023 RMB'000	2022 RMB'000
Assets		
HK$	**1,806,668**	5,443,354
US$	**1,688,400**	1,958,086
Liabilities		
HK$	**43,955,998**	61,075,641
US$	**31,597,404**	39,163,547

Currency risk sensitivity analysis

The Group mainly exposes to the currency risk of US$ and HK$. The following details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in the functional currencies of group entities against US$ and HK$, respectively. 5% (2022: 5%) is the sensitivity rate used as it represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2022: 5%) change in foreign currency rates. The sensitivity analysis includes amounts due from joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds in currencies other than the functional currencies of the group entities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk *(continued)*

Currency risk *(continued)*

Currency risk sensitivity analysis (continued)

For a 5% (2022: 5%) decrease of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit after tax and total equity for the year would decrease by RMB2,165,060,000 (2022: RMB3,045,121,000).

For a 5% (2022: 5%) increase of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit after tax and total equity for the year would increase by RMB1,372,777,000 (2022: RMB3,045,121,000) after a decrease in capitalising of exchange losses in properties under development of RMB792,283,000 (2022: NIL).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Credit risk

At 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group were arising from:

- the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amounts of financial guarantees issued by the Group as disclosed in note 39.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each individual trade and other receivable at the end of the reporting period to ensure that adequate impairment provisions are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(ii) Credit risk *(continued)*

For the trade receivables and contract assets arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loan financing procedures before delivery of properties. The Group closely monitors the collection of progress payments from customers in accordance with the payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

For other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group does not have any other significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the associates, joint ventures and non-controlling shareholders, which are mainly engaged in property development business in Hong Kong and the PRC and their property development projects are profitable. Based on the above assessment, management considered that the expected credit loss is minimal and the directors of the Company are of the opinion that the risk of default by counterparties is low, except for the impairment losses made on the amounts due from joint ventures of RMB1,327,114,000 at 31 December 2023 (2022: RMB1,327,122,000).

Except for trade receivables and contract assets for which the loss allowances are measured at an amount equal to lifetime expected credit losses under simplified approach, the loss allowances of other financial assets are measured at an amount equal to 12-month expected credit losses.

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings and guaranteed notes and corporate bonds as a significant source of liquidity. At 31 December 2023, the Group maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following table analyses the contractual undiscounted cash flows of the Group's financial liabilities by relevant maturity groupings based on the remaining period from the end of reporting period to the earliest date the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from flat rate at the end of the reporting period. The undiscounted amounts are subject to changes if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(iii) Liquidity risk *(continued)*

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Trade and other payables	**79,821,832**	**2,185,402**	**2,739,341**	**140,687**	**84,887,262**	**84,632,339**
Amounts due to fellow subsidiaries and a related company	**2,565,938**	**–**	**–**	**–**	**2,565,938**	**2,565,938**
Amounts due to associates	**4,228,149**	**–**	**–**	**–**	**4,228,149**	**4,228,149**
Amounts due to joint ventures	**4,037,349**	**–**	**–**	**–**	**4,037,349**	**4,024,969**
Amounts due to non-controlling shareholders	**8,725,974**	**–**	**–**	**–**	**8,725,974**	**8,648,674**
Lease liabilities	**106,575**	**116,299**	**293,827**	**827,966**	**1,344,667**	**1,054,664**
Bank and other borrowings	**27,078,453**	**31,659,490**	**92,180,038**	**35,897,134**	**186,815,115**	**165,297,894**
Guaranteed notes and corporate bonds	**15,824,183**	**18,373,240**	**41,819,636**	**39,944,286**	**115,961,345**	**92,366,242**
Financial guarantee contracts	**68,961,171**	**5,323,245**	**2,541,906**	**322,401**	**77,148,723**	**–**
	211,349,624	**57,657,676**	**139,574,748**	**77,132,474**	**485,714,522**	**362,818,869**
At 31 December 2022						
Trade and other payables	74,080,266	2,089,564	1,535,081	107,174	77,812,085	77,647,166
Amounts due to fellow subsidiaries and a related company	3,625,206	–	–	–	3,625,206	3,625,206
Amounts due to associates	1,652,408	–	–	–	1,652,408	1,635,770
Amounts due to joint ventures	4,424,076	–	–	–	4,424,076	4,408,323
Amounts due to non-controlling shareholders	14,184,445	–	–	–	14,184,445	13,712,388
Lease liabilities	177,588	107,100	331,849	923,655	1,540,192	1,157,533
Bank and other borrowings	26,678,354	64,895,136	66,977,629	27,807,218	186,358,337	165,552,630
Guaranteed notes and corporate bonds	16,491,709	14,423,462	46,056,655	56,013,209	132,985,035	104,832,616
Financial guarantee contracts	82,017,739	6,540,444	6,386,625	707,000	95,651,808	–
	223,331,791	88,055,706	121,287,839	85,558,256	518,233,592	372,571,632

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if those amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

During the year, there were no transfers between different levels with the fair value hierarchy.

	2023 Level 3 RMB'000	2022 Level 3 RMB'000
Financial assets at fair value through profit or loss	**218,173**	218,173

The fair value of unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation technique and the inputs, including significant unobservable inputs, used in the fair value measurement of unlisted equity investment are not disclosed as such disclosures, in the opinion of the directors, would result in particulars of excessive length and provide no additional useful information to the users of the financial statements.

(ii) Financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, except for the guaranteed notes and corporate bonds as disclosed in note 32. The fair values of guaranteed notes and corporate bonds is measured at quoted market price and are within level 1 of the three-level fair value hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

7. REVENUE

Revenue comprises revenue from property development, revenue from commercial property operations and revenue from other businesses. An analysis of the Group's revenue for the year is as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Property development	**192,877,444**	172,576,896
Commercial property operations	**6,361,835**	5,262,431
Other businesses *(Note)*	**3,284,790**	2,482,242
Revenue	**202,524,069**	180,321,569

Note: Other businesses mainly comprise revenue from material procurement and supply chain management services, provision of construction and building design consultancy services and others.

8. SEGMENT INFORMATION

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

The Group managed its business units based on their products and services, based on which information is prepared and reported to the Group's management for the purposes of resources allocation and performance assessment. The Group has changed the composition of its reportable segments in current year and the type of revenue as follows:

Property development	–	property development and sales
Commercial property operations	–	property rentals, hotel and other commercial property operations
Other businesses	–	material procurement and supply chain management services, provision of construction and building design consultancy services and others

The Group has restated segment information comparative figures to conform with the current year's presentation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

Year ended 31 December 2023

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	**192,877,444**	**–**	**2,730,004**	**195,607,448**
– Recognised over time	**–**	**1,063,521**	**554,786**	**1,618,307**
	192,877,444	**1,063,521**	**3,284,790**	**197,225,755**
Revenue from other sources				
– Revenue from commercial properties	**–**	**5,298,314**	**–**	**5,298,314**
Segment revenue from external customers	**192,877,444**	**6,361,835**	**3,284,790**	**202,524,069**
Inter-segment revenue	**–**	**–**	**7,791,581**	**7,791,581**
Total segment revenue	**192,877,444**	**6,361,835**	**11,076,371**	**210,315,650**
Segment profit (including share of profits and losses of associates and joint ventures)	**33,146,004**	**7,770,667**	**252,703**	**41,169,374**

Year ended 31 December 2022

	Property development RMB'000 (Restated)	Commercial property operations RMB'000 (Restated)	Other businesses RMB'000 (Restated)	Total RMB'000 (Restated)
Revenue from contracts with customers				
– Recognised at a point in time	172,576,896	–	2,058,870	174,635,766
– Recognised over time	–	521,824	423,372	945,196
	172,576,896	521,824	2,482,242	175,580,962
Revenue from other sources				
– Revenue from commercial properties	–	4,740,607	–	4,740,607
Segment revenue from external customers	172,576,896	5,262,431	2,482,242	180,321,569
Inter-segment revenue	–	–	8,304,272	8,304,272
Total segment revenue	172,576,896	5,262,431	10,786,514	188,625,841
Segment profit (including share of profits and losses of associates and joint ventures)	32,260,067	7,137,225	196,396	39,593,688

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(continued)*

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit include profit from subsidiaries and share of profits and losses of associates and joint ventures. These represent the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange losses recognised in the consolidated income statement.

	2023 RMB'000	2022 RMB'000
Reportable segment profit	**41,169,374**	39,593,688
Unallocated items:		
Interest income on bank deposits	**2,156,325**	1,821,626
Corporate expenses	**(99,801)**	(68,361)
Finance costs	**(1,032,448)**	(1,056,725)
Net foreign exchange losses recognised in the consolidated income statement	**(1,073,116)**	(4,283,299)
Consolidated profit before tax	**41,120,334**	36,006,929

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

At 31 December 2023

	Property development RMB'000	**Commercial property operations RMB'000**	**Other businesses RMB'000**	**Total RMB'000**
Segment assets (including interests in and amounts due from associates and joint ventures) *(Note a)*	**601,035,486**	**215,044,656**	**1,894,916**	**817,975,058**
Segment liabilities (including amounts due to associates and joint ventures) *(Note b)*	**(235,004,781)**	**(28,537,803)**	**(9,485,663)**	**(273,028,247)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(continued)*

Segment Assets and Liabilities *(continued)*

At 31 December 2022

	Property development RMB'000 (Restated)	Commercial property operations RMB'000 (Restated)	Other businesses RMB'000 (Restated)	Total RMB'000 (Restated)
Segment assets (including interests in and amounts due from associates and joint ventures) *(Note a)*	604,020,039	197,052,070	1,875,908	802,948,017
Segment liabilities (including amounts due to associates and joint ventures) *(Note b)*	(236,403,156)	(25,330,459)	(8,037,446)	(269,771,061)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash; and
- all liabilities are allocated to reportable segments other than bank and other borrowings, guaranteed notes and corporate bonds.

	2023 RMB'000	2022 RMB'000
Reportable segment assets	**817,975,058**	802,948,017
Unallocated items:		
Bank balances and cash	**105,629,033**	110,306,115
Consolidated total assets	**923,604,091**	913,254,132
Reportable segment liabilities	**(273,028,247)**	(269,771,061)
Unallocated items:		
Bank and other borrowings	**(165,297,894)**	(165,552,630)
Guaranteed notes and corporate bonds	**(92,366,242)**	(104,832,616)
Consolidated total liabilities	**(530,692,383)**	(540,156,307)

Notes:

(a) *Segment assets include interests in and amounts due from associates of RMB23,182,151,000 (2022: RMB21,241,893,000) and RMB1,717,436,000 (2022: RMB4,459,576,000) and interests in and amounts due from joint ventures of RMB23,120,012,000 (2022: RMB22,168,401,000) and RMB8,766,323,000 (2022: RMB8,788,592,000), respectively.*

(b) *Segment liabilities include amounts due to associates and joint ventures of RMB4,228,149,000 (2022: RMB1,635,770,000) and RMB4,024,969,000 (2022: RMB4,408,323,000), respectively.*

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(continued)*

Other Segment Information

Year ended 31 December 2023

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	**19,413**	**13,569,317**	**36,742**	**13,625,472**
Depreciation	**(69,973)**	**(279,394)**	**(55,737)**	**(405,104)**
Re-measurement gains on pre-existing interest in an associate upon acquisition	**141,254**	**–**	**–**	**141,254**
Gains on bargain purchase of subsidiaries	**89,068**	**–**	**–**	**89,068**
Gains arising from changes in fair value of investment properties	**–**	**4,845,721**	**–**	**4,845,721**
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	**275,427**	**–**	**–**	**275,427**
Share of profits and losses of associates	**1,250,171**	**–**	**–**	**1,250,171**
Share of profits and losses of joint ventures	**377,138**	**–**	**–**	**377,138**

Year ended 31 December 2022

	Property development RMB'000 (Restated)	Commercial property operations RMB'000 (Restated)	Other businesses RMB'000 (Restated)	Total RMB'000 (Restated)
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	289,770	10,142,516	94,840	10,527,126
Depreciation	(144,742)	(476,729)	(45,743)	(667,214)
Re-measurement gains on pre-existing interest in an associate upon acquisition	1,251,160	–	–	1,251,160
Gains on bargain purchase of subsidiaries	1,236,618	–	–	1,236,618
Impairment losses on stock of properties	(1,520,022)	–	–	(1,520,022)
Impairment losses on amounts due from joint ventures	(1,327,122)	–	–	(1,327,122)
Gains arising from changes in fair value of investment properties	–	4,795,561	–	4,795,561
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	387,277	–	–	387,277
Share of profits and losses of associates	1,776,078	–	–	1,776,078
Share of profits and losses of joint ventures	405,315	–	–	405,315

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(continued)*

Revenue from Major Products and Services

An analysis of the Group's revenue for the year from its major products and services is set out in note 7.

Information about Geographical Areas

The Group's property development, commercial property operations and other businesses are carried out in the Chinese Mainland, Hong Kong, Macau and the United Kingdom. The following table provides a geographical analysis of the Group's revenue from external customers (based on where the products and services are delivered or provided) and non-current assets (based on the location of assets).

	Revenue by geographical market		Non-current assets *(Note)*	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC				
Southern Region	**64,116,259**	50,217,111	**33,448,173**	28,027,974
Eastern Region	**48,041,050**	31,876,467	**74,646,121**	65,957,173
Central and Western Region	**25,556,561**	23,544,925	**23,050,055**	22,548,424
Northern Region	**62,247,710**	69,699,033	**76,727,146**	73,152,440
Hong Kong and Macau	**2,278,447**	4,715,446	**2,045,800**	2,516,198
The United Kingdom	**284,042**	268,587	**4,789,058**	5,166,247
Total	**202,524,069**	180,321,569	**214,706,353**	197,368,456

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Information about major customers

There was no revenue from a single customer accounted for 10% or more of the Group's revenue for both years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

9. OTHER INCOME AND GAINS/(LOSSES), NET

	2023 RMB'000	2022 RMB'000
Other income and gains/(losses), net include:		
Interest income on bank deposits	**2,156,325**	1,821,626
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	**275,427**	387,277
Other interest income	**28,109**	106,584
Total interest income	**2,459,861**	2,315,487
Net foreign exchange losses	**(1,865,399)**	(5,179,102)
Add: Exchange losses arising from foreign currency debt capitalised	**792,283**	895,803
Net foreign exchange losses recognised in the consolidated income statement	**(1,073,116)**	(4,283,299)
Re-measurement gains on pre-existing interest in an associate upon acquisition	**141,254**	1,251,160
Gains on bargain purchase of subsidiaries	**89,068**	1,236,618
Impairment losses on stock of properties	**–**	(1,520,022)
Impairment losses on amounts due from joint ventures	**–**	(1,327,122)

10. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings, guaranteed notes and corporate bonds	**9,585,825**	9,577,935
Interest on amounts due to fellow subsidiaries and a related company, associates, joint ventures and non-controlling shareholders	**324,963**	560,198
Interest on lease liabilities and other finance costs	**205,008**	213,396
Total finance costs	**10,115,796**	10,351,529
Less: Amount capitalised	**(9,083,348)**	(9,294,804)
	1,032,448	1,056,725

Finance costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 3.18% (2022: 3.18%) per annum to expenditure on qualifying assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

11. INCOME TAX EXPENSES

	2023 **RMB'000**	2022 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	**7,816,853**	7,004,004
PRC LAT	**5,827,734**	2,902,387
PRC withholding income tax	**114,698**	49,614
Hong Kong profits tax	**29,744**	69,884
Macau income tax	**6,153**	5,070
Others	**26,608**	20,670
	13,821,790	10,051,629
Deferred tax *(Note 33)*:		
Current year	**251,899**	1,399,128
Total	**14,073,689**	11,450,757

Under the Law of PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries of the Company is 25% (2022: 25%).

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

Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the prevailing tax rate of 12% (2022: 12%) in Macau.

Details of deferred tax are set out in note 33.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

11. INCOME TAX EXPENSES *(continued)*

The income tax expenses for the year are reconciled to the profit before tax per the consolidated income statement as follows:

	2023 RMB'000	2022 RMB'000
Profit before tax	**41,120,334**	36,006,929
Tax at the applicable tax rate of 25% (2022: 25%)	**10,280,084**	9,001,732
PRC withholding income tax	**114,698**	49,614
PRC LAT	**5,827,734**	2,902,387
Tax effect of PRC LAT	**(1,456,934)**	(725,597)
Tax effect of share of profits and losses of associates and joint ventures	**(406,827)**	(545,348)
Tax effect of expenses not deductible for tax purpose	**1,069,033**	1,810,653
Tax effect of income not taxable for tax purpose	**(165,083)**	(648,961)
Tax effect of tax losses not recognised	**171,490**	124,084
Recognition of previously unrecognised tax losses	**(116,239)**	–
Effect of different tax rates	**(870,806)**	(655,415)
Over-provision in prior years	**(370,280)**	–
Others	**(3,181)**	137,608
Income tax expenses for the year	**14,073,689**	11,450,757

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

12. PROFIT FOR THE YEAR

	2023 RMB'000	2022 RMB'000
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration		
Audit services	**10,746**	10,085
Non-audit services	**793**	921
	11,539	11,006
Depreciation	**405,104**	667,214
Staff costs (including benefits and interests of directors) *(Note)*	**2,549,048**	2,192,658
Share of tax of		
Associates	**883,538**	1,174,014
Joint ventures	**196,368**	114,917
Cost of stock of properties and other inventories recognised as expenses	**157,360,714**	138,664,727
Rental income in respect of investment properties under operating leases, net of outgoings of RMB2,060,491,000 (2022: RMB1,779,217,000)	**(3,124,180)**	(2,817,922)

Note: During the year ended 31 December 2022, equity-settled share-based payment credit in respect of the Share Option Schemes (note 30) RMB128,840,000 which was included in the staff costs as disclosed above.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of the trustees. During the year ended 31 December 2023, the aggregate amount of forfeited contributions in respect of employees who left before their interests vested fully and thus utilised to reduce contributions during the year was RMB99,000 (2022: RMB30,000).

The employees of the Group's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme.

The total cost for retirement schemes recognised in the consolidated income statement of RMB210,924,000 (2022: RMB195,829,000), which has been included in staff costs disclosed above, represents contributions to the schemes by the Group in respect of the current accounting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

13. BENEFITS AND INTERESTS OF DIRECTORS

		For the year ended 31 December 2023 As director				
	Notes	Directors' fees RMB'000	Basic salaries, allowances and benefits-in-kind *(Note (i))* RMB'000	Performance related bonus RMB'000	Provident fund contributions RMB'000	Total RMB'000
Executive Directors						
Yan Jianguo	*(ii)*	–	–	–	–	–
Luo Liang		–	2,307	3,000	98	5,405
Zhang Zhichao		–	2,258	3,300	83	5,641
Guo Guanghui		–	2,021	3,200	98	5,319
		–	6,586	9,500	279	16,365
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai		–	–	–	–	–
Independent Non-executive Directors						
Fan Hsu Lai Tai, Rita	*(iii), (iv)*	245 (approximately RMB219)	–	–	–	245 (approximately RMB219)
Li Man Bun, Brian David	*(iii)*	500 (approximately RMB447)	–	–	–	500 (approximately RMB447)
Chan Ka Keung, Ceajer	*(iii)*	500 (approximately RMB447)	–	–	–	500 (approximately RMB447)
Chan Ching Har, Eliza	*(iii), (v)*	255 (approximately RMB228)	–	–	–	255 (approximately RMB228)
		1,500 (approximately RMB1,341)	–	–	–	1,500 (approximately RMB1,341)

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

		Year ended 31 December 2022 As director				
	Notes	Directors' fees RMB'000	Basic salaries, allowances and benefits-in-kind *(Note (i))* RMB'000	Performance related bonus RMB'000	Provident fund contributions RMB'000	Total RMB'000
Executive Directors						
Yan Jianguo		–	4,725	–	14	4,739
Luo Liang		–	2,172	3,662	94	5,928
Zhang Zhichao		–	2,142	4,522	80	6,744
Guo Guanghui		–	1,873	3,404	94	5,371
		–	10,912	11,588	282	22,782
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai		–	–	–	–	–
Independent Non-executive Directors						
Fan Hsu Lai Tai, Rita	*(iii)*	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
Li Man Bun, Brian David	*(iii)*	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
Chan Ka Keung, Ceajer	*(iii)*	500 (approximately RMB430)	–	–	–	500 (approximately RMB430)
		1,500 (approximately RMB1,290)	–	–	–	1,500 (approximately RMB1,290)

Notes:

(i) *Allowances and benefits-in-kind include housing allowance and non-cash benefits including the expense incurred in respect of the annual leave in lieu and share-based payments.*

(ii) *Mr. Yan Jianguo decided to waive his director's emoluments and ceased to receive any director's emolument with effect from 1 January 2023.*

(iii) *The directors' fees are paid in HK$. The RMB amounts are disclosed for presentation purpose only.*

(iv) *Retired on 28 June 2023.*

(v) *Appointed on 29 June 2023.*

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

The performance related bonus was determined based on the Group's performance for the year.

Of the five individuals with the highest emoluments in the Group, three (2022: one) were directors of the Company whose emoluments are included above. The emoluments of the remaining two (2022: four) individuals were set out as follows:

	2023 RMB'000	2022 RMB'000
Basic salaries, allowances and benefits-in-kind	**3,776**	6,844
Performance related bonus	**6,000**	17,496
Provident fund contributions	**196**	425
	9,972	24,765

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2023	2022
HK$5,000,001 to HK$6,000,000	**2**	–
HK$7,000,001 to HK$7,500,000	**–**	4
	2	4

Save as disclosed above, no directors waived any emoluments in both years ended 31 December 2023 and 2022.

No directors received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office in both years ended 31 December 2023 and 2022.

During the year, Mr. Yan Jianguo held directorship in CSCEC's subsidiaries/associated companies, which engaged in construction, property development and property investment and related businesses.

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during both years ended 31 December 2023 and 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2023 RMB'000	2022 RMB'000
Earnings		
Earnings for the purpose of calculation of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**25,609,837**	23,264,747

	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share	**10,944,884**	10,944,864

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

15. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Dividends recognised as distributions during the year:		
Final dividend for the year ended 31 December 2022 of HK40 cents per share (2022: Final dividend for the year ended 31 December 2021 of HK76 cents per share)	**3,983,938**	7,018,822
Interim dividend for the year ended 31 December 2023 of HK35 cents per share (2022: Interim dividend for the year ended 31 December 2022 of HK40 cents per share)	**3,581,713**	3,860,042
	7,565,651	10,878,864

The final dividend of HK45 cents per share for the year ended 31 December 2023, amounting to approximately RMB4,516,406,000 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company. The amount of the proposed final dividend, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognised as dividend payable in the consolidated financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

16. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets *(Note 35(i))*							
	Leasehold land and buildings RMB'000	Prepaid lease payments for land RMB'000	Other right-of-use assets RMB'000	Hotel buildings RMB'000	Plant, machinery and equipment RMB'000	Furniture, fixtures, office equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2022	1,795,459	581,526	902,682	2,520,661	260,653	839,784	741,681	7,642,446
Additions	13,575	–	111,531	54,614	4,361	334,720	241,921	760,722
Acquisition of subsidiaries	66,973	–	211	–	202	4,380	–	71,766
Transfer upon completion	2,222	–	–	900,579	796	1,968	(905,565)	–
Transfer from stock of properties	–	–	–	1,493,946	–	–	–	1,493,946
Disposals	(25,672)	–	(70,134)	–	(64,709)	(26,496)	–	(187,011)
Transfer to investment properties	(63,750)	–	–	–	–	–	–	(63,750)
Exchange realignment	10,586	–	8,531	–	–	3,319	–	22,436
At 31 December 2022 and 1 January 2023	**1,799,393**	**581,526**	**952,821**	**4,969,800**	**201,303**	**1,157,675**	**78,037**	**9,740,555**
Additions	**–**	**–**	**836**	**73,664**	**412**	**130,354**	**442**	**205,708**
Disposals	**(40,573)**	**–**	**(620,284)**	**–**	**(24)**	**(16,635)**	**–**	**(677,516)**
Transfer from investment properties, net	**61,360**	**–**	**–**	**–**	**–**	**–**	**–**	**61,360**
Exchange realignment	**9,274**	**–**	**3,583**	**–**	**–**	**1,700**	**–**	**14,557**
At 31 December 2023	**1,829,454**	**581,526**	**336,956**	**5,043,464**	**201,691**	**1,273,094**	**78,479**	**9,344,664**
DEPRECIATION								
At 1 January 2022	442,754	133,862	307,615	571,430	225,610	436,704	–	2,117,975
Provided for the year	37,194	13,875	317,937	111,970	3,335	182,903	–	667,214
Eliminated on disposals	(4,279)	–	(25,923)	–	(55,394)	(16,888)	–	(102,484)
Transfer to investment properties	(35,576)	–	–	–	–	–	–	(35,576)
Exchange realignment	956	–	4,844	–	–	2,081	–	7,881
At 31 December 2022 and 1 January 2023	**441,049**	**147,737**	**604,473**	**683,400**	**173,551**	**604,800**	**–**	**2,655,010**
Provided for the year	**45,070**	**12,876**	**102,742**	**131,695**	**2,661**	**110,060**	**–**	**405,104**
Eliminated on disposals	**(5,314)**	**–**	**(603,222)**	**–**	**(22)**	**(14,011)**	**–**	**(622,569)**
Transfer to investment properties	**(1,807)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,807)**
Exchange realignment	**2,555**	**–**	**1,073**	**–**	**–**	**1,508**	**–**	**5,136**
At 31 December 2023	**481,553**	**160,613**	**105,066**	**815,095**	**176,190**	**702,357**	**–**	**2,440,874**
CARRYING VALUE								
At 31 December 2023	**1,347,901**	**420,913**	**231,890**	**4,228,369**	**25,501**	**570,737**	**78,479**	**6,903,790**
At 31 December 2022	1,358,344	433,789	348,348	4,286,400	27,752	552,875	78,037	7,085,545

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the relevant lease
Prepaid lease payments for land	Over the term of the relevant lease
Other right-of-use assets	3 to 10 years
Hotel buildings	Over the term of the relevant lease
Plant, machinery and equipment	3 to 10 years
Other assets	3 to 8 years

17. INVESTMENT PROPERTIES

	Completed			Under Construction	
	The Chinese Mainland RMB'000	Hong Kong and Macau RMB'000	The United Kingdom RMB'000	The Chinese Mainland RMB'000	Total RMB'000
FAIR VALUE					
At 1 January 2022	110,815,258	2,376,885	5,937,953	47,074,001	166,204,097
Additions	904,969	–	–	8,861,435	9,766,404
Acquisition of subsidiaries	406,304	–	–	348,530	754,834
Gains arising from changes in fair value of Investment properties	999,552	(22,849)	(603,193)	4,422,051	4,795,561
Transfer upon completion	11,073,052	–	–	(11,073,052)	–
Transfer from stock of properties	816,009	–	–	9,174,036	9,990,045
Transfer from property, plant and equipment	28,174	–	–	–	28,174
Disposals	(962,418)	(371,088)	–	–	(1,333,506)
Exchange realignment	–	189,420	(168,513)	–	20,907
At 31 December 2022 and 1 January 2023	**124,080,900**	**2,172,368**	**5,166,247**	**58,807,001**	**190,226,516**
Additions	**64,461**	**3,019**	**–**	**13,352,284**	**13,419,764**
Gains arising from changes in fair value of Investment properties	**1,267,743**	**70,379**	**(803,460)**	**4,311,059**	**4,845,721**
Transfer upon completion	**41,778,744**	**–**	**–**	**(41,778,744)**	**–**
Transfer to property, plant and equipment, net	**(63,167)**	**–**	**–**	**–**	**(63,167)**
Disposals	**(588,520)**	**(569,400)**	**–**	**–**	**(1,157,920)**
Exchange realignment	**–**	**49,470**	**425,784**	**–**	**475,254**
At 31 December 2023	**166,540,161**	**1,725,836**	**4,788,571**	**34,691,600**	**207,746,168**

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

17. INVESTMENT PROPERTIES *(continued)*

Leasing Arrangements

Investment properties are leased to tenants under operating leases with rentals payable monthly. Where considered necessary to reduce credit risk, the Group may obtain rental deposits from the tenant.

For future minimum lease receivables in leases of investment properties, please refer to note 36.

Investment Properties Valuation

The fair values of the investment properties held by the Group at 31 December 2023 and 2022 have been arrived on the basis of a valuation carried out on that date by Cushman & Wakefield Limited. The current use of the investment properties equates to their highest and best use.

The valuers mentioned above are independent firms of professional valuers not connected with the Group, who have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

The Group's finance team reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation assumptions and results are held between management and the valuers at least twice a year when the valuation is performed for interim and annual financial reporting.

All of the Group's investment properties held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Fair values of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

Fair Value Measurements Using Significant Unobservable Inputs

The valuation for completed investment properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The valuation for investment properties under construction was arrived at by making reference to comparable selling prices, as available in the relevant market. The estimated construction costs to complete the development and estimated developer's profits at the date of valuation are also taken into account.

There was no change to the valuation techniques during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

17. INVESTMENT PROPERTIES *(continued)*

Fair Value Measurements Using Significant Unobservable Inputs *(continued)*

Information about fair value measurements using significant unobservable inputs

Description	Fair value at 31 December 2023 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese Mainland	**34,691,600**	Residual method	Estimated selling prices	RMB2,527 – RMB120,500 per sq m
			Estimated costs to completion	RMB1,540 – RMB13,500 per sq m
			Estimated developer's profit	7.0% – 20.0%
Completed investment properties in the Chinese Mainland	**166,540,161**	Investment approach	Prevailing market rents	RMB18 – RMB1,041 per sq m per month
			Reversionary yield	2.0% – 8.0%
Completed investment properties in Hong Kong and Macau	**1,725,836**	Investment approach	Prevailing market rents	HK$15 – HK$240 per sq ft per month
			Reversionary yield	2.1% – 3.8%
Completed investment properties in the United Kingdom	**4,788,571**	Investment approach	Prevailing market rents	GBP62 – GBP80 per sq ft per year
			Capitalisation rate	5.75% – 6.25%

Description	Fair value at 31 December 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese Mainland	58,807,001	Residual method	Estimated selling prices	RMB11,400 – RMB120,100 per sq m
			Estimated costs to completion	RMB4,000 – RMB21,000 per sq m
			Estimated developer's profit	2.0% – 30.0%
Completed investment properties in the Chinese Mainland	124,080,900	Investment approach	Prevailing market rents	RMB17 – RMB1,003 per sq m per month
			Reversionary yield	3.5% – 8.0%
Completed investment properties in Hong Kong and Macau	2,172,368	Investment approach	Prevailing market rents	HK$15 – HK$240 per sq ft per month
			Reversionary yield	2.1% – 3.8%
Completed investment properties in the United Kingdom	5,166,247	Investment approach	Prevailing market rents	GBP50 – GBP80 per sq ft per year
			Capitalisation rate	4.9% – 5.5%

17. INVESTMENT PROPERTIES *(continued)*

Fair Value Measurements Using Significant Unobservable Inputs *(continued)*

Information about fair value measurements using significant unobservable inputs *(continued)*

Estimated costs to completion and the developer's profit required are estimated by the independent valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The lower is the costs and developer's profit, the higher is the fair value.

Estimated selling prices and prevailing market rents are estimated based on the independent valuers' view of recent lettings or selling transactions within the subject properties and other comparable properties. The higher is the selling prices and rents, the higher is the fair value.

The reversionary yield and capitalisation rate are estimated by the independent valuers based on the risk profile of the properties being valued and the market conditions. The lower is the yield and capitalisation rate, the higher is the fair value.

18. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investments		
Listed in Hong Kong	**4,229,703**	4,229,703
Unlisted	**8,404,891**	8,195,881
Loans to associates *(Note)*	**1,098,726**	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	**9,448,831**	8,816,309
	23,182,151	21,241,893
Market value of the interest in the listed associate	**3,292,089**	4,208,574

Note: The loans to associates are classified as equity loan in nature, which are unsecured, interest-free and have no fixed term of repayment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

18. INTERESTS IN ASSOCIATES *(continued)*

Set out below are the particulars of the principal associates at 31 December 2023. In the opinion of the directors of the Company, to give details of other associates would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the Group 2023	2022	Principal activities
China Overseas Grand Oceans Group Ltd. ("COGO")*	Hong Kong	PRC	**39.63%**	39.63%	Property investment and development, property leasing and investment holding
金茂投資(長沙)有限公司	PRC	PRC	**20%**	20%	Property development
上海佳晟房地產開發有限公司	PRC	PRC	**49%**	49%	Property development
廈門市海貿地產有限公司	PRC	PRC	**50%**	50%	Property development
深圳市招航置業有限公司	PRC	PRC	**30%**	30%	Property development
天津中海海鑫地產有限公司	PRC	PRC	**34%**	34%	Property development
廈門悦琴海聯建設發展有限公司	PRC	PRC	**30%**	30%	Property development

* *COGO is listed on the Main Board of the Hong Kong Stock Exchange.*

All of these associates are accounted for using the equity method in these consolidated financial statements.

Set out below is the summarised financial information of an associate of the Group at 31 December 2023 which, in the opinion of the directors of the Company, is material to the Group.

Summarised Statement of Financial Position

	COGO 2023 RMB'000	COGO 2022 RMB'000
Current		
Bank balances and cash	**26,020,603**	29,330,896
Other current assets	**117,613,737**	143,394,764
Total current assets	**143,634,340**	172,725,660
Financial liabilities (excluding trade payables)	**(20,467,753)**	(19,592,557)
Other current liabilities (including trade payables)	**(60,837,801)**	(85,694,805)
Total current liabilities	**(81,305,554)**	(105,287,362)
Non-current		
Total non-current assets	**8,396,114**	8,056,171
Financial liabilities	**(30,108,234)**	(35,457,498)
Other liabilities	**(2,487,150)**	(2,635,819)
Total non-current liabilities	**(32,595,384)**	(38,093,317)
Net assets	**38,129,516**	37,401,152

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

18. INTERESTS IN ASSOCIATES *(continued)*

Summarised Statement of Comprehensive income

	COGO	
	2023	2022
	RMB'000	RMB'000
Revenue	**56,408,144**	57,492,018
Depreciation	**(116,808)**	(94,703)
Interest income	**372,321**	358,202
Finance costs	**(65,237)**	(63,400)
Profit before tax	**4,122,713**	5,978,711
Income tax expenses	**(2,097,753)**	(2,922,587)
Profit for the year	**2,024,960**	3,056,124
Other comprehensive income	**(291,831)**	(1,642,515)
Total comprehensive income	**1,733,129**	1,413,609
Dividends received from COGO *(Note)*	**259,497**	413,768

Note: For the year ended 31 December 2022, the Group has elected to receive the final dividend of COGO for the year ended 31 December 2021 in the form of new fully paid shares in lieu of cash amounting to RMB340,494,000.

Reconciliation of Summarised Financial Information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	COGO	
	2023	2022
	RMB'000	RMB'000
Opening net assets at 1 January	**37,401,152**	35,756,259
Profit for the year	**2,024,960**	3,056,124
Other comprehensive income	**(291,831)**	(1,642,515)
Shares issued in lieu of cash dividend	**–**	468,272
Dividends paid	**(654,718)**	(1,063,031)
Other equity movement	**6,199**	301,141
Reserve movement from non-controlling interests	**(356,246)**	524,902
Closing net assets at 31 December	**38,129,516**	37,401,152
Non-controlling interests	**(6,825,984)**	(7,458,956)
Equity attributable to owners of the associate	**31,303,532**	29,942,196
Group's effective interest (%)	**39.63%**	39.63%
Carrying value of the Group's interest at 31 December	**12,407,155**	11,752,209

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

18. INTERESTS IN ASSOCIATES *(continued)*

Aggregate Information of Associates that are not Individually Material

	2023 RMB'000	2022 RMB'000
The Group's share of profit and losses for the year	**220,061**	415,934
The Group's share of total comprehensive income for the year	**220,061**	415,934
Aggregate carrying amount of the Group's interests in these associates	**10,774,996**	9,489,684

The financial guarantees granted to the Group's associates are disclosed in note 39.

19. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Cost of investments, unlisted	**6,105,907**	6,864,835
Loans to joint ventures *(Note)*	**11,988,165**	10,340,894
Share of post-acquisition profits and other comprehensive income, net of dividends received	**5,025,940**	4,962,672
	23,120,012	22,168,401

Note: The loans to joint ventures are classified as equity loan in nature. At 31 December 2023, the loans to joint ventures are unsecured, interest-free and recoverable on demand. At 31 December 2022, the loans to joint ventures were unsecured, interest-free and recoverable on demand, except for the amounts of RMB7,370,675,000 which bear variable interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 1% per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

19. INTERESTS IN JOINT VENTURES *(continued)*

Set out below are the particulars of the principal joint ventures at 31 December 2023. In the opinion of the directors of the Company, to give details of other joint ventures would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the Group 2023	2022	Principal activities
Ultra Keen Holdings Limited	Hong Kong	Hong Kong	**30%^**	30%^	Property development
Infinite Sun Limited	Hong Kong	Hong Kong	**30%^**	30%^	Property development
Dragon Star H.K. Investments Limited	Hong Kong	Hong Kong	**20%^**	20%^	Property development
Marble Edge Investments Limited	Hong Kong	Hong Kong	**18%^**	18%^	Property development
Grand Ample Limited	Hong Kong	Hong Kong	**33.3%^**	33.3%^	Property development
Asia Power Development Limited	Hong Kong	Hong Kong	**50%^**	50%^	Property development
Capital Asian Limited	Hong Kong	Hong Kong	**20%^**	–	Property development
重慶嘉益商業管理有限公司	PRC	PRC	**50%^**	50%^	Property development
中海保利達地產(佛山)有限公司	PRC	PRC	**50%^**	50%^	Property development
北京南悅房地產開發有限公司	PRC	PRC	**35%^**	35%^	Property development
青島海捷置業有限公司	PRC	PRC	**50%^**	50%^	Property development

^ *The Group exercises joint control over decisions about the relevant activities which require unanimous consent with other joint venture partners in accordance with joint venture agreements and/or the companies' articles, and accordingly, these companies have been accounted for as joint ventures.*

All of these joint ventures are accounted for using the equity method in these consolidated financial statements. In the opinion of the directors of the Company, there are no individually material joint ventures.

Aggregate Information of Joint Ventures that are not Individually Material

	2023 RMB'000	2022 RMB'000
The Group's share of profit and losses for the year	**377,138**	405,315
The Group's share of total comprehensive income for the year	**377,138**	405,315
Aggregate carrying amount of the Group's interests in these joint ventures	**23,120,012**	22,168,401

The financial guarantees granted to the Group's joint ventures are disclosed in note 39.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **RMB'000**	2022 RMB'000
Investments in unlisted equity securities in the PRC	**218,173**	218,173

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. For information about the method used in determining fair value, please refer to note 6.

21. STOCK OF PROPERTIES AND OTHER INVENTORIES

	2023 **RMB'000**	2022 RMB'000
Completed properties	**152,403,907**	105,697,379
Properties under development *(Note)*	**335,083,566**	382,952,020
Total stock of properties	**487,487,473**	488,649,399
Other inventories	**153,331**	163,586
	487,640,804	488,812,985

Note: Included in the amount are properties under development of RMB189,154,192,000 (2022: RMB208,964,790,000) which are not expected to be realised within twelve months from the end of the reporting period.

At 31 December 2023, stock of properties included the costs incurred in fulfilling customer contracts amounting to RMB81,610,483,000 (2022: RMB90,996,993,000).

At 31 December 2023, the stock of properties included costs incurred for a project in Beijing of RMB1,115,591,000 (2022: RMB2,188,413,000), whereby the Group entered into agreements with the Beijing local government for land development works such as relocation of residents and infrastructure constructions, and subsequent development of residential properties for sale.

22. LAND DEVELOPMENT EXPENDITURE

	2023 **RMB'000**	2022 RMB'000
Costs incurred	**8,604,923**	11,469,316

The Group entered into agreements ("Agreements") with the Beijing local government to redevelop some lands in Beijing. The Group assists the Beijing local government for the land redevelopment works, which included but is not limited to the removal of the existing buildings situated on the land, the relocation of the existing residents, the provision of infrastructure systems including roads, the drainage system, water, gas and electricity supply and the construction of public facilities. Pursuant to the Agreements, the Group will be reimbursed for the actual costs incurred in carrying out the land development and be entitled to the fixed returns irrespective of whether the Group will obtain the land use rights of the land in the future. The fixed return is recognised as income from primary land development under other income in the consolidated financial statements with reference to the progress for the land redevelopment works.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

23. TRADE AND OTHER RECEIVABLES

Proceeds receivable in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from property development and rental income which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

At the end of the reporting period, the ageing analysis of trade receivables, based on the date the trade receivables recognised, is as follows:

	2023 RMB'000	2022 RMB'000
Trade receivables, aged		
0 – 30 days	**2,613,405**	3,657,213
31 – 90 days	**423,093**	157,530
Over 90 days	**971,682**	801,309
	4,008,180	4,616,052
Other receivables – current portion	**2,978,926**	2,426,027
	6,987,106	7,042,079

In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. The provision of trade and other receivables was insignificant at the end of the reporting period (2022: insignificant).

24. AMOUNTS DUE FROM ASSOCIATES/JOINT VENTURES/NON-CONTROLLING SHAREHOLDERS

At 31 December 2023, the amounts due from associates are unsecured, interest-free and recoverable on demand, except for the amounts of RMB100,562,000 (2022: RMB903,722,000) which bear fixed interest rate of 6.5% (2022: ranging from 5% to 6%) per annum.

At 31 December 2023, the amounts due from joint ventures are unsecured, interest-free and recoverable on demand, except for the amounts of RMB4,510,609,000 (2022: RMB4,132,892,000) which bear fixed interest rates, ranging from 3.1% to 12% (2022: 4.35% to 12%) per annum.

At 31 December 2023 and 2022, the amounts due from non-controlling shareholders are unsecured, interest-free and recoverable on demand.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

25. BANK BALANCES AND CASH

At 31 December 2023, bank balances and cash included cash and cash equivalents of RMB105,344,021,000 (2022: RMB109,709,019,000) and restricted bank deposits of RMB285,012,000 (2022: RMB597,096,000). The restricted bank deposits are mainly guarantee deposits designated for certain property development projects.

At 31 December 2023, current deposits of RMB39,330,000 (2022: RMB87,679,000) were placed by the Group in China State Construction Finance Limited, a fellow subsidiary of the Company and a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission, which carried interest rates ranging from 0.2% to 1.73% (2022: 0.455%) per annum. This related party transaction also constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All bank deposits of the Group carry interest at market rates ranging from 0.001% to 5.76% (2022: 0.001% to 5.70%) per annum.

Cash and cash equivalents included the regulated pre-sales proceeds of properties of RMB20,842,542,000 (2022: RMB25,165,268,000). In accordance with applicable prevailing government regulation, the deposits can only be used for payments of construction cost of related property projects. Such deposits will be released according to the completion stage of the related properties.

At the end of the reporting period, the Group had the following major bank balances and cash denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
Bank balances and cash denominated in:		
RMB	**102,014,070**	103,784,597
HK$	**1,806,683**	5,443,354
US$	**1,549,052**	729,541

The reconciliation of liabilities arising from financing activities is as follows:

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000	Accrued interest RMB'000	Amounts due to fellow subsidiaries and a related company RMB'000	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling shareholders RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	162,311,684	79,610,610	880,248	3,967,806	1,872,114	5,962,081	7,534,562	632,326	262,771,431
Financing cash flow	(4,203,355)	21,566,605	(9,215,115)	(495,767)	77,557	(898,502)	2,416,445	(334,441)	8,913,427
Acquisition of subsidiaries	3,057,900	–	–	–	(329,680)	–	1,469,172	214	4,197,606
Exchange realignment	4,413,574	3,626,600	36,411	153,167	–	–	1,076	4,208	8,235,036
Other non-cash movements	(27,173)	28,801	9,577,935	–	15,779	(655,256)	2,291,133	855,226	12,086,445
At 31 December 2022 and 1 January 2023	**165,552,630**	**104,832,616**	**1,279,479**	**3,625,206**	**1,635,770**	**4,408,323**	**13,712,388**	**1,157,533**	**296,203,945**
Financing cash flow	**(1,896,699)**	**(13,685,324)**	**(9,662,232)**	**(1,110,968)**	**2,592,379**	**(395,992)**	**(5,498,142)**	**(110,758)**	**(29,767,736)**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**123,649**	**–**	**123,649**
Exchange realignment	**1,696,794**	**1,194,675**	**9,801**	**51,700**	**–**	**–**	**(21)**	**2,691**	**2,955,640**
Other non-cash movements	**(54,831)**	**24,275**	**9,585,826**	**–**	**–**	**12,638**	**310,800**	**5,198**	**9,883,906**
At 31 December 2023	**165,297,894**	**92,366,242**	**1,212,874**	**2,565,938**	**4,228,149**	**4,024,969**	**8,648,674**	**1,054,664**	**279,399,404**

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

26. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Trade payables, aged		
0 – 30 days	**33,671,880**	17,706,981
31 – 90 days	**4,014,511**	7,145,132
Over 90 days	**31,131,232**	37,619,422
	68,817,623	62,471,535
Other payables	**10,706,239**	9,480,747
Retention payable	**6,160,349**	6,698,458
	85,684,211	78,650,740

Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

Of the other payables and retention payable, an amount of RMB4,923,290,000 (2022: RMB3,639,660,000) is due beyond twelve months from the end of the reporting period.

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS

Details of contract assets are as follows:

	2023 RMB'000	2022 RMB'000
Contract assets related to sales of properties *(Note (i))*	**414,244**	689,403
Costs for obtaining contracts *(Note (ii))*	**579,297**	589,033
Total contract assets	**993,541**	1,278,436

Notes:

(i) Contract assets consist of unbilled amounts resulting from sales of properties when revenue recognised exceeds the amounts billed to the customer.

The decrease in contract assets for the year ended 31 December 2023 was the result of the increase in the amounts billed to the customer during the year.

(ii) Management expects that the incremental costs, primarily sales commissions and stamp duties, as a result of obtaining the pre-sale property contracts, are recoverable. The Group has capitalised the amounts and amortised when the related revenue is recognised. For the years ended 31 December 2023 and 2022, the amount of amortisation was insignificant and there was no impairment loss in relation to the costs capitalised.

(iii) In determining the recoverability of contract assets, management has closely monitored the credit qualities and the collectability of the assets and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the provision of contract assets was insignificant at the end of the reporting period (2022: insignificant).

At 31 December 2023, contract assets with a carrying amount of RMB874,879,000 (2022: RMB1,048,833,000) are expected to be recovered within twelve months from the end of the reporting period.

(iv) Total contract assets as at 1 January 2022 consist of contract assets related to sales of properties of RMB432,984,000 and costs for obtaining contracts of RMB493,928,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS *(continued)*

Details of pre-sales proceeds are as follows:

	2023 RMB'000	2022 RMB'000
Contract liabilities related to sales of properties *(Note (v))*	**99,675,470**	98,814,408
Value-added tax related to sales of properties as included in pre-sales proceeds	**8,943,571**	8,861,525
Total pre-sales proceeds	**108,619,041**	107,675,933

(v) The increase in contract liabilities during the year was in line with the increase in the payments received from customers for the year.

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows the amount of revenue recognised in the current reporting period in relation to carried-forward contract liabilities:

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**88,369,154**	58,277,803

Management expects that the transaction price allocated to the unsatisfied contracts related to sales of properties at 31 December 2023 amounting to RMB116,019,514,000 (2022: RMB124,419,859,000) will be recognised as revenue within the coming three financial years.

28. AMOUNTS DUE TO FELLOW SUBSIDIARIES AND A RELATED COMPANY/ ASSOCIATES/JOINT VENTURES

At 31 December 2023 and 2022, all the amounts due to fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand.

At 31 December 2023, the amounts due to associates are unsecured, interest-free and repayable on demand. At 31 December 2022, the amounts due to associates were unsecured, interest-free and repayable on demand, except for the amounts of RMB765,000,000, which bear fixed interest rates at 2.18% per annum.

At 31 December 2023, the amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for the amounts of RMB567,857,000 (2022: RMB615,079,000), which bear fixed interest rates at 2.18% (2022: 2.18%) per annum.

29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

At 31 December 2023, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for the amounts of RMB1,423,955,000 (2022: RMB9,460,300,000) which bear fixed interest rates ranging from 5.0% to 6.0% (2022: ranging from 3.5% to 6.0%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

30. SHARE CAPITAL

	Number of shares '000	HK$'000	RMB'000
Issued and fully paid			
At 1 January 2022	10,944,815	90,420,438	74,033,624
Exercise of share options under share option scheme *(Note)*	69	2,203	1,819
At 31 December 2022, 1 January 2023 and 31 December 2023	**10,944,884**	**90,422,641**	**74,035,443**

Note: During the year ended 31 December 2022, the subscription rights attaching to 68,500 share options were exercised at the subscription price of HK$25.85 per share, resulting in the issue of 68,500 shares for a total cash consideration, before expenses, of HK$1,770,000 (equivalent to RMB1,461,000). An amount of HK$433,000 (equivalent to RMB358,000) was transferred from the share option reserve to share capital upon the exercise of share options under share option scheme.

Share-based Payments

Share Option Scheme of the Company

On 29 June 2018, the Company offered to grant share options (the "2018 Share Options") to certain eligible persons (collectively, the "2018 Options Grantees"), to subscribe for a total of 107,320,000 shares of the Company, subject to acceptance of the 2018 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018 (the "Share Option Scheme"). Out of 107,320,000 shares of 2018 Share Options granted, a total of 2,000,000 shares were granted to directors of the Company. The exercise price is HK$25.85 per share.

One-third of the 2018 Share Options granted may be vested on each of 29 June 2020, 29 June 2021 and 29 June 2022 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2018 Share Options on the date of grant was HK$25.85 per share.

On 24 November 2020, the Company offered to grant share options (the "2020 Share Options") to certain eligible persons (collectively, the "2020 Options Grantees"), to subscribe for a total of 285,840,000 shares of the Company, subject to acceptance of the 2020 Options Grantees, under the Share Option Scheme. Out of 285,840,000 shares of 2020 Share Options granted, a total of 6,300,000 shares were granted to directors of the Company. The exercise price is HK$18.724 per share.

One-third of the 2020 Share Options granted may be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2020 Share Options on the date of grant was HK$17.96 per share.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

30. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

On 11 November 2021, the Company offered to grant share options (the "2021 Share Options") to certain eligible persons (collectively, the "2021 Options Grantees"), to subscribe for a total of 7,130,000 shares of the Company, subject to acceptance of the 2021 Options Grantees, under the Share Option Scheme. Out of 7,130,000 shares of 2021 Share Options granted, a total of 1,600,000 shares were granted to a director of the Company. The exercise price is HK$18.70 per share.

One-third of the 2021 Share Options granted may be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2021 Share Options on the date of grant was HK$18.70 per share.

The fair values of the 2018 Share Options on 29 June 2018, the 2020 Share Options on 24 November 2020 and the 2021 Share Options on 11 November 2021 determined using the Binomial Options Pricing Model were HK$6.36, HK$2.64 and HK$2.89 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018
	2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020
	2021 Share Options: 1.42% with reference to the Hong Kong Dollar Swap Rate (5Y and 7Y) as of 11 November 2021
Historical volatility	31.91%, 31.89% and 31.31% calculated based on the historical price with a period equals to the life of the 2018, 2020 and 2021 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees' remuneration for the 2018 Share Options
Dividend yield	3.09%, 5.68% and 6.31% based on the average dividend yield in the past six years for the 2018, 2020 and 2021 Share Options, respectively
Expected option life	6 years for 2018, 2020 and 2021 Share Options

The Binomial Options Pricing Model for the share options requires inputs of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

30. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

Set out below are movements of the share option under the Share Option Scheme:

	2023		2022	
	Average exercise price per share	**Number of share options**	Average exercise price per share	Number of share options
At 1 January	**HK$19.96**	**326,112,500**	HK$20.44	370,280,000
Forfeited during the year	**HK$20.48**	**(14,526,000)**	HK$20.42	(14,839,000)
Cancelled during the year *(Note)*	**HK$18.72**	**(172,156,000)**	HK$25.85	(29,260,000)
Exercised during the year	**–**	**–**	HK$25.85	(68,500)
At 31 December	**HK$21.44**	**139,430,500**	HK$19.96	326,112,500

Note: The first tranche and second tranche of the 2020 Share Options, and the first tranche of the 2021 Share Option (2022: the third tranche of the 2018 Share Options) have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme during the year ended 31 December 2023.

No options were granted and expired during the year. The weighted average closing price of the shares immediately before the dates on which the share options were exercised in 2022 was HK$26.27.

Share options outstanding at the end of the reporting period have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price per share	Number of share options	Weighted average remaining contractual life of options outstanding at the end of the reporting period
29 June 2018	28 June 2024	HK$25.85	53,177,500	0.5 years
24 November 2020	23 November 2026	HK$18.724	81,656,000	2.9 years
11 November 2021	10 November 2027	HK$18.70	4,597,000	3.9 years
			139,430,500	

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

31. BANK AND OTHER BORROWINGS

	2023 **RMB'000**	2022 RMB'000
Bank and other borrowings		
– secured	**38,756,596**	4,763,408
– unsecured	**126,541,298**	160,789,222
	165,297,894	165,552,630

	2023 **RMB'000**	2022 RMB'000
The bank and other borrowings are repayable as follows:		
Within one year	**21,157,995**	19,717,640
More than one year, but not exceeding two years	**27,041,275**	60,494,495
More than two years, but not exceeding five years	**83,655,349**	60,210,243
After five years	**33,443,275**	25,130,252
Total bank and other borrowings	**165,297,894**	165,552,630
Less: Amounts classified as current liabilities	**(21,157,995)**	(19,717,640)
Amounts classified as non-current liabilities	**144,139,899**	145,834,990

Borrowings of the Group with a carrying amount of RMB122,252,323,000 (2022: RMB105,403,588,000) bear interest at rates ranging from 2.20% to 7.00% (2022: 2.90% to 7.00%) per annum and are denominated in RMB. Borrowings of the Group amounting to RMB904,141,000 (2022: RMB830,720,000), which are denominated in GBP, are based on the Sterling Overnight Index Average Rate plus a specified margin per annum. The remaining borrowings of the Group amounting to RMB42,141,430,000 (2022: RMB59,318,322,000), which are denominated in HK$, are based on the HIBOR plus a specified margin per annum or bear interest at rates ranging from 1.70% to 2.80% (2022: 1.70% to 4.03%).

The Group's weighted average borrowing cost is 3.55% (2022:3.57%) per annum. The borrowings amounting to RMB28,567,661,000 (2022: RMB28,842,703,000) and RMB136,730,233,000 (2022: RMB136,709,927,000) are carried at fixed interest rates and variable interest rates respectively.

At 31 December 2023 and 2022, secured bank and other borrowings of the Group were pledged by certain assets as set out in note 40.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

32. GUARANTEED NOTES AND CORPORATE BONDS

	2023 RMB'000	2022 RMB'000
The guaranteed notes and corporate bonds are repayable as follows:		
Within one year	**19,810,287**	19,639,747
More than one year, but not exceeding two years	**18,715,612**	19,713,489
More than two years, but not exceeding five years	**34,580,751**	41,695,885
After five years	**19,259,592**	23,783,495
Total guaranteed notes and corporate bonds	**92,366,242**	104,832,616
Less: Amounts classified as current liabilities	**(19,810,287)**	(19,639,747)
Amounts classified as non-current liabilities	**72,555,955**	85,192,869

At 31 December 2023 and 2022, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features:

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2023(vii) RMB'000	Carrying amount at 31 December 2023 RMB'000	Carrying amount at 31 December 2022 RMB'000
15 November 2012	US$300(i) (approximately RMB2,058)	99.792%	5.35%(v)	15 November 2042	**1,836,931**	**2,093,981**	2,028,909
29 October 2013	US$500(i) (approximately RMB3,431)	99.595%	5.375%(v)	29 October 2023	**–**	**–**	3,408,269
29 October 2013	US$500(i) (approximately RMB3,431)	99.510%	6.375%(v)	29 October 2043	**3,438,825**	**3,491,330**	3,382,982
8 May 2014	US$450(i) (approximately RMB3,087)	99.554%	5.95%(v)	8 May 2024	**3,168,459**	**3,165,960**	3,064,613
8 May 2014	US$250(i) (approximately RMB1,715)	103.080%	5.95%(v)	8 May 2024	**1,760,255**	**1,761,747**	1,712,826
11 June 2014	US$500(i) (approximately RMB3,430)	99.445%	6.45%(v)	11 June 2034	**3,574,521**	**3,493,888**	3,384,537
23 August 2016	RMB6,000(iv)	100%	3.60%(vi)	23 August 2026	**1,925,178**	**1,900,000**	1,900,000
26 April 2018	US$750(i) (approximately RMB5,177)	99.844%	4.25%(v)	26 April 2023	**–**	**–**	5,146,278
26 April 2018	US$750(i) (approximately RMB5,177)	99.646%	4.75%(v)	26 April 2028	**5,141,207**	**5,294,060**	5,127,294
24 January 2019	RMB1,500(iv)	100%	3.75%(vi)	24 January 2026	**1,501,008**	**1,500,000**	1,500,000
15 July 2019	HK$2,000(i) (approximately RMB1,770)	100%	2.90%(vi)	15 January 2025	**1,765,552**	**1,814,568**	1,757,320
15 July 2019	US$450(i) (approximately RMB3,102)	99.849%	3.45%(v)	15 July 2029	**2,866,346**	**3,185,987**	3,086,477
27 November 2019	US$294(i) (approximately RMB2,027)	99.173%	3.05%(v)	27 November 2029	**1,826,216**	**2,075,619**	2,009,579
2 March 2020	US$300(i) (approximately RMB2,077)	99.570%	2.375%(v)	2 March 2025	**2,037,215**	**2,116,044**	2,048,065
2 March 2020	US$500(i) (approximately RMB3,462)	99.247%	2.75%(v)	2 March 2030	**2,996,371**	**3,510,006**	3,398,668
2 March 2020	US$200(i) (approximately RMB1,385)	99.857%	3.125%(v)	2 March 2035	**1,061,799**	**1,408,782**	1,365,049
28 April 2020	RMB3,701(iii)(viii)	100%	2.50%(v)	28 April 2038	**–**	**–**	3,685,200
14 August 2020	RMB2,000(iii)	100%	3.20%(vi)	14 August 2026	**–**	**–**	2,000,000
17 August 2020	RMB3,001(iv)(viii)	100%	3.90%(v)	17 August 2038	**–**	**–**	2,995,500
9 November 2020	RMB2,400	100%	3.40%(vi)	9 November 2023	**–**	**–**	2,400,000
14 December 2020	RMB1,500	100%	3.60%(vi)	14 December 2023	**–**	**–**	1,500,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

32. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

At 31 December 2023 and 2022, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features: *(continued)*

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2023[vii] RMB'000	Carrying amount at 31 December 2023 RMB'000	2022 RMB'000
15 January 2021	RMB1,500	100%	3.35%[vi]	15 January 2024	**1,500,398**	**1,500,000**	1,500,000
23 March 2021	RMB1,001[iii][viii]	100%	3.85%[v]	23 March 2039	**998,465**	**998,200**	998,800
15 June 2021	RMB2,000	100%	3.25%[vi]	15 June 2024	**2,003,766**	**2,000,000**	2,000,000
15 June 2021	RMB1,000	100%	3.55%[vi]	15 June 2026	**1,011,503**	**1,000,000**	1,000,000
23 June 2021	RMB2,101[iii][viii]	100%	3.60%[v]	23 June 2039	**1,907,367**	**1,999,200**	2,044,100
12 July 2021	RMB1,000[ii]	100%	3.10%[vi]	12 July 2025	**–**	**–**	1,000,000
12 July 2021	RMB2,000[iii]	100%	3.25%[vi]	12 July 2025	**2,004,670**	**2,000,000**	2,000,000
9 August 2021	RMB500[ii]	100%	2.75%[vi]	9 August 2025	**–**	**–**	500,000
9 August 2021	RMB1,500[iv]	100%	3.25%[vi]	9 August 2028	**1,506,732**	**1,500,000**	1,500,000
10 November 2021	RMB1,901[iii][viii]	100%	3.50%[v]	10 November 2039	**1,880,512**	**1,885,180**	1,893,150
25 November 2021	RMB1,700	100%	3.08%[vi]	25 November 2024	**1,704,053**	**1,700,000**	1,700,000
25 November 2021	RMB1,200	100%	3.38%[vi]	25 November 2026	**1,209,527**	**1,200,000**	1,200,000
20 December 2021	RMB1,300	100%	2.98%[vi]	20 December 2024	**1,301,929**	**1,300,000**	1,300,000
20 December 2021	RMB800	100%	3.38%[vi]	20 December 2026	**806,391**	**800,000**	800,000
14 January 2022	RMB1,800	100%	2.88%[vi]	14 January 2025	**1,801,780**	**1,800,000**	1,800,000
14 January 2022	RMB1,200	100%	3.25%[vi]	14 January 2027	**1,206,298**	**1,200,000**	1,200,000
23 February 2022	RMB1,000	100%	3.22%[vi]	23 February 2027	**1,004,300**	**1,000,000**	1,000,000
29 March 2022	RMB5,001[iii][viii]	100%	3.35%[v]	29 March 2040	**5,004,501**	**4,985,000**	4,995,000
7 April 2022	RMB2,000	100%	3.05%[vi]	7 April 2025	**2,004,206**	**2,000,000**	2,000,000
7 April 2022	RMB1,000	100%	3.50%[vi]	7 April 2027	**1,011,647**	**1,000,000**	1,000,000
10 May 2022	RMB1,500	100%	2.75%[vi]	10 May 2025	**1,497,310**	**1,500,000**	1,500,000
10 May 2022	RMB1,500	100%	3.48%[vi]	10 May 2027	**1,516,692**	**1,500,000**	1,500,000
27 May 2022	RMB2,000	100%	2.63%[vi]	27 May 2025	**1,994,116**	**2,000,000**	2,000,000
27 May 2022	RMB1,000	100%	3.10%[vi]	27 May 2027	**1,000,109**	**1,000,000**	1,000,000
25 July 2022	RMB2,000	100%	3.26%[vi]	25 July 2027	**2,009,864**	**2,000,000**	2,000,000
20 September 2022	RMB1,000	100%	2.40%[vi]	20 September 2025	**991,701**	**1,000,000**	1,000,000
20 September 2022	RMB500	100%	3.15%[vi]	20 September 2027	**500,079**	**500,000**	500,000
27 October 2022	RMB1,000	100%	2.85%[vi]	27 October 2027	**989,894**	**1,000,000**	1,000,000
14 December 2022	RMB2,000	100%	2.70%[vi]	14 December 2027	**1,967,364**	**2,000,000**	2,000,000
14 December 2022	RMB1,000	100%	2.70%[vi]	14 December 2027	**983,682**	**1,000,000**	1,000,000
20 December 2022	RMB1,500	100%	2.25%[vi]	20 December 2025	**1,481,290**	**1,500,000**	1,500,000
20 December 2022	RMB1,500	100%	2.70%[vi]	20 December 2027	**1,474,776**	**1,500,000**	1,500,000
25 October 2023	RMB3,190	100%	3.50%[v]	25 October 2026	**3,162,599**	**3,186,690**	–
7 November 2023	RMB2,000	100%	2.90%[vi]	7 November 2026	**1,989,990**	**2,000,000**	–
7 November 2023	RMB1,000	100%	3.25%[vi]	7 November 2028	**999,435**	**1,000,000**	–
12 December 2023	RMB3,000	100%	3.20%[vi]	12 December 2028	**2,990,019**	**3,000,000**	–
					90,316,848	**92,366,242**	104,832,616
			Less: Amounts classified as current liabilities			**(19,810,287)**	(19,639,747)
			Amounts classified as non-current liabilities			**72,555,955**	85,192,869

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

32. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

Notes:

(i) *The guaranteed notes are unconditionally and irrevocably guaranteed by the Company. They shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by the Company and the related subsidiaries.*

(ii) *The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the second year from interest commencement date.*

(iii) *The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the third year from interest commencement date.*

(iv) *The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the fifth year from interest commencement date.*

(v) *Payable semi-annually.*

(vi) *Payable annually.*

(vii) *The fair values of the guaranteed notes and corporate bonds at 31 December 2023 were determined based on the closing market prices of the guaranteed notes and corporate bonds and are within Level 1 of the fair value hierarchy.*

(viii) *Representing commercial mortgage-backed securities guaranteed by a subsidiary of the Company, and secured by certain assets of the Group as set out in note 40.*

33. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior years.

Deferred tax liabilities/(assets)

	Accelerated tax depreciation RMB'000	Revaluation of properties RMB'000	Fair value adjustment on properties RMB'000	Undistributed earnings of PRC subsidiaries and joint ventures RMB'000	Other taxable temporary differences RMB'000	Unrealised profit RMB'000	Unused tax loss RMB'000	Provision for LAT RMB'000	Other deductible temporary differences RMB'000	Right-of-use Assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	28,001	16,525,893	1,615,348	129,873	1,710,134	(241,767)	(725,188)	(5,903,986)	(19,461)	–	–	13,118,847
Effect of adoption of amendments to HKAS 12	–	–	–	–	–	–	–	–	–	133,158	(133,158)	–
Acquisition of subsidiaries	–	–	5,454,438	–	–	–	–	(434,080)	(134,389)	–	–	4,885,969
Charged/(credited) to profit or loss	(12,952)	1,369,231	(1,512,973)	(13,521)	119,321	144,476	136,171	1,882,379	(713,004)	130,831	(130,831)	1,399,128
Exchange realignment	(157)	–	–	(331)	–	–	(10,385)	–	–	–	–	(10,873)
At 31 December 2022 and 1 January 2023 (restated)	14,892	17,895,124	5,556,813	116,021	1,829,455	(97,291)	(599,402)	(4,455,687)	(866,854)	263,989	(263,989)	19,393,071
Acquisition of subsidiaries	–	–	338,671	–	–	–	(57,105)	(99,514)	(3,611)	–	–	178,441
Charged/(credited) to profit or loss	(5,197)	1,441,216	(1,867,360)	–	279,290	(37,901)	(116,238)	483,702	94,944	(27,300)	6,743	251,899
Exchange realignment	393	–	–	–	–	–	(1,679)	–	–	–	–	(1,286)
31 December 2023	10,088	19,336,340	4,028,124	116,021	2,108,745	(135,192)	(774,424)	(4,071,499)	(775,521)	236,689	(257,246)	19,822,125

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

33. DEFERRED TAX *(continued)*

Deferred tax liabilities/(assets) *(continued)*

The following is an analysis of the deferred tax balances for financial reporting purpose:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets	**(7,513,453)**	(7,559,276)
Net deferred tax liabilities	**27,335,578**	26,952,347
	19,822,125	19,393,071

Under the CIT Law of PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB12,845,110,000 (2022: RMB11,716,136,000) has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of RMB8,102,786,000 (2022: RMB8,251,341,000) available for offsetting against future profits, of which RMB2,951,469,000 (2022: RMB2,536,235,000) tax losses have been recognised as deferred tax assets. No deferred tax asset has been recognised on the remaining tax losses of RMB5,151,317,000 (2022: RMB5,715,106,000) in respect of such tax losses due to the unpredictability of future profit streams. Included in the unused tax losses are losses of RMB4,408,145,000 (2022: RMB4,597,595,000) that will expire within five years from the end of the reporting period. Other tax losses may be carried forward indefinitely.

34. GOODWILL

	2023 RMB'000	2022 RMB'000
Carrying amounts	**56,395**	56,395

The amount represented goodwill arising from acquisition of the entire equity interest in Hua Yi Designing Consultants Limited ("Hua Yi"). Hua Yi and its subsidiary are principally engaged in the provision of construction and building design consultancy services. For the purpose of impairment testing, the attributable amount of goodwill, having indefinite useful lives, has been allocated to the other operations category in the reportable segment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

35. LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 RMB'000	2022 RMB'000
Investment properties	**802,000**	737,000
Property, plant and equipment		
Leasehold land and buildings	**1,347,901**	1,358,344
Prepaid lease payments for land	**420,913**	433,789
Other right-of-use assets	**231,890**	348,348
	2,802,704	2,877,481
Lease Liabilities		
Current	**94,230**	132,897
Non-current	**960,434**	1,024,636
	1,054,664	1,157,533

Additions to right-of-use assets during the year ended 31 December 2023 are RMB836,000 (2022: RMB863,522,000), of which Nil (2022: RMB738,416,000) is included in the additions of investment properties.

(ii) Amounts recognised in the consolidated income statement

The following amounts relating to leases were recognised in the consolidated income statement:

	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use assets	**160,688**	369,006
Expenses related to short-term leases	**94,532**	93,257
Interest expenses (included in finance costs)	**39,471**	49,490
	294,691	511,753

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

35. LEASES *(continued)*

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Lease agreements are typically made for fixed periods of 1 year to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On renewal, the terms of the leases are renegotiated. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The total cash outflow included in the consolidated statement of cash flows within operating activities and financing activities for leases are RMB94,532,000 (2022: RMB93,257,000) and RMB110,758,000 (2022: RMB334,441,000), respectively.

Further information about the leasing activities and future minimum lease receivables are disclosed in notes 16, 17 and 36, respectively.

36. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

At the end of the reporting period, completed investment properties and other properties with carrying amounts of RMB173,054,568,000 (2022: RMB130,682,515,000) and RMB1,684,717,000 (2022: RMB1,109,158,000), respectively, were let out under operating leases.

Property rental income earned during the year was RMB5,298,314,000 (2022: RMB4,740,607,000), of which RMB5,184,671,000 (2022: RMB4,597,139,000) was derived from the letting of investment properties. All of the properties leased out have committed tenants for one to twenty years without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following undiscounted future minimum lease receivables:

	2023 **RMB'000**	2022 RMB'000
Within one year	**4,388,235**	4,069,509
After one but within two years	**3,187,735**	2,882,161
After two but within three years	**2,152,669**	1,879,366
After three but within four years	**1,225,827**	1,139,844
After four but within five years	**799,686**	753,889
After five years	**1,743,821**	1,352,194
	13,497,973	12,076,963

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

37. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2023, according to the sales and purchase agreements dated 18 December 2023, which were entered into between the Group and one of the other shareholders of Suzhou Feifan City Property Co., Ltd.* (蘇州非凡城市置業有限公司) ("Suzhou Feifan"), the associate of the Group before the completion of this transaction, the Group acquired 17% of the equity interest in Suzhou Feifan and the corresponding shareholder loan from a shareholder at a total consideration of RMB50,540,000. The acquisition was completed on 21 December 2023. Accordingly, the Group increased its equity interest in Suzhou Feifan from 33% to 50% and it became a subsidiary of the Group since the Group has control over relevant activities of Suzhou Feifan via the board of directors. As a result, the Group recognised a remeasurement gain on pre-existing interest in an associate upon acquisition of RMB141,254,000 and a gain on bargain purchase of subsidiaries of RMB89,068,000 during the year.

For the year ended 31 December 2022, according to the sales and purchase agreements dated 21 January 2022 and 24 January 2022, which were entered into between the Group and two of the other shareholders of Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司) ("Guangzhou Lihe"), the associate of the Group before the completion of this transaction, the Group acquired approximately 26.66% and 26.67% of the equity interest in Guangzhou Lihe from these two shareholders respectively at a total consideration of RMB3,668,412,000. The acquisition was completed on 27 January 2022. Accordingly, the Group increased its equity interest in Guangzhou Lihe from 20% to 73.33% and it became a subsidiary of the Group. As a result, the Group recognised a remeasurement gain on pre-existing interest in an associate upon acquisition of RMB1,251,160,000 and a gain on bargain purchase of subsidiaries of RMB1,236,618,000 during the year ended 31 December 2022. In addition to the above acquisition, the Group has completed an acquisition of a subsidiary at a consideration of RMB6,241,719,000 during the year ended 31 December 2022.

* *English translation for identification purpose only.*

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

37. ACQUISITION OF SUBSIDIARIES *(continued)*

The above acquisitions had the following effect on the Group's assets and liabilities:

	2023 RMB'000	2022 RMB'000
Property, plant and equipment	**–**	71,766
Investment properties	**–**	754,834
Deferred tax assets	**160,230**	568,469
Stock of properties	**1,394,159**	31,678,555
Trade and other receivables	**31,547**	1,700,445
Amounts due from non-controlling shareholders	**–**	464,043
Deposits and prepayments	**2,621**	–
Bank balance and cash	**70,024**	5,224,959
Trade and other payables	**(105,361)**	(1,215,390)
Pre-sales proceeds	**(76,875)**	(12,323,574)
Amounts due to non-controlling shareholders	**(123,649)**	(1,469,172)
Tax liabilities	**(398,057)**	(1,411,902)
Lease liabilities	**–**	(214)
Bank and other borrowings	**–**	(3,057,900)
Deferred tax liabilities	**(338,671)**	(5,454,438)
Net assets	**615,968**	15,530,481
Interests in associates	**(48,142)**	(582,316)
Non-controlling interest	**(286,964)**	(2,550,256)
Re-measurement gains on pre-existing interest in an associate upon acquisition *(note 9)*	**(141,254)**	(1,251,160)
Gains on bargain purchase of subsidiaries *(note 9)*	**(89,068)**	(1,236,618)
Total consideration	**50,540**	9,910,131
Representing:		
Cash consideration paid during the year	**50,540**	8,982,219
Trade and other receivables	**–**	927,912
	50,540	9,910,131
Analysis of net cash inflow/(outflow) in respect of the acquisition of subsidiaries:		
Cash consideration paid during the year	**(50,540)**	(8,982,219)
Cash and cash equivalents acquired	**70,024**	5,224,959
	19,484	(3,757,260)

The subsidiaries acquired had no significant contribution to the Group's revenue and profit for the years ended 31 December 2023 and 2022.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

38. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments not provided for in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Capital expenditure in respect of investment properties:		
Contracted but not provided for	**7,584,953**	6,873,133

39. FINANCIAL GUARANTEES

At the end of the reporting period, the financial guarantees were as follows:

(a) Guarantees given by the Group to banks in respect of credit facilities granted to:

	2023 RMB'000	2022 RMB'000
Associates		
– Maximum	**468,123**	814,200
– Utilised	**138,273**	660,661
Joint ventures		
– Maximum	**11,502,050**	12,259,400
– Utilised	**10,010,947**	8,151,450
Other entity classified as financial asset at fair value through profit or loss		
– Maximum	**322,000**	322,000
– Utilised	**248,915**	192,860

(b) At 31 December 2023, the Group had counter indemnities amounting to RMB1,541,137,000 (2022: RMB1,363,779,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.

(c) At 31 December 2023, the Group provided guarantees amounting to RMB63,315,413,000 (2022: RMB80,892,429,000) for the repayment of the mortgage loans granted to purchasers of the Group's properties.

The directors of the Company considered that the fair values of financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

40. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group have been pledged to secure the bank borrowings and guaranteed notes and corporate bonds. The carrying values of the pledged assets at 31 December 2023 and 2022 were as follows:

	2023 RMB'000	2022 RMB'000
Investment properties	65,947,369	49,255,749
Stock of properties	32,940,312	8,752,173
	98,887,681	58,007,922

41. RELATED PARTY TRANSACTIONS

(a) In addition to those balances and transactions disclosed elsewhere in the consolidated financial statements, the following material related party transactions have been entered into by the Group during the year:

Nature of transaction	*Notes*	2023 RMB'000	2022 RMB'000
Fellow subsidiaries#			
Property development project construction fee	*(a)*	3,482,283	6,185,391
Rental and utility income	*(b)*	225,775	140,232
Heating pipes connection service fee	*(a)*	11,638	11,638
Building design consultancy income	*(c)*	8,025	17,405
Property management and value-added services fee	*(c)*	1,209,867	1,210,509
Material procurement and supply chain management services income	*(c)*	658,055	195,690
Interest expenses	*(g)*	4,098	73,832
Interest income	*(h)*	412	17,202
Sales of properties	*(f)*	5,745	89,059
Associates			
Interest income	*(d)*	60,514	99,913
Royalty income	*(e)*	178,800	171,800
Lease payments	*(b)*	56,591	231,572
Building design consultancy income	*(c)*	1,162	1,972
Material procurement service income	*(c)*	1,048,633	1,204,935
Information technology service income	*(c)*	8,400	16,000
Interest expenses	*(g)*	–	15,779
Joint ventures			
Interest income	*(d)*	202,350	267,184
Interest expenses	*(g)*	12,638	32,574

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

41. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

(a) *Property development project construction and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregate transaction amounts during the year in relation to contracts signed in the current and prior years.*

(b) *Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.*

(c) *Building design consultancy income, property management and value-added services fee, material procurement and supply chain management services income, material procurement service income and information technology service income are charged in accordance with respective contracts.*

(d) *Interest income is charged at interest rates as specified in notes 19 and 24 on the outstanding amounts.*

(e) *Royalty income is charged at annual fee as specified in the contracts.*

(f) *The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the Chinese Mainland.*

(g) *Interest expenses is charged at interest rates as specified in note 28 on the outstanding amounts.*

(h) *Interest income is charged at interest rates as specified in note 25 on the deposits placed in China State Construction Finance Limited.*

\# *These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

(b) The remuneration of the Company's directors and other members of key management of the Group during the year was as follows:

	2023 **RMB'000**	2022 RMB'000
Basic salaries, allowances and benefits-in-kind	**29,396**	32,041
Performance related bonus	**31,082**	48,616
Provident fund contribution	**1,364**	1,352
	61,842	82,009

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

41. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions with Other State-Controlled Entities in the PRC

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities ("State-controlled Entities"). The directors of the Company consider that those State-controlled Entities are independent third parties so far as the Group's businesses with them are concerned.

In connection with their property development activities, the Group awarded certain construction and other work contracts to entities, which, to the best knowledge of management, are State-controlled Entities.

The Group has also entered into various transactions with the PRC government departments or agencies which include the acquisition of land mainly through tendering to those government departments or agencies.

Other than those disclosed in section (a) above and the acquisition of land from the government departments or agencies, the directors of the Company consider that the other transactions with those State-controlled Entities are not material to the Group.

In addition, in the normal course of business, the Group has maintained various trade balances with contractors and have entered into various deposits and lending transactions with banks and financial institutions which are State-controlled Entities. In view of the nature of those transactions, the directors of the Company are of the opinion that quantitative information on the extent of transactions between the Group and the government-related entities would not be meaningful.

The Group is active in the sale and leasing of properties and other services in various provinces in the PRC. The directors of the Company are of the opinion that it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with State-controlled Entities. However, the directors of the Company are of the opinion that other than those disclosed in section (a) above, the transactions with State-controlled Entities are not material to the Group's operations.

In addition to the above transactions, details of the Group's amounts due from and to related parties are disclosed in the consolidated statement of financial position and notes 18, 19, 24, 25, 28 and 29.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		2023 RMB'000	2022 RMB'000
Non-current Assets			
Property, plant and equipment		**61,726**	77,495
Investments in subsidiaries		**2,474,719**	2,392,949
		2,536,445	2,470,444
Current Assets			
Stock of properties		**58**	56
Other receivables		**9,239**	8,685
Deposits and prepayments		**21,173**	10,666
Amounts due from subsidiaries		**167,896,274**	164,940,628
Amounts due from associates		**418**	408
Amounts due from joint ventures		**4,594**	4,541
Bank balances and cash		**2,800,765**	4,280,148
		170,732,521	169,245,132
Current Liabilities			
Other payables		**156,513**	110,979
Amounts due to subsidiaries		**25,709,547**	16,564,440
Lease liabilities – due within one year		**17,614**	16,610
Tax liabilities		**3,967**	3,845
Bank borrowings – due within one year		**5,307,994**	5,818,434
Other financial liabilities		**182,983**	239,943
		31,378,618	22,754,251
Net Current Assets		**139,353,903**	146,490,881
Total Assets Less Current Liabilities		**141,890,348**	148,961,325
Capital and Reserves			
Share capital		**74,035,443**	74,035,443
Reserves	*Note (a)*	**15,746,899**	13,605,842
Total Equity		**89,782,342**	87,641,285
Non-current Liabilities			
Lease liabilities – due after one year		**45,817**	61,955
Bank borrowings – due after one year		**51,843,745**	60,990,925
Other financial liabilities		**218,444**	267,160
		52,108,006	61,320,040
Total of Equity and Non-Current Liabilities		**141,890,348**	148,961,325

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2024 and was signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

(a) *Reserves of the Company*

	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	451,546	11,330,145	11,781,691
Profit and total comprehensive income for the year	–	12,832,213	12,832,213
2021 final dividend	–	(7,018,822)	(7,018,822)
2022 interim dividend	–	(3,860,042)	(3,860,042)
Equity settled share-based transactions *(Note 30)*	(128,840)	–	(128,840)
Exercise of share option under share option scheme *(Note 30)*	(358)	–	(358)
At 31 December 2022 and 1 January 2023	**322,348**	**13,283,494**	**13,605,842**
Profit and total comprehensive income for the year	**–**	**9,706,708**	**9,706,708**
2022 final dividend	**–**	**(3,983,938)**	**(3,983,938)**
2023 interim dividend	**–**	**(3,581,713)**	**(3,581,713)**
At 31 December 2023	**322,348**	**15,424,551**	**15,746,899**

The Company's reserve available for distribution to shareholders at 31 December 2023 represents the retained profits of RMB15,424,551,000 (2022: RMB13,283,494,000).

43. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year presentation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following are the particulars of the principal subsidiaries at 31 December 2023 which, in the opinion of the directors of the Company, principally affect the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length. All subsidiaries registered in the PRC are operating in the PRC. Unless otherwise specified, all other subsidiaries are incorporated and operating principally in Hong Kong.

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
Carmelite Riverside London S.à r.l. (iv)	15,000 shares of GBP1 each	–	100	Commercial property operations
China Overseas Finance (Cayman) III Limited (iii)	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) V Limited (iii)	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VI Limited (iii)	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VII Limited (iii)	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VIII Limited (iii)	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Property Limited	100 shares HK$1,000	100	–	Investment holding, property consultancy and real estate agency
China Overseas (Zhong Guo) Limited	5,000,000 shares HK$50,000,000	–	100	Investment holding
Chung Hoi Finance Limited	500,000 shares HK$5,000,000	100	–	Loan financing, investment holding and security investments
Great Fortune Property Limited (v)	48,100,000 shares of GBP1 each	–	100	Commercial property operations
Macfull Limited	1,250 shares HK$1,250	–	80	Property development
One Finsbury Circus London Propco S.à r.l. (iv)	12,024 shares of GBP1 each	–	100	Commercial property operations
One South Place London Limited (v)	2 shares of GBP1 each	–	100	Commercial property operations
天威投資置業有限公司 (vi)	2 shares MOP25,000	–	100	Commercial property operations
上海中建投資有限公司(ii)	RMB450,000,000	–	51	Commercial property operations
上海中海海昆房地產有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
上海中海海華房地產有限公司[(ii)]	RMB10,000,000	–	98	Property development
上海金海伊上房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development and commercial property operations
上海海升環盛房地產開發有限公司[(ii)]	RMB10,000,000	–	70	Property development and commercial property operations
上海海匯房地產開發有限公司[(ii)]	RMB10,000,000	–	70	Commercial property operations
上海新遼原企業發展有限公司[(ii)]	RMB10,000,000	–	80	Property development and commercial property operations
上海寰宇匯商業管理有限公司[(i)]	US$196,000,000	–	100	Commercial property operations
上海海尚西岸城市建設發展有限公司[(ii)]	RMB7,850,000,000	–	85	Property development
上海海盛西岸城市建設發展有限公司[(ii)]	RMB7,000,000,000	–	85	Property development and commercial property operations
大連鼎鑫嘉業房地產開發有限公司[(ii)]	RMB300,000,000	–	80	Property development
大連鼎鑫嘉業房地產開發有限公司[(ii)]	RMB30,000,000	–	100	Property development and commercial property operations
西安中海海悦房地產有限公司[(ii)]	RMB10,000,000	–	100	Property development
西安中海譽高置業有限公司[(ii)]	RMB10,000,000	–	100	Property development
中海地產(蘇州)有限公司[(i)]	RMB20,000,000	–	100	Property development
中海海通(蘇州)房地產有限公司[(ii)]	RMB500,000,000	–	100	Property development and commercial property operations
中海海隆商業管理(蘇州)有限公司[(ii)]	RMB20,000,000	–	100	Commercial property operations
無錫海隆房地產有限公司[(ii)]	RMB20,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Proportion of nominal value of issued/registered ordinary capital held by the Company Indirectly (%)	Principal activities
蘇州澤安商業發展有限公司(i)	RMB20,000,000	–	100	Commercial property operations
蘇州海卓房地產有限公司(ii)	RMB20,000,000	–	100	Property development
蘇州非凡城市置業有限公司(ii)	RMB50,000,000	–	50	Property development
台州中海海融房地產有限公司(ii)	RMB20,000,000	–	100	Property development
寧波中海海和房地產有限公司(ii)	RMB20,000,000	–	100	Property development
寧波中海海怡房地產有限公司(ii)	RMB20,000,000	–	100	Property development
寧波中海海棠房地產有限公司(ii)	RMB20,000,000	–	100	Property development
寧波中海海潤置業有限公司(ii)	RMB20,000,000	–	100	Property development and commercial property operations
寧波中海海如房地產有限公司(ii)	RMB20,000,000	–	100	Property development
寧波海聯房地產有限公司(ii)	RMB320,000,000	–	100	Property development
佛山中海千燈湖房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
佛山市中海環宇城商業管理有限公司(ii)	RMB20,000,000	–	100	Commercial property operations
佛山市順德中海嘉森房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development and commercial property operations
佛山海映商業管理有限公司(i)	RMB534,000,000	–	100	Commercial property operations
杭州中海宏鯤房地產有限公司(ii)	RMB500,000,000	–	100	Property development
杭州中海海富房地產有限公司(ii)	RMB30,000,000	–	100	Property development
杭州海睿房地產有限公司(ii)	RMB30,000,000	–	100	Property development
杭州中海海碩房地產有限公司(ii)	RMB30,000,000	–	100	Property development
長沙潤江置業有限公司(ii)	RMB30,000,000	–	100	Property development
長沙潤星置業有限責任公司(ii)	RMB30,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
長沙潤湘置業開發有限公司[ii]	RMB30,000,000	–	100	Property development
湖南省中海城市廣場投資有限公司[ii]	RMB100,000,000	–	100	Property development and commercial property operations
湖南省中海控股有限公司[ii]	RMB100,000,000	–	100	Property development
長春海勝房地產開發有限公司[ii]	RMB50,000,000	–	100	Property development
長春海頣房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
長春海瀛房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶中海海能房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶信悅置業有限公司[ii]	RMB20,000,000	–	100	Property development
重慶信揚置業有限公司[ii]	RMB20,000,000	–	100	Property development
重慶海躍置業有限公司[i]	RMB2,395,404,280	–	100	Property development
重慶嘉江房地產開發有限公司[i]	US$5,000,000	–	60	Property development
重慶中海海繪房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶中海海耀房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
珠海市中海永福通商業管理有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
珠海市海悅房地產開發有限公司[ii]	RMB200,000,000	–	80	Property development
廣逸房地產開發(珠海)有限公司[i]	HK$100,000,000	–	100	Commercial property operations
武漢中海海盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development
武漢中海鼎盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
武漢海訊產城企業管理有限公司[ii]	RMB10,000,000	–	99	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
中海企業發展集團有限公司[(i)]	RMB20,000,000,000	–	100	Property development, commercial property operations and investment holding
中海深圳房地產開發有限公司[(ii)]	RMB50,000,000	–	100	Property development
深圳市中海啟明房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development
深圳市海宏房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development and commercial property operations
深圳市海隆房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development and commercial property operations
深圳市海嘉房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development and commercial property operations
深圳市啟越房地產開發有限公司[(ii)]	RMB1,337,400,000	–	70	Property development
深圳市豐明房地產開發有限公司[(ii)]	RMB3,192,000,000	–	80	Property development
深圳市啟潮房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development and commercial property operations
廈門中海嘉業地產有限公司[(ii)]	RMB10,000,000	–	100	Property development
廈門海耀地產有限公司[(ii)]	RMB1,775,000,000	–	40	Property development
廈門中海海泰地產有限公司[(ii)]	RMB10,000,000	–	100	Property development
昆明海祥房地產開發有限公司[(ii)]	RMB100,000,000	–	100	Property development and commercial property operations
昆明海豪房地產開發有限公司[(ii)]	RMB1,500,000,000	–	60	Property development
昆明海潮房地產開發有限公司[(ii)]	RMB20,000,000	–	100	Property development
廣州中海盛合房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development
廣州中海盛安房地產開發有限公司[(ii)]	RMB10,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
廣州中海盛榮房地產開發有限公司(ii)	RMB1,010,000,000	–	100	Property development
廣州利合房地產開發有限公司(ii)	RMB2,059,376,984	–	100	Property development and commercial property operations
廣州盛雲房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
廣州粵合房地產開發有限公司(ii)	RMB2,000,000,000	–	50	Property development
廣州中海海志房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
廣州啟瑞房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
濟南中海城房地產開發有限公司(ii)	RMB30,000,000	–	100	Property development
濟南中海海瀛投資有限公司(ii)	RMB325,000,000	–	65	Property development
濟南中海華山商業地產有限公司(i)	RMB500,000,000	–	100	Property development and commercial property operations
濟南寰宇商業運營管理有限公司(i)	RMB35,000,000	–	100	Commercial property operations
哈爾濱中海地產有限公司(ii)	RMB20,000,000	–	100	Property development
太原中海仲興房地產開發有限公司(ii)	RMB50,000,000	–	100	Property development
太原中海凱源房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
太原中海景昌房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
太原冠澤置業有限公司(ii)	RMB200,000,000	–	100	Commercial property operations
石家莊中海新石房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
石家莊中海海盈房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中信房地產有限公司(ii)	RMB50,000,000	–	100	Property development and commercial property operations
北京中海地產有限公司(ii)	RMB50,000,000	–	100	Property development and commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
北京中海金石房地產開發有限公司(ii)	RMB10,000,000	–	100	Commercial property operations
北京中海盈信房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海盈盛房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海盈順房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海盈潤房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海盈璟房地產開發有限公司(ii)	RMB1,000,000,000	–	70	Property development
北京中海盈豐房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海廣場商業發展有限公司(ii)	RMB30,000,000	–	100	Commercial property operations
北京中海興良房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
北京中海鑫海房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
北京仁和燕都房地產開發有限公司(ii)	RMB40,000,000	–	100	Commercial property operations
北京安泰興業置業有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
北京金鑫興業房地產開發有限公司(ii)	RMB10,000,000	–	60	Property development
北京海望商業發展有限公司(ii)	RMB10,000,000	–	100	Commercial property operations
北京奧城四季商業發展有限公司(ii)	RMB830,000,000	–	100	Commercial property operations
北京鑫安興業房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
北京鑫泰興業房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京鑫景通達商業發展有限公司(ii)	RMB10,000,000	–	100	Commercial property operations
北京海鑫興業房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
北京中海盈通房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
北京中海盈智房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
北京虹豐置業有限公司(ii)	RMB4,200,000,000	–	95	Property development
中海地產(青島)投資開發有限公司(i)	US$69,800,000	–	100	Commercial property operations
青島海慧方達房地產有限公司(ii)	RMB19,607,843	–	51	Property development
青島中海海泰置業有限公司(i)	RMB363,636,364	–	100	Property development
中海佳隆成都房地產開發有限公司(ii)	RMB50,000,000	–	100	Property development and commercial property operations
中海振興(成都)物業發展有限公司(i)	US$89,800,000	–	100	Property development and commercial property operations
成都隆新房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
東莞市中海嘉朗房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
東莞市中海嘉麟房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
福州中海地產有限公司(ii)	RMB30,000,000	–	100	Property development and hotel operation
福州中海海逸地產有限公司(ii)	RMB3,008,000,000	–	100	Property development
福州海富地產有限公司(ii)	RMB1,510,000,000	–	100	Property development
南京海方房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development and commercial property operations
南京海匯房地產開發有限公司(ii)	RMB20,000,000	–	100	Commercial property operations
南京海嘉房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
南京海潤房地產開發有限公司(i)	US$50,000,000	–	100	Commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Proportion of nominal value of issued/registered ordinary capital held by the Company Indirectly (%)	Principal activities
南京海巍房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development and commercial property operations
南京中海地產有限公司(ii)	RMB10,000,000	–	100	Property development
南京領潮房地產開發有限公司(ii)	RMB10,000,000	–	100	Property development
中海地產(瀋陽)有限公司(i)	US$199,600,000	–	100	Property development and commercial property operations
瀋陽中海海悦房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
瀋陽中海海順房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
瀋陽中海海嘉房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
瀋陽中海鼎業房地產開發有限公司(i)	US$5,000,000	–	100	Property development and commercial property operations
瀋陽中海福華房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development
瀋陽中海興業房地產開發有限公司(ii)	RMB20,000,000	–	100	Property development and commercial property operations
鄭州中海地產有限公司(i)	RMB20,000,000	–	100	Property development
中海保利達地產(天津)有限公司(i)	US$49,500,000	–	51	Property development and commercial property operations
天津中海天嘉湖房地產開發有限公司(ii)	RMB600,000,000	–	100	Property development
天津中海商業管理有限公司(ii)	RMB30,000,000	–	100	Commercial property operations
天津中海海佑地產有限公司(ii)	RMB30,000,000	–	100	Property development and commercial property operations
天津中海海和地產有限公司(ii)	RMB30,000,000	–	100	Property development and commercial property operations
天津中海海盛地產有限公司(i)	RMB3,540,000,000	–	100	Property development and commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company Directly (%)	Indirectly (%)	Principal activities
天津中海海滔地產有限公司[ii]	RMB30,000,000	–	100	Property development
天津中海海闊地產有限公司[ii]	RMB1,330,000,000	–	60	Property development
天津中海地產開發有限公司[ii]	RMB30,000,000	–	100	Property development
天津中海海拓地產有限公司[ii]	RMB30,000,000	–	100	Property development
海創佳業(煙台)地產有限公司[i]	RMB1,610,500,000	–	100	Property development
烏魯木齊海新展房地產有限公司[ii]	RMB20,000,000	–	100	Property development
貴陽中海房地產有限公司[ii]	RMB20,000,000	–	100	Property development
貴陽中海海潤房地產有限公司[ii]	RMB10,000,000	–	100	Property development
萬寧仁和發展有限公司[i]	US$206,200,000	–	99.9	Property development and hotel operation
萬寧金信發展有限公司[i]	US$53,200,000	–	99.9	Hotel operation
南昌海順地產有限公司[ii]	RMB20,000,000	–	100	Property development
海口鴻洲濱海建設有限公司[ii]	RMB100,000,000	–	100	Commercial property operations
肇慶中海嘉興房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development

Notes:

(i) *Foreign investment enterprise registered in the PRC*

(ii) *Limited liability company registered in the PRC*

(iii) *Incorporated in the Cayman Islands and operating in Hong Kong*

(iv) *Incorporated and operating in Luxembourg*

(v) *Incorporated and operating in Jersey*

(vi) *Incorporated and operating in Macau*

None of the subsidiaries had any debt securities in issue at the end of the year except for guaranteed notes and corporate bonds (note 32) issued by China Overseas Finance (Cayman) III Limited (US$500,000,000), China Overseas Finance (Cayman) V Limited (US$300,000,000), China Overseas Finance (Cayman) VI Limited (US$1,200,000,000), China Overseas Finance (Cayman) VII Limited (US$750,000,000), China Overseas Finance (Cayman) VIII Limited (HK$2,000,000,000, US$1,744,000,000 and RMB3,190,000,000), 中海企業發展集團有限公司 (RMB45,900,000,000) and 北京中海廣場商業發展有限公司 (RMB9,867,580,000).

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