珠光控股
ZHUGUANG HOLDINGS

2023
ANNUAL REPORT

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

STOCK CODE : 1176

* For identification purposes only

CONTENTS

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) *(Chairman)*
Mr. Liu Jie *(Chief Executive Officer)*
Mr. Liao Tengjia *(Deputy Chairman)*
Mr. Huang Jiajue *(Deputy Chairman)*
Mr. Chu Muk Chi *(alias Mr. Zhu La Yi)*
Ms. Ye Lixia

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping *JP*
Mr. Wong Chi Keung
Dr. Feng Ke

AUDIT COMMITTEE

Mr. Leung Wo Ping *JP (Committee Chairman)*
Mr. Wong Chi Keung
Dr. Feng Ke

REMUNERATION COMMITTEE

Mr. Wong Chi Keung *(Committee Chairman)*
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

NOMINATION COMMITTEE

Mr. Wong Chi Keung *(Committee Chairman)*
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

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Mr. Choi Kwok Keung Sanvic

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PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Agricultural Bank of China Limited
Bank of Guangzhou Co., Ltd.
China Zheshang Bank Co., Ltd.
Ping An Bank Co., Ltd.

WEBSITE

www.zhuguang.com.hk

STOCK CODE

1176

Chairman's Statement

I herein present the results and report on the operations of Zhuguang Holdings Group Company Limited ("Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 ("FY2023").

RESULTS

The consolidated results of the Group for FY2023 are as follows: (1) the consolidated revenue of the Group for FY2023 was approximately HK$2,050,576,000, representing a decrease of approximately 27.77% as compared with that of approximately HK$2,838,843,000 for the financial year ended 31 December 2022 ("FY2022"); (2) the consolidated gross profit of the Group decreased by approximately 26.35% from approximately HK$1,966,695,000 for FY2022 to approximately HK$1,448,422,000 for FY2023; and (3) the consolidated loss of the Group for FY2023 was approximately HK$936,170,000, representing a decrease of approximately 8.38% as compared with that of approximately HK$1,021,759,000 for FY2022. The consolidated loss attributable to the equity holders of the Company for FY2023 was approximately HK$871,010,000 and the basic loss per share was HK13.00 cents, which were lower as compared with the consolidated loss attributable to the equity holders of the Company of approximately HK$997,194,000 and the basic loss per share of HK14.74 cents for FY2022.

NET ASSET VALUE

As at 31 December 2023, the number of ordinary shares of the Company ("Shares") in issue was 7,225,632,753 Shares in aggregate and the equity attributable to the shareholders of the Company ("Shareholders") was approximately HK$5,089,180,000. The Group's consolidated net asset value per share attributable to the Shareholders as at 31 December 2023 was approximately HK$0.70.

BUSINESS REVIEW

In 2023, the global economy was affected by a stagnant recovery, high inflation, geopolitical conflicts and a complex and severe external international environment. With no significant improvement in such an unstable situation in sight, the existence of the risk of uncertainty led to further significant sluggishness in the global economy.

During the year under review, the central government and local governments at all levels in the People's Republic of China ("PRC", "China" or "Mainland China") successively issued policies, including those in connection with the issuance of RMB1 trillion worth of special sovereign bonds, the easing of property purchase restrictions, and support for the "three major projects" including the renovation of urban villages, which highlighted the trend of stabilising expectations, boosting confidence, and promoting the stable and healthy development of the real estate market. The Ministry of Housing and Urban-Rural Development and the Ministry of Finance adhered to their principal philosophy of "seeking progress while maintaining stability, promoting stability with progress, executing construction before destruction", with the launch of measures benefiting the real estate market in various aspects, such as the introduction of policies to promote a real estate financing coordination mechanism and to lower loan interest rates, city-specific policies and one-on-one city policies, which are all to be precisely implemented. As a result, policies in core cities continued to be optimized and the real estate market began to bottom out and stablize.

In early 2024, a policy to relax property purchase restrictions was implemented by the government of Guangzhou, making Guangzhou once again the first top-tier city in China to relax purchase restrictions in central urban areas. It was expected that such an initiative would drive the Greater Bay Area, first-tier cities, and regional core cities to relax their property purchase restrictions, which would have a strong weathervane effect. The Company's urban renewal team has continued to focus on the implementation of the urban renewal projects across Guangzhou for the Group with its professional attitude as an "urban renewal expert", ensuring that the Group's future land supply sources will be mainly allocated to Guangzhou, and strengthening the Group's future development features and competitive advantages.

The high-quality urban renewal projects in Guangzhou jointly developed and cooperated by the Group and its strategic partners have entered a mature stage. Therefore, the Group will continue to promote the cooperation with its strategic partners in order to consolidate its industry position as an "urban renewal expert".

The Group will also uphold the spirit of craftsmanship, focus on improving product quality, pay attention to details, and provide buyers with high-quality properties.

FINANCING COSTS AND CHANNELS

As at 31 December 2023, the gearing ratio of the Group was 68% (31 December 2022: 66%). As at 31 December 2023, the cash and bank balances of the Group amounted to approximately HK$301 million (31 December 2022: HK$760 million) and the balance of the interest-bearing debts of the Group amounted to approximately HK$13,849 million (31 December 2022: HK$15,319 million). The weighted average cost of capital of the Group was 6.29% in FY2023 (FY2022: 6.50%).

The Company is committed to enhancing its communication with the Shareholders and its dedication to investor relationship. Through various channels, such as an investor forum, an investment promotion conference and project visits, the Company has maintained smooth communication with the Shareholders and investors in an effective manner, and enabled the investors to have an in-depth understanding of the Company's development strategy and business philosophy.

OUTLOOK

Looking forward to 2024, it is expected that the global economy will still face various challenges and instability. Multiple factors such as inflation and geopolitical conflicts will continue to have an impact on the world economy. In view of the uncertainties in the global economy, China's real estate industry will still face huge challenges in 2024.

From the perspective of the macro environment, as a result of the benefits to be derived from government policies such as the issuance of RMB1 trillion worth of sovereign bonds, China's economy is expected to improve and enter a new development cycle. As an important pillar of the domestic economy, the real estate industry, benefitting from the relaxation of purchase restriction policies and loosening of fiscal polices, will have a promising future.

Under the new market trend, the Group's pre-sales volume will still be mainly generated from completed housing projects across Guangzhou. In the future, the Group will continue to increase its sales efforts in Guangzhou, with Guangzhou remaining as the Group's key sales area in 2024. In terms of land acquisition, the Group will continue to drive its strategy of cooperation with its strategic partners to support its future development needs.

The Group will continue to focus on its strategy of "optimising structure, strengthening capabilities and improving quality", and strive to overcome the severe challenges brought about by the current adjustments to the real estate market in China.

APPRECIATION

On behalf of the Board, I would like to thank our management team and every staff member of the Group. The growth of the Group would not have been possible without their dedication and contribution. I would also like to express my appreciation to our investors, customers and business partners for their strong support and confidence in the Group. The management and staff of the Group will continue to dedicate their professional knowledge with excellent team spirit to overcome every difficulty ahead so as to achieve more outstanding results.

Chu Hing Tsung
Chairman

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in property development, project management, and property investment and hotel operation in the PRC.

Property Development and Sales

During FY2023, the Group continued its focus on the first-tier and key second-tier cities in the PRC with potential growth in demand for properties. The Group has achieved contracted sales of approximately HK$3,850,499,000 and contracted gross floor area ("GFA") sold of approximately 92,902 square metres ("sqm") during FY2023, representing an increase of approximately 75.92% and approximately 34.93%, respectively, as compared with those for FY2022. The details of the contracted property sales and the contracted GFA sold for FY2023 are set out below:

Projects	**Contracted sales** (HK$'000)	**Contracted GFA sold** (sqm)
Zhuguang Financial Town One	3,515,202	62,095
Central Park	117,157	2,412
Pearl Xincheng Yujing ("Xincheng Yujing")	83,235	10,386
Yujing Yayuan	50,578	4,743
Zhuguang Yujing Scenic Garden ("Yujing Scenic Garden")	46,304	5,505
Pearl Yunling Lake	7,772	500
Pearl Tianhu Yujing Garden ("Tianhu Yujing")	6,083	654
Pearl Yijing	222	227
	3,826,553	86,522
Car parks	23,946	6,380
	3,850,499	92,902

It is expected that the following projects of the Group will be available for sale, pre-sale or leasing in 2024:

Projects	Available for sale/ pre-sale/ leasing period	GFA available for sale/lease (sqm)	Usage
Zhuguang Financial Town One	1st quarter	281,953	Sale
Central Park	1st quarter	1,773	Leasing/Sale
Xincheng Yujing	1st quarter	23,051	Leasing/Sale
Yujing Yayuan	1st quarter	207	Sale
Yujing Scenic Garden	1st quarter	23,769	Leasing/Sale
Pearl Yunling Lake	1st quarter	150	Sale
Tianhu Yujing	1st quarter	26,352	Leasing/Sale
Pearl Yijing	1st quarter	12,701	Sale
Hua Cheng Yujing Garden	1st quarter	2,425	Leasing/Sale
Project Tian Ying	1st quarter	6,721	Sale
Meizhou Chaotang Project	1st quarter	26,813	Leasing/Sale
Zhukong International	1st quarter	3,345	Leasing/Sale

As at 31 December 2023, the Group owned the following major property development projects, the details of which are as follows:

Zhuguang Financial Town One – 100% interest

"Zhuguang Financial Town One" is located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC, which is near the 三溪 (Sanxi*) Station of Guangzhou Metro Line No. 5 and within the scope of the planned 廣州國際金融城 (Guangzhou International Financial Town*) in the Tianhe District. The total site area of this project is approximately 63,637 sqm, which is being developed into office buildings, high-end apartment buildings, shopping malls and a commercial complex including underground car parks over four phases. The total GFA for sale of this project is approximately 391,245 sqm. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 4,509 sqm. During FY2023, contracted sales of approximately HK$3,515,202,000 with GFA of approximately 62,095 sqm were recorded with respect to "Zhuguang Financial Town One".

Central Park – 100% interest

"Central Park" is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 3,430 sqm, and a total GFA available for sale of approximately 28,909 sqm thereof has been developed into a 30-storey building, including service apartments, a street-level commercial podium and a 4-storey underground car park. As at 31 December 2023, the aggregate GFA available for sale of the service apartments delivered was approximately 24,570 sqm. The Group has designated GFA of approximately 539 sqm of this property as investment properties held for long-term investment purpose. During FY2023, contracted sales of approximately HK$117,157,000 with GFA of approximately 2,412 sqm were recorded with respect to "Central Park".

Xincheng Yujing – 100% interest

"Xincheng Yujing" was acquired by the Group in September 2016. It is located at 種王上圍 (Zhong Su Shang Wei*), 陽光村 (Sunshine Village*), 湯南鎮 (Tang Nan Town*), 豐順縣 (Fengshun County*), Meizhou City, Guangdong Province, the PRC (next to Line G235), a county famous for its hot spring resources which is a major tourism attraction. The project has a site area of approximately 280,836 sqm and a total GFA for sale of approximately 310,716 sqm. The project is being developed into various types of villas, high-rise apartment buildings and an ancillary commercial development. The development of the project is divided into three phases. Phase I commenced pre-sale during 2017 with delivery commencing in 2018. Phase II commenced pre-sale in 2017 which was completed with delivery commencing in 2019. Phase III commenced delivery during 2020. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 254,765 sqm. The Group has designated GFA of approximately 9,482 sqm of this property as investment properties held for long-term investment purpose. The ancillary commercial building plus a basement with a total GFA of approximately 9,482 sqm were leased out during FY2023. During FY2023, contracted sales of approximately HK$83,235,000 with GFA of approximately 10,386 sqm were recorded with respect to "Xincheng Yujing".

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Yujing Yayuan – 50% interest

"Yujing Yayuan" is located at Guoji, Fuyong, Nanqu, Zhongshan City, Guangdong Province, the PRC. The site area and the total GFA available for development of this project are approximately 15,745 sqm and approximately 38,005 sqm, respectively. The development of this project into five blocks of modern residential buildings, a street-level commercial podium and an underground car park was completed in 2020. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 34,624 sqm. During FY2023, contracted sales of approximately HK$50,578,000 with GFA of approximately 4,743 sqm were recorded with respect to "Yujing Yayuan".

Yujing Scenic Garden – 100% interest

"Yujing Scenic Garden" is located at Provincial Highway G105 ("Highway G105") line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou City, Guangdong Province, the PRC, which is well connected via a number of highways to and from Guangzhou City. "Yujing Scenic Garden" is a 20-minute drive from downtown Conghua and a 10-minute drive from Wenquan Town, Conghua, with a site area of approximately 294,684 sqm, which is a commercial and residential complex, comprising residential buildings and a street-level commercial podium and car parks. The total GFA available for sale is approximately 757,633 sqm, which comprises four phases of development. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 708,971 sqm. During FY2023, contracted sales of approximately HK$46,304,000 with GFA of approximately 5,505 sqm were recorded with respect to "Yujing Scenic Garden".

Pearl Yunling Lake – 100% interest

"Pearl Yunling Lake" is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou City, Guangdong Province, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown Guangzhou City. The project site area is approximately 200,083 sqm and the total GFA available for sale is approximately 110,417 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings, with an aggregate GFA of approximately 42,884 sqm, and Phase II comprising 44 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 83,773 sqm. Phase I with a total GFA available for sale of approximately 39,046 sqm and Phase II with a total GFA available for sale of approximately 29,040 sqm were launched for sale in the first and third quarters of 2017 respectively, whilst the hotel with a GFA of approximately 42,331 sqm has been retained as a long-term asset of the Group. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 39,703 sqm. During FY2023, contracted sales of approximately HK$7,772,000 with GFA of approximately 500 sqm were recorded with respect to "Pearl Yunling Lake".

Tianhu Yujing – 100% interest

"Tianhu Yujing" is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 55,031 sqm. The land of this project is located adjacent to "Yujing Scenic Garden", and the Group has developed this land together with "Yujing Scenic Garden" to expand the Group's development and presence in Conghua. The project is developed into 5 blocks of 32-storey modern residential buildings and a street-level commercial podium with total GFA available for sale of approximately 186,894 sqm. The development is divided into two phases. The total GFA available for sale under Phase I and Phase II is approximately 97,183 sqm and 89,711 sqm, respectively. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 139,312 sqm. During FY2023, contracted sales of approximately HK$6,083,000 with GFA of approximately 654 sqm were recorded with respect to "Tianhu Yujing".

Pearl Yijing – 100% interest

"Pearl Yijing" is located at No. 168 Xinkai Street, Xianghe County, Hebei Province, the PRC, with a site area of approximately 45,310 sqm and a total GFA available for sale of approximately 164,603 sqm. The project was developed into two phases with several residential buildings and street-level commercial areas. As at 31 December 2023, the aggregate GFA available for sale delivered under this project was approximately 153,328 sqm. During FY2023, contracted sales of approximately HK$222,000 with GFA of approximately 227 sqm were recorded with respect to "Pearl Yijing".

Hua Cheng Yujing Garden – 100% interest

"Hua Cheng Yujing Garden" was acquired by the Group in 2018. It is located at Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 60,237 sqm. The total GFA available for sale of this project which belongs to the Group is approximately 108,675 sqm. Out of the GFA of approximately 108,675 sqm, a GFA of approximately 48,043 sqm is attributable to a commercial and residential complex which comprises carparks, residential buildings, shopping malls and office premises, and a GFA of approximately 60,632 sqm is attributable to a commercial complex which comprises car parks, shopping malls and office premises. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 87,267 sqm.

Project Tian Ying – 100% interest

"Project Tian Ying" is located in Jiang Pu Street, Conghua, Guangzhou City, Guangdong Province, the PRC, and is next to Highway G105, which is only a 10-minute drive and a one-hour drive from Conghua central business district and Guangzhou City, respectively. The site area of the project is approximately 22,742 sqm and the total GFA available for sale is approximately 59,679 sqm. The project, which was to be developed into a stylish low-density residential complex with a commercial podium and certain public facilities, was completed in 2019. As at 31 December 2023, the aggregate GFA delivered under this project was approximately 52,592 sqm.

Meizhou Chaotang Project – 100% interest

"Meizhou Chaotang Project" is located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC. The site area and the GFA available for sale under Phase I of the project are approximately 46,793 sqm and approximately 34,202 sqm, respectively. Phase I of the project will be developed into a number of different types of villas in addition to a hotel. The Group has designated the hotel with a GFA of approximately 7,389 sqm as an investment property held for long-term investment purpose.

Zhukong International – 80% interest

"Zhukong International", which is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, at the junction of 廣州大道 (Guangzhou Avenue*) and 黃埔大道 (Huang Pu Da Dao*), is a 35-storey high-rise commercial complex, including a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The complex was completed in 2015 with a site area of approximately 10,449 sqm and a total GFA available for sale (including carpark areas) and leasing of approximately 109,824 sqm. As at 31 December 2023, the aggregate GFA of the office building and carparks sold was approximately 45,588 sqm, and GFA of approximately 3,345 sqm of this property was still available for sale or leasing. The Group has designated GFA of approximately 60,891 sqm of this property as investment properties held for long-term investment purpose.

Land Bank

It is the Group's strategy to maintain a sufficient land bank and design accurate urban layout to support the Group's own development pipeline for at least the next three to five years. The Group has actively expanded its land reserves through various channels, including participation in government public auctions, urban redevelopment projects and acquisition of other property development projects. As at 31 December 2023, the Group had a land bank in the PRC, which consisted of total GFA available for sale, total GFA pre-sold pending delivery and total GFA available for lease, of approximately 775,533 sqm in aggregate. The Group will continue to explore new opportunities for investment and development in cities in the PRC in which the Group already has land investments, as well as other cities in the PRC with growth potential and the best investment value.

Project Management Services

The Group has been using its expertise in project management and urban renewal to provide project management services for property development projects and urban redevelopment projects in the PRC, particularly under the "Three Old" Redevelopment Works regime (「三舊」改造工作) initiated by the Guangzhou Municipal Government, being a regime for the redevelopment of rural land collectively owned by the village residents through a rural collective economic organisation (農村集體經濟聯合社). Projects under the "Three Old" Redevelopment Works regime are subject to specific PRC laws, regulations and policies which, among other things, (1) regulate the various models of property redevelopment for these projects (each a "Redevelopment Model"); and (2) restrict the transfer of ownership of the land use rights in the rural land for redevelopment under these projects.

Under this operating model, the Group has been providing project management services to each of its customers who have entered into cooperation agreements with various rural collective economic organisations for the redevelopment of rural land under the "Three Old" Redevelopment Works regime. Pursuant to each of these cooperation agreements, the relevant rural collective economic organisation has agreed to provide the rural land for redevelopment under the project ("Project Land"), and the relevant customer has obtained the contractual right and responsibility (including the funding responsibility) and management rights to carry out the redevelopment of the project. Pursuant to the "Three Old" Redevelopment Works regime, the Group's customer may, as the contract redeveloper, acquire the land use rights of the relevant Project Land either by way of contract or through a public listing-for-sale process depending on the Redevelopment Model adopted by the relevant rural collective economic organisation.

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The Group is not a party to the cooperation agreements with the rural collective economic organisations. Instead, it has entered into project management agreements with each of its customers, pursuant to which the Group has obtained such management rights and undertaken the responsibility (including funding responsibility) to carry out the redevelopment of the project. In carrying out its business in the provision of such project management services for projects under the "Three Old" Redevelopment Works regime, the Group is responsible for preparing redevelopment and resettlement compensation plans, obtaining approvals from village residents with respect to such plans, assisting the rural collective economic organisations to manage land title issues, obtaining government approvals, certificates and permits to carry out the property development works (including development of resettlement properties), funding the operations and development of the project and other project management services. In return for the Group's project management services and contribution:

(a) if the subsidiary of the Group's customer ("Project Company") directly or indirectly acquires the land use rights in the Project Land and to the extent a transfer of the equity interest in the Project Company is permitted under the PRC laws, regulations and policies, the Group is entitled to (i) exercise its pre-emptive rights to acquire the equity interest in the Project Company or (ii) an income from the sale of the equity interest in the Project Land to a third party;

(b) to the extent that the equity interest in the Project Company (which directly or indirectly holds the land use rights in the Project Land) is not capable of being transferred due to regulatory reasons or government policies, the Group is entitled to an income from the sale of saleable properties developed under the project; and

(c) if the Project Company has not directly or indirectly acquired the land use rights in the Project Land, the Group is entitled to an amount equal to (i) the total amount of funds incurred and contributed by the Group under its contractual funding responsibility plus (ii) an income from a fixed rate of return at an agreed percentage of such funds, which represents the minimum consideration receivable by the Group as an assured return on investment for its provision of project management services.

The Group recorded project management services segment revenue of approximately HK$1,279,681,000 for FY2023, compared with that of approximately HK$1,705,171,000 for FY2022. The decrease in the revenue generated from this business segment was mainly attributable to the decrease in the number of project management agreements the Group had in FY2023. The Group will continue to utilise its expertise in project management and urban renewal to further develop its project management services business to broaden its source of income.

Property Investment and Hotel Operation

As at 31 December 2023, the Group owned (1) certain floors of Royal Mediterranean Hotel ("RM Hotel") located at 518 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with GFA of approximately 18,184 sqm (31 December 2022: 18,184 sqm); (2) Zhukong International with GFA of approximately 60,891 sqm (31 December 2022: 60,891 sqm); (3) certain floors of a commercial complex in "Hua Cheng Yujing Garden" with GFA of approximately 15,918 sqm (31 December 2022: 15,918 sqm); (4) a hotel located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC, with GFA of approximately 7,389 sqm (31 December 2022: 7,389 sqm); and (5) certain commercial properties in the Guangdong Province, the PRC, with GFA of approximately 12,022 sqm (31 December 2022: 12,911 sqm) as investment properties. During FY2023, RM Hotel, Zhukong International, the hotel located in Meizhou City and certain commercial properties were partially leased out with total rental income of approximately HK$145,964,000 generated, representing a decrease of approximately 15.4% as compared with that of approximately HK$172,450,000 for FY2022. The existing investment properties held by the Group are intended to be held for medium-term to long-term investment purposes. The Group will continue to seek high quality properties with potential appreciation in value for investment purposes and build up a portfolio that will generate steady cash flows for the Group in the future.

As at 31 December 2023, the Group operated two hotels, namely, (1) 廣州雲嶺湖酒店 (Guangzhou Vlamhoo Hotel*) ("Vlamhoo Hotel") located at Conghua, Guangzhou City, Guangdong Province, the PRC, which was constructed by the Group, with its operations commenced in December 2021; and (2) 廣東鹿湖溫泉假日酒店 (Guangdong Luhu Hot Spring Holiday Hotel*) ("Luhu Hotel") located at Fengshun County, Meizhou City, Guangdong Province, the PRC, which has been operated by the Group since December 2021. During FY2023, the operation of these hotels generated a total income of approximately HK$76,848,000 (FY2022: HK$71,185,000) for the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals during FY2023.

FINANCIAL REVIEW

Revenue

During FY2023, the Group's revenue by operating segment included revenue from property development, project management services, and property investment and hotel operation. The total revenue of the Group for FY2023 was approximately HK$2,050,576,000 (FY2022: HK$2,838,843,000), which represented a decrease of approximately 27.8% as compared with that for FY2022.

Revenue from property development for FY2023 amounted to approximately HK$548,083,000 (FY2022: HK$890,037,000). The decrease was mainly due to the decrease in the number of properties delivered during FY2023 as compared with that during FY2022.

The income from the project management services segment contributed approximately HK$1,279,681,000 (FY2022: HK$1,705,171,000) to the total revenue of the Group for FY2023. The decrease was mainly due to the decrease in the number of project management services agreements the Group had in FY2023.

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During FY2023, the Group recorded an aggregate income of approximately HK$222,812,000 (FY2022: HK$243,635,000) from the property investment and hotel operation segment. The rental income generated by the Group from its investment properties decreased from approximately HK$172,450,000 for FY2022 to approximately HK$145,964,000 for FY2023, mainly due to the decrease in the GFA of the investment properties leased out by the Group during FY2023. During FY2023, the Group generated a total income of approximately HK$76,848,000 (FY2022: HK$71,185,000) from its operation of two hotels in the Guangdong Province, the PRC, namely, Vlamhoo Hotel, which was constructed by the Group, with its operations commenced in December 2021, and Luhu Hotel, which has been operated by the Group since December 2021.

Gross profit

Gross profit of the Group decreased from approximately HK$1,966,695,000 for FY2022 to approximately HK$1,448,422,000 for FY2023, mainly due to the decrease in the Group's revenue in FY2023.

Fair value loss on investment properties, net

For FY2023, the Group recorded a fair value loss on investment properties, net, of approximately HK$246,487,000 as compared with that of approximately HK$184,464,000 for FY2022. The fair value loss on investment properties, net, for FY2023 was mainly due to the decrease in the fair value of Zhukong International, RM Hotel and certain commercial properties held by the Group in the Guangdong Province, the PRC, as at 31 December 2023.

Other income and gains, net

Other income and gains, net, of the Group decreased to approximately HK$150,197,000 during FY2023 (FY2022: HK$317,752,000). The decrease was primarily due to the fair value gain on derivative financial instruments of approximately HK$122,532,000 recorded by the Group for FY2022, following the fair value assessment of the warrants issued by the Company in 2019 ("2019 Warrants"), which was absent in FY2023 as the 2019 Warrants lapsed in 2022.

Administrative expenses and selling and marketing expenses

Administrative expenses and selling and marketing expenses of the Group decreased from approximately HK$498,576,000 for FY2022 to approximately HK$413,749,000 for FY2023. The decrease was mainly due to the decrease in the administrative expenses primarily caused by the decrease in the staff cost incurred for FY2023, as compared with that for FY2022.

Impairment losses on financial assets, net

Impairment losses on financial assets, net, of the Group increased from approximately HK$35,528,000 during FY2022 to approximately HK$250,423,000 during FY2023, which comprised the impairment losses of approximately HK$260,446,000 (FY2022: reversal of impairment of HK$103,966,000) recorded by the Group on its trade receivables during FY2023 and the reversal of impairment losses of approximately HK$10,023,000 (FY2022: impairment losses of HK$139,494,000) recorded by the Group on its deposits and other receivables during FY2023, following the Group's assessment of expected credit loss.

Other expenses, net

Other expenses, net, of the Group decreased from approximately HK$1,242,784,000 for FY2022 to approximately HK$154,611,000 for FY2023, mainly due to the combined effect of (a) the foreign exchange gain of approximately HK$1,213,000 recorded by the Group for FY2023 (FY2022: foreign exchange loss of HK$592,063,000); (b) the impairment loss of hotel properties included in the Group's property and equipment of approximately HK$428,083,000 recorded by the Group for FY2022, which was absent during FY2023; (c) the write-off of trade and other receivables of approximately HK$181,425,000 recorded by the Group for FY2023 (FY2022: Nil); (d) the impairment of the Group's properties under development and completed properties held for sale of approximately HK$24,638,000 (FY2022: HK$150,576,000); and (e) the reversal of impairment loss on investment in an associate of approximately HK$129,462,000 recorded by the Group for FY2023 (FY2022: Nil), which was arrived at with reference to the valuation conducted by an independent valuer, based on generally accepted valuation procedures and practices.

Changes in fair value of financial assets at fair value through profit or loss

As the relevant project management services agreement of the Group classified as a financial asset at fair value through profit or loss under which the Group agreed to provide project management services in relation to a property development project to its customers had been completed in 2022, there was no change in fair value of financial assets at fair value through profit or loss recorded by the Group for FY2023 (FY2022: HK$186,973,000).

Share of loss of an associate

Share of loss of an associate of the Company was approximately HK$279,742,000 during FY2023 (FY2022: HK$192,107,000), which represented the Company's share of the loss from its associate, Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司) ("Silver Grant"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with stock code: 0171. Silver Grant and its subsidiaries are principally engaged in property leasing and investments. The Group held approximately 29.53% interest of the issued share capital of Silver Grant as at 31 December 2023.

Finance costs, net

Finance costs, net, of the Group for FY2023 were approximately HK$1,123,925,000 (FY2022: HK$1,270,106,000), which were made up of interest expenses incurred by the Group during FY2023 after deduction of the interest expenses capitalised into development costs. The decrease in finance costs, net, was mainly due to the decrease in the interest-bearing bank and other borrowings of the Group in FY2023, as compared with those in FY2022.

Income tax expense

Income tax expense of the Group comprised corporate income tax ("CIT") and land appreciation tax ("LAT") in the PRC and deferred tax. CIT of approximately HK$136,555,000 (FY2022: HK$173,940,000), LAT credit of approximately HK$1,330,000 (FY2022: LAT charge of HK$71,293,000) and deferred tax credit of approximately HK$69,370,000 (FY2022: HK$175,603,000) accounted for the Group's total income tax expense of approximately HK$65,855,000 for FY2023 (FY2022: HK$69,630,000). The decrease in total income tax expense for FY2023 was mainly due to the decrease in the income generated by the Group during FY2023 which was subject to income tax, as compared with that during FY2022.

Loss for the year

The Group's loss for FY2023 was approximately HK$936,170,000 (FY2022: HK$1,021,759,000). Such change was mainly attributable to the decrease in other expenses, net, recorded by the Group from approximately HK$1,242,784,000 during FY2022 to approximately HK$154,611,000 during FY2023, mainly due to the decrease in the foreign exchange loss recorded by the Group during FY2023, which was partially offset by (a) the fair value gain on the financial assets at fair value through profit or loss of approximately HK$186,973,000 recorded by the Group for FY2022, which was absent for FY2023 as the relevant project management services agreement of the Group classified as a financial asset at fair value through profit or loss had been completed in FY2022; (b) the decrease in the Group's revenue from project management services from approximately HK$1,705,171,000 during FY2022 to approximately HK$1,279,681,000 during FY2023, due to the decrease in the number of project management services agreements the Group had during FY2023; and (c) the increase in impairment losses on financial assets, net, from approximately HK$35,528,000 during FY2022 to approximately HK$250,423,000 during FY2023, following the assessment of expected credit loss.

Treasury and funding policies

The Group has adopted a prudent approach with respect to its treasury and funding policies. The Group's financial and fundraising activities are subject to effective centralised management and supervision, with an emphasis on risk management and transactions that are directly related to the business of the Group. There is in general no material seasonality in relation to the borrowing requirements of the Group.

Cash position

As at 31 December 2023, the Group's cash and bank balances (including restricted cash and term deposits with initial terms of over three months) amounted to approximately HK$301,264,000 (31 December 2022: HK$759,572,000). The cash and bank balances of the Group were mainly denominated in RMB, United States dollar ("US$") and HK$.

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprised the following:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Bank loans – secured	**7,938,731**	7,318,223
Other borrowings:		
Senior notes – secured	**1,594,055**	1,588,570
Other borrowings – secured	**4,274,335**	6,365,616
Other borrowings – unsecured and guaranteed	**30,000**	30,000
Lease liabilities	**11,676**	16,900
	13,848,797	15,319,309

(a) As at 31 December 2023, the Group's bank and other borrowings amounted to approximately HK$13,848,797,000, of which approximately 61.5%, 8.8%, 17.9% and 11.8% were repayable respectively within one year or on demand, in the second year, in the third to fifth years inclusively and over five years (31 December 2022: HK$15,319,309,000, of which approximately 41.7%, 36.9%, 9.4% and 12.0% were repayable respectively within one year or on demand, in the second year, in the third to fifth years inclusively and over five years). As at 31 December 2023, such borrowings of the Group were made up of financing from (i) bank loans; (ii) senior notes; (iii) other borrowings, including trust loans, a margin loan and term loan facilities; and (iv) lease liabilities. Out of these borrowings, approximately HK$80,441,000 (31 December 2022: HK$283,830,000), approximately HK$12,042,608,000 (31 December 2022: HK$13,006,296,000) and approximately HK$1,725,748,000 (31 December 2022: HK$2,029,183,000) were denominated in HK$, RMB and US$, respectively. The senior notes and other borrowings carried fixed interest rates ranging from 7.00% per annum to 13.00% per annum (31 December 2022: 7.00% per annum to 13.00% per annum). Approximately 12.36% (31 December 2022: 17.73%) of the bank loans carried fixed interest rates ranging from 4.85% per annum to 9.00% per annum (31 December 2022: 3.61% per annum to 9.00% per annum) while the remaining bank loans of approximately 87.64% (31 December 2022: 82.27%) carried floating interest rates.

(b) The gearing ratio of the Group, being the Group's financial key performance indicator, is measured by the net debt (total interest-bearing borrowings net of cash and bank balances) over the total capital (total equity plus net debt) of the Group. As at 31 December 2023, the gearing ratio of the Group was 68% (31 December 2022: 66%).

(c) As at 31 December 2023, the Group had outstanding secured bank loans of approximately HK$7,939 million, which were secured by the following: (i) the Group's investment properties; (ii) the Group's property and equipment; (iii) the Group's properties under development and completed properties held for sale; (iv) the Group's term deposits; (v) the entire equity interest of the Company's subsidiaries, namely, 廣州珠光城市更新集團有限公司 (Guangzhou Zhuguang Urban Renewal Group Company Limited*), 廣州舜吉實業有限公司 (Guangzhou Shunji Industry Company Limited*), 廣東海聯大廈有限公司 (Guangdong Hailian Building Company Limited*) and 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*); (vi) the corporate guarantees executed by the Company and 廣東珠光集團有限公司 (Guangdong Zhuguang Group Company Limited*) ("Guangdong Zhuguang Group"); and (vii) the personal guarantees executed by the executive Directors, namely, Mr. Chu Hing Tsung and Mr. Liao Tengjia.

(d) As at 31 December 2023, the Group had outstanding senior, secured and guaranteed notes issued in 2022 in the aggregate principal amount of US$207.9 million (equivalent to approximately HK$1,594 million) due on 21 September 2025 ("2022 Senior Notes"), which were secured and guaranteed by (i) 3,000,000,000 shares of the Company ("Shares") owned by Rong De Investments Limited (融德投資有限公司) ("Rong De") (a controlling shareholder ("Shareholder") of the Company (within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")); (ii) the 100% equity interest of the Company's subsidiaries, namely, Ai De Investments Limited (靄德投資有限公司) ("Ai De"), All Flourish Investments Limited (通興投資有限公司) ("All Flourish"), Capital Fame Investments Limited (嘉鋒投資有限公司) ("Capital Fame"), Cheng Chang Holdings Limited (誠昌控股有限公司) ("Cheng Chang"), China Honest International Investments Limited (創豪國際投資有限公司) ("China Honest"), Diamond Crown Limited (毅冠有限公司) ("Diamond Crown"), East Orient Investment Limited (達東投資有限公司) ("East Orient"), Ever Crown Corporation Limited (冠恒興業有限公司) ("Ever Crown"), Fully Wise Investment Limited (惠豐投資有限公司) ("Fully Wise"), Gains Wide Holdings Limited (利博控股有限公司) ("Gains Wide"), Gold Charter Investments Limited (高澤投資有限公司) ("Gold Charter"), Graceful Link Limited (愉興有限公司) ("Graceful Link"), Pacific Win Investments Limited (保鋒投資有限公司) ("Pacifc Win"), Polyhero International Limited (寶豪國際有限公司) ("Polyhero International"), Profaith International Holdings Limited (盈信國際控股有限公司) ("Profaith International"), Sharp Wisdom Holdings Limited (銳智控股有限公司) ("Sharp Wisdom"), South Trend Holdings Limited (南興控股有限

* *English name is translated for identification purpose only*

公司) ("South Trend"), Speedy Full Limited (速溢有限公司) ("Speedy Full"), Talent Wide Holdings Limited (智博控股有限公司) ("Talent Wide"), Top Asset Development Limited (通利發展有限公司) ("Top Asset"), Top Perfect Development Limited (泰恒發展有限公司) ("Top Perfect"), World Sharp Investments Limited (華聲投資有限公司) ("World Sharp") and Zhuguang Group Limited (珠光集團有限公司) ("ZG Group"); (iii) the corporate guarantees executed by Rong De, ZG Group, South Trend, Ai De, All Flourish, Capital Fame, Cheng Chang, China Honest, Diamond Crown, East Orient, Ever Crown, Fully Wise, Gains Wide, Gold Charter, Graceful Link, Pacific Win, Polyhero International, Profaith International, Talent Wide, Top Asset, Top Perfect, World Sharp, Sharp Wisdom and Speedy Full; and (iv) the personal guarantees executed by the executive Directors, namely, Mr. Liao Tengjia, Mr. Chu Hing Tsung and Mr. Chu Muk Chi.

(e) As at 31 December 2023, the Group had outstanding secured other borrowings of approximately HK$4,274 million, which were secured and guaranteed by (i) the Group's properties under development and completed properties held for sale; (ii) the Group's property and equipment; (iii) the Group's investment properties; (iv) the security provided by Guangdong Zhuguang Group; (v) the entire equity interest of the Company's subsidiaries, namely, 廣州市潤啟房地產有限公司 (Guangzhou City Runqi Property Company Limited*), 廣州東港合眾房地產有限公司 (Guangzhou Dong Gang He Zhong Property Company Limited*), 廣州珠光實業集團有限公司 (Guangzhou Zhuguang Industrial Group Company Limited*), 香河縣逸景房地產開發有限公司 (Xianghe County Yijing Property Development Company Limited*) and 廣州振超房地產開發有限公司 (Guangzhou Zhenchao Property Development Company Limited*); (vi) the entire equity interest of a subsidiary of Guangdong Zhuguang Group; (vii) the corporate guarantees executed by the Company and Guangdong Zhuguang Group; (viii) the personal guarantees executed by the executive Directors, namely, Mr. Chu Hing Tsung, Mr. Liao Tengjia and Mr. Chu Muk Chi; (ix) 436,204,000 Shares owned by Rong De; and (x) 680,554,022 shares in Silver Grant owned by the Company.

(f) As at 31 December 2023, the Group had outstanding unsecured and guaranteed other borrowings of HK$30 million, which were guaranteed by the personal guarantee executed by an executive Director, Mr. Chu Hing Tsung.

(g) For FY2023, the Group recorded a net loss of approximately HK$936 million and, as at 31 December 2023, the Group had net current liabilities of approximately HK$5,461 million. In addition, as at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings which were due to be repaid within 12 months from the end of the reporting period amounted to approximately HK$8,512 million, including (1) borrowings of approximately HK$783 million which have not been repaid according to the scheduled repayment dates before the end of the reporting period, and (2) borrowings of approximately HK$1,297 million with original maturity date of over one year from the reporting date which have been reclassified to current liabilities. Furthermore, subsequent to the end of the reporting period, additional borrowings of the Group with an aggregate principal amount of approximately HK$70 million have not been repaid according to the scheduled repayment dates. The Group has been in active discussions with the relevant financial institutions for extension of the repayment dates of such borrowings. Up to the date of this annual report, the Group has not received any demand for immediate repayment for any of these and other borrowings.

** English name is translated for identification purpose only*

The Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2023. The Group has formulated certain plans and measures as set out in note 2.1 to its consolidated financial statements for FY2023 to mitigate its liquidity pressure and to improve its cash flows. The Directors have reviewed the Group's cash flow forecast, covering a period of 12 months from 31 December 2023, prepared by the management, and they are of the opinion that, taking into account the plans and measures as set out in note 2.1 to the Group's consolidated financial statements for FY2023, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements for FY2023 on a going concern basis.

FINANCIAL GUARANTEE CONTRACTS

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**1,877,249**	2,706,018

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

Except for the financial guarantee contracts as disclosed above, the Group had no material contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

FOREIGN EXCHANGE RATE

During FY2023, the Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. During FY2023, the Group did not adopt any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

EMPLOYEES AND REMUNERATION POLICIES

The Group had in aggregate 793 employees in Hong Kong and the PRC as at 31 December 2023 (31 December 2022: 883). During FY2023, the level of the Group's overall staff cost was approximately HK$189.6 million (FY2022: HK$241.7 million). The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during FY2023, including training on updates of accounting standards and training on market updates.

During FY2023, the Group did not experience any significant problem with its employees or disruption to its operations due to labour discipline nor did it experience any difficulty in the recruitment and retention of experienced staff. The Group has maintained a good relationship with its employees. Most members of the senior management have been working for the Group for many years.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital expenditures contracted but not provided for in its financial statements in respect of properties under development of approximately HK$471,439,000 (31 December 2022: HK$620,805,000) in aggregate. It is expected that these capital expenditures will be settled by cash through the Group's internal resources and debt financing raised by the Group. Other than the capital commitments disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in 2024 with reference to the current situation as at the date of this annual report.

I. PREAMBLE

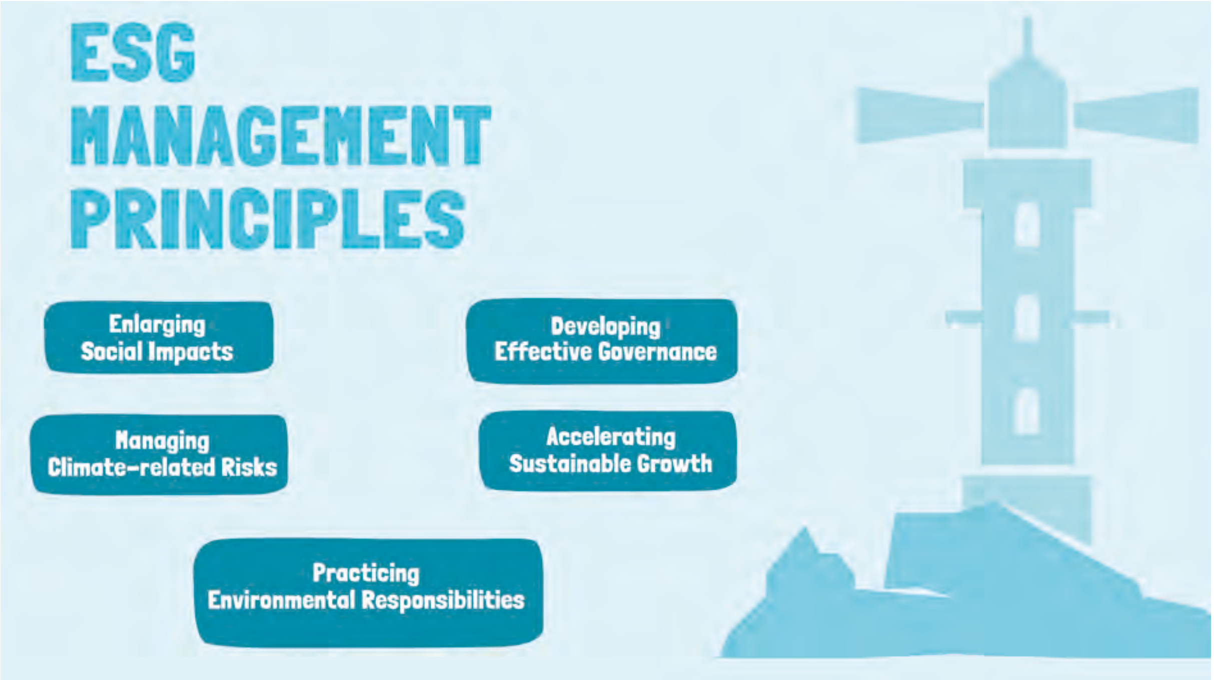
The rapid economic growth of China since 1979 has led to urbanisation and rural reconstruction throughout the country, leading to a steady increase in urbanisation over the past few decades. The pressing need for expanded housing in urban areas has prompted a re-evaluation of how cities should be designed and constructed, considering both the opportunities and risks associated with China's real estate industry.

The Chinese government has demonstrated its commitment to environmental sustainability in recent years, emphasising the importance of environmental protection and low-carbon industries in various occasions. During the 20th Communist Party congress, emphasis was placed on the importance of the advocacy for "harmony between humanity and nature" in development planning. The PRC government's earlier "14th Five Year Plan" also expressed a dedicated focus on fostering sustainable urbanisation.

Both the national and local governments have introduced a range of policies aiming at promoting green building to achieve the ambitious national objective of Carbon Neutrality by 2060. In addition to the "General Code for Building Energy Conservation and Renewable Energy Utilisation" issued by the Ministry of Housing and Urban-Rural Development, which was the first mandatory guidelines for regulating carbon emissions from buildings and construction, the latest "Guangzhou Green Building and Building Energy Saving Management Regulations" approved by the People's Government of Guangzhou Municipality in December 2023 also demonstrated the determination and firm actions of the authority to promote the development of green buildings, thus a low-carbon green future.

Recognising the pivotal role of the real estate industry in China's low-carbon planning, the Group is fully dedicated to ensuring its business operations are environmentally sustainable, socially inclusive, and economically productive. The Group understands that every aspect of its operations, from land development to resource consumption, waste generation, and labour practices, can have significant and lasting sustainable impacts throughout its entire life cycle. Aware of the transformative power it has in shaping cities, the Group is committed to making positive impacts on society, the economy, and the environment.

Moving forward, the Group will steadfastly uphold its spirit of craftsmanship, concentrate on enhancing product quality, and construct green buildings that align with the national vision of building a beautiful China. Simultaneously, the Group will also contribute to the work towards eliminating poverty and inequality, respect human and labour rights, advocate for gender equality, and leverage technological innovation in its operations.



Driven by its belief in the real estate industry's potential as a catalyst for corporate sustainability and the achievement of the United Nations Sustainable Development Goals ("SDGs") within the framework of the United Nations Global Compact, the Group actively creates sustainable value. Operating in accordance with its ESG Management Principles, the Group delivers exceptional services that cater to the diverse needs of its stakeholders.

As a socially responsible enterprise involved in property development, project management, and property investment and hotel operation in China, the Group diligently identifies and addresses material environmental, social, and governance (collectively referred to as "ESG") issues and exemplifies its responsible business purpose and commitment. The Group also aligns its business strategies and operations with the Ten Principles of the United Nations Global Compact, encompassing human rights, labour, environment, and anti-corruption.

With a focus on stakeholder collaboration and product innovation, the Group integrates material ESG considerations alongside financial factors in its decision-making and operations. The Group recognises that its long-term success hinges on effective corporate ESG management and sustainable development. By adhering to top-tier sustainability standards and benchmarking against industry leaders, the Group remains at the forefront of the real estate market in China, continuously exploring new ideas and pioneering practices.

ESG commitment

Striving to integrate ESG into its daily management and business development, the Group commits to the five areas as listed below.

FRIENDLY WORKPLACE

Cultivate a thriving workforce by fostering a supportive work environment, valuing employees' rights and opinions, and implementing robust occupational health and safety policies.

ENVIRONMENTAL PROTECTION

Enhance operational efficiency and contribute to sustainable urban development by adhering to environmental sustainability standards in key operational areas such as energy, water, waste, and raw materials.

DATA MONITORING

Strengthen the Group's ESG reputation through effective performance monitoring systems that clearly define environmental and social criteria.

RISK MANAGEMENT

Proactively manage climate-related issues and operational risks across the Group's value chain, including safeguarding labour and human rights, and ensuring compliance with regulatory requirements and industry standards.

SOURCING PRACTICES

Foster sustainable practices in supply chain management by adopting consistent sustainability measures in materials and services procurement, thereby mitigating social and environmental risks throughout the supply chain.

II. ABOUT THE REPORT

In strict compliance with the requirements under Appendix C2 – Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Stock Exchange under the "Comply or Explain" provisions, the Company is pleased to present its ESG Report ("ESG Report") for FY2023, which demonstrates the Group's approach and performance in terms of its ESG management and corporate sustainable development for FY2023.

Boundary Setting

Setting a clear and realistic reporting boundary is essential for defining the scope and extent of disclosures, allowing the Group to review and evaluate its performance during FY2023. Considering the nature of the Group's business and its development plans, this ESG Report examines the ESG performance and management policies of the Group's operations for FY2023. Following the operational control approach, the reporting boundary of this ESG Report comprises the Group's businesses in the PRC of (i) property development; (ii) project management; and (iii) property investment and hotel operation, and its offices in Hong Kong and mainland China. The scope of this ESG Report remains unchanged from that of the ESG report issued by the Company for the previous financial year ended 31 December 2022 ("FY2022").

Reporting Principles

In preparing this ESG Report, the Group has adhered to the reporting principles as outlined in the ESG Guide, namely materiality, quantitative, balance and consistency.

Applications of ESG Reporting Principles

MATERIALITY

In FY2023, the Group conducted an annual materiality assessment following the recommended procedures outlined by the Global Reporting Initiative ("GRI") standards. Key stakeholders of the Group were invited to provide their insights through online surveys, which were then integrated with the assessment of ESG impact significances. This process resulted in the identification and prioritisation of relevant ESG issues that will be closely monitored in the Group's business development.

QUANTITATIVE

The Group strives to quantify its environmental and social performance, enabling year-on-year and peer comparisons. In FY2023, the Group collected and analysed its performance data using various quantitative key performance indicators ("KPIs"), including greenhouse gas ("GHG") emissions, energy resource consumption, and employee demographics. In this ESG Report, details of calculation methods, assumptions, and conversion factors are provided in the footnotes. Disclosure of KPIs is supported by tables, charts, and graphics, offering stakeholders a comprehensive understanding of the Group's performance over time.

BALANCE

The Group provides an unbiased evaluation of its impact on and contribution to sustainable development, disclosing both its achievements and areas for improvement. The Group's ESG performance in FY2023, including its resilience to emergencies like environmental and climate crises, is thoroughly reviewed.

CONSISTENCY

The Group emphasises consistency in its reporting, enabling meaningful year-on-year comparisons. Data collection, information disclosure, and reporting framework adhere to a consistent methodology aligned with the previous ESG reports issued by the Company. There was no change to the methods or KPIs used in FY2023. Additionally, the Group follows a systematic approach for boundary setting in its reporting scope. Any significant changes in its reporting framework, disclosure scope, or calculation methods are clearly explained in the relevant sections.

III. SUSTAINABILITY MANAGEMENT

In response to the increasing concerns of its stakeholders regarding sustainability issues such as climate change, environmental deterioration, resource scarcity and social inequality, the Group recognises the importance of continuously enhancing its sustainability governance. The Group is determined to create a clear roadmap for its sustainable development by implementing an accountability system.

With a commitment to fulfilling its corporate mission, the Group has integrated ESG factors into its decision-making process and established a robust corporate governance framework. Through this approach, the Group aims to create values for its stakeholders and facilitate its sustainable development. As part of these efforts, the Group ensures that material sustainability topics that encompass ESG-related concerns are included in the Board's agendas.

The Group is fully aware of the pivotal role the Board plays in overseeing the Group's corporate ESG management. In particular, the Board is responsible for:

- Supervising the evaluation of the Group's environmental and social impacts, as well as analysing how fluctuations in the market and changes in the overall environment can affect the Group's ability to generate long-term value for all its stakeholders;

- Identifying and comprehending the potential risks associated with ESG issues in relation to the Group's operational model and strategic plans;

- Staying updated on the expectations and concerns of the Group's stakeholders, including investors and regulators, through ongoing dialogues;

- Promoting a culture of open communication within the Group;

- Implementing the materiality assessment and reporting process to ensure that effective actions are taken; and

- Cultivating a sustainability culture that takes into account the environmental and social impacts of the Group's daily operations.

To facilitate effective communication and the dissemination of corporate messages, the Group has adopted a top-down and bottom-up approach. As the highest governance body, the Board bears the ultimate responsibility of overseeing the ESG-related issues throughout the organisation. Moreover, the Board is also responsible for initiating sustainability strategies and proposing guidelines for the Group, including the establishment of relevant performance indicators. The disclosure of key performance indicators in the Company's ESG reports serves as one of the channels for the Board to obtain the Group's corporate ESG information. Additionally, the Board acquires other ESG-related information of the Group by engaging in meetings with the ESG teams of the Group, participating in shareholders' general meetings of the Company and seeking feedback from the Group's internal and external stakeholders through surveys.

Meanwhile, the management of the Group plays a crucial role in steering, supervising and monitoring the implementation of the Group's sustainability practices. The management of the Group is responsible for reporting the Group's progress on ESG initiatives, as well as any significant risks and opportunities arising from the Group's operations to the Board. The Legal Affairs Department of the Company has the responsibility of collecting, summarising and preparing the latest updates on ESG-related regulations and policies to the Board on a regular basis.

Within the Group, different business units are assigned with the responsibility of executing the ESG policies at different stages of the Group's business operations. Furthermore, the Group encourages its front-line staff to share their hands-on experience gained during daily operations with the policymakers and executives of the Group regularly. This enhances the practicality and suitability of the Group's sustainability strategy.

To strengthen its sustainability efforts, the Group has established various steering groups and task forces to manage its spectrum of ESG-related issues by effectively engaging representatives from diverse backgrounds. In particular, the ESG steering group ("ESG Steering Group") consists of executive Directors, the chief financial officer and the company secretary of the Company, and the general manager of the financial management centre of the Company. The ESG Steering Group is responsible for supervising the entire process of preparing the Company's ESG reports and facilitating communication with the Board regarding relevant matters on the Company's ESG reports.

In addition, the Group has formed an ESG taskforce ("ESG Taskforce") to coordinate and monitor the data collection process for the preparation of the Company's ESG reports. It ensures that material ESG policies of different companies in the Group are identified and accurate information on the ESG performance of the Company and its subsidiaries can be obtained.

The Board conducts an annual review to evaluate the effectiveness of the Group's ESG risk management and internal control systems. To enhance its ESG capabilities, the Group engages external professional ESG advisors who provide ongoing expertise, knowledge and technical support relating to ESG issues that may impact its business operations in the short, medium and long term. Meanwhile, valuing its stakeholders' opinions, the Group maintains open communication channels, such as surveys and meetings, to engage with its stakeholders on ESG-related issues. This allows the Group to consider the interests and concerns of its key stakeholders when developing its corporate strategy. Through various engagement tools and the materiality assessment, stakeholders' concerns provide valuable insights into areas of great importance to the real estate industry and the Group's business, thereby facilitating the Group to optimise its operations (including the prioritisation and management of ESG-related issues) in a more timely, efficient, responsible and sustainable manner.

Learning from the experiences of the COVID-19 pandemic, the Group has recognised the significance of timely response to unexpected scenarios and the importance of building resilience for the long-term survival and success of the enterprise. In light of this, the Group has incorporated several initiatives into its management approach to strengthen its sustainability:

- Integrating ESG-related risks into the Group's enterprise risk management ("ERM") framework, enabling the Board and the Group's management to prioritise business issues and allocate resources more effectively;

- Ensuring that the Group has access to relevant information and resources to enhance its capacity to monitor progress towards sustainability objectives;

- Expanding opportunities for business development and diversifying the Group's portfolio of businesses;

- Evaluating the Group's compliance with legally binding regulations and international standards by benchmarking its practices against global best practices; and

- Enhancing the analysis of the Group's corporate strategy by developing strategic measures and action plans every three years.

IV. BOARD STATEMENT

As a leading real estate enterprise in China, with the residual impacts of the pandemic receding during the year under review, the Group which was well placed to seize business opportunities from the resumption of social and economic activities, remained unwavering in its commitment to continue its pursuit of sustainable development.

In full support of the nation's green economic recovery, the Group has continuously improved its ESG governance and management, staying true to its original aspirations. Following the PRC government's "1+1+N" development strategy and focusing on the Guangdong-Hong Kong-Macau Greater Bay Area, the Group will pursue urban renewal projects to meet its short-term needs while supporting its medium and long-term development.

The Group is fully committed to the nation's "Two Centennial (兩個一百年) Goals"*, and is dedicated to contributing to the nation's economic growth, ecological civilisation, and social well-being. Leveraging its expertise as an urban renewal specialist, the Group will maintain its professionalism and play an active role in China's sustainable development.

Eco-friendly practices

The Group recognises the paramount importance of environmental concerns and stakeholder expectations regarding responsible business practices. With a strong emphasis on sustainability and minimising environmental impacts, the Group is dedicated to optimising energy management, promoting green transportation, developing eco-friendly properties, and collaborating with its business partners to incorporate innovative concepts in its property design, construction, and management.

Governance Resilience

A strong and comprehensive corporate governance framework encompassing business ethics, corporate values, and risk management is vital for the Group to foster a sustainable and responsible business. In line with this, the Group has enhanced its corporate governance in recent years, aiming to create enduring shared value for all its stakeholders through the implementation of rigorous internal policies. With a vision for a "greener tomorrow," the Group is dedicated to strengthening its governance resilience by prioritising transparency, a key factor in aligning its ESG management with globally recognised frameworks. In addition to adhering to the general reporting principles outlined in the ESG Guide, the Group strives to monitor, track, summarise, and disclose its sustainability performance using well-defined metrics.

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Sustainability Targets and Monitoring Mechanism

In alignment with the national push for green urbanisation and low carbon development, the Group has established ESG targets for its business operations, ensuring regular oversight by the Board through ongoing reviews.

Considering the Group's real estate nature and stakeholders' concerns identified through its annual materiality assessments, targets have been set for air emissions, greenhouse gases ("GHG") emissions, wastewater, solid waste and resource efficiency. These targets are based on the Group's historical data, ongoing projects, and future objectives, with detailed information provided in Sections A.1 and A.2 of this ESG report.

Monitoring and evaluating the Group's ESG performance against the above targets is the responsibility of the Board, the ESG Steering Group, and the ESG Taskforce. The ESG Taskforce coordinates the data collection processes to ensure accurate information on the Group's ESG performance, while the ESG Steering Group oversees the Group's data reporting and other ESG matters, providing the Board with timely and valuable insights to optimise ESG objectives and management. Through open and efficient communication channels, the Board conducts periodic reviews and evaluates the Group's progress towards the targets. If any targets are not achieved, the Board thoroughly examines the reasons and develops appropriate actions to rectify the situation.

In FY2023, the Group did not meet some of the short-term targets for measuring its environmental performance set in the previous financial year. After careful review and consideration, it was determined that the increase in emissions and resource consumption was primarily due to the increase in economic activities following the pandemic. When the baseline for FY2023 was established in FY2022, it was unforeseen that the impacts of the pandemic would subside in FY2023 and significantly affect the Group's environmental performance. Consequently, following its discussions during FY2023, the Board decided to adjust the baseline year of the targets set for the coming financial year to better align with the market changes.

The decision of the Board to choose FY2023 as the baseline year for the environmental targets is primarily driven by the significant improvements in China's economic landscape and business opportunities, following the resolution of the pandemic. With the pandemic behind, the economy has regained its stability, creating a more favourable environment for growth and development. By selecting FY2023 as the baseline year, the Group can effectively capture the normalised conditions and use this data as a foundation for setting the targets for the financial year ending on 31 December 2024 ("FY2024"). This approach ensures that the goals are aligned with the current business landscape and enables the Group to leverage the positive momentum generated by the recovery. These were all factors, among others, that the Board had considered when it set the Group's environmental targets for FY2024. Further details of such targets are set out in the relevant sections of this ESG Report below.

Climate Change

The Group wholeheartedly supports the national objectives of reaching the peak of carbon emissions by 2030 and achieving carbon neutrality by 2060, with a steadfast focus on combatting climate change as its primary sustainability goal.

Since 2020, the Group has been strengthening its climate change management by progressively disclosing information with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). This international framework guides the Group in identifying, assessing, managing, and monitoring the potential impacts of climate-related risks on its business operations. Various physical and transition risks, as well as opportunities, have been recognised as highly relevant to the Group's operations, potentially affecting supply chain stability, operating costs, and future capital expenditures. To address these concerns, the Group is dedicated to intensifying its internal review of carbon actions, enhancing its disclosure transparency, and adopting climate-related practices to facilitate informed decision-making by its stakeholders.

In view of the gradually enhanced climate disclosure obligations, the Group has been developing appropriate climate metrics and targets, as well as action plans to accelerate its path to carbon neutrality. Recognising the importance of a sustainable value chain, the Group has also strengthened the collaboration with its business partners to establish a transparent and sustainable supply chain that minimises climate-related risks while fostering mutually beneficial relationships.

The Board expresses its gratitude to the Group's committed employees and stakeholders for their unwavering support in driving the Group's sustainable development. Moving forward, the Group will stay resolute in its sustainability strategies and actively contribute to China's green development, shaping a sustainable future.

V. STAKEHOLDER ENGAGEMENT

The Group understands the importance of maintaining regular communication with its stakeholders to gain deeper insights into their expectations and priorities regarding the Group's sustainability strategy. This enables the Group to respond accordingly and align its practices with its stakeholders' needs. To achieve this, the Group regularly engages with both its internal and external stakeholders through various communication channels and initiatives.

Given the diverse range of its stakeholders who are involved in the real estate industry's value chain, including tenants, property management teams, regulators, construction material suppliers, architects, surveyors and engineers, the Group has adopted a holistic approach to its stakeholder engagement. The Group has considered the overall business impacts on its stakeholders when designing its engagement strategies.

By means of open communication channels, the Group has successfully collected valuable feedback, concerns and expectations from stakeholders. This provides the Group with a deeper understanding of its stakeholders' perspectives, enabling it to assess its current practices and make strategic adjustments to better prepare for the future. Through continuous stakeholder engagements and ongoing discussions, the Group remains committed to:

- Conducting assessments of its business impacts on its stakeholders and implementing measures to minimise actual or potential impacts;
- Promoting awareness, fostering learning, and facilitating dialogues among its stakeholders regarding the ESG issues;
- Facilitating collaboration and the exchange of best practices and ideas throughout its corporate sustainability journey; and
- Mobilising its stakeholders, including occupants, suppliers, employees, and community groups, to expand their existing initiatives and contribute to the sustainable development of the entire real estate industry.

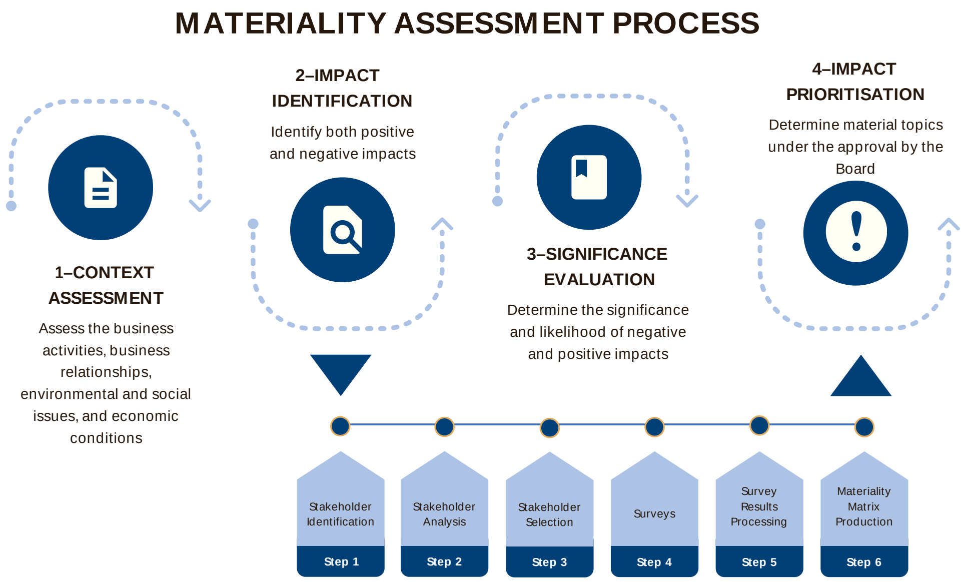
Communication with Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	– Compliance with laws and regulations – Anti-corruption policies – Occupational health and safety	– Supervision on compliance with local laws and regulations – Routine reports and tax payments
Shareholders	– Return on investments – Corporate governance – Compliance with laws and regulations	– Regular reports – Announcements – General meetings – Official website of the Company
Employees	– Employees' remuneration and benefits – Career development – Health and safety in the workplace – Sustainable solid waste management and water consumption – Linkage between ESG performance and corporate financial returns	– Performance reviews – Regular meetings and training – Written comments via emails, notice boards and telephone calls – Team building activities with management
Customers	– Product quality assurance – Protection of the rights of customers – Customer satisfaction – Implications of market changes on the business prospect	– Customer satisfaction surveys – Face-to-face meetings and on-site visits – Customer service hotline and emails
Suppliers	– Fair and open procurement – Win-win cooperation – Environmental protection – Protection of intellectual property rights	– Open tenders – Suppliers' satisfaction assessments – Telephone conferences, face-to-face meetings and on-site visits – Industry seminars
General public	– Involvement in communities – Compliance with laws and regulations – Environmental protection awareness	– Media conferences and responses to enquiries – Public welfare activities – Face-to-face interviews

Committed to generating long-term value for all its stakeholders, the Group has undertaken a comprehensive consultation process to identify and map its stakeholders' concerns with the United Nations' Sustainable Development Goals ("SDGs"). Through the consultation, the Group has identified three prioritised SDGs that align with its business profile and where it can make a significant contribution. These prioritised SDGs are SDG 1: No Poverty, SDG 3: Good Health and Well-being and SDG 4: Quality Education.

Recognising its corporate influence and responsibility, the Group is dedicated to fulfilling its obligations in the areas of human rights, labour, environment and anti-corruption, as described in the Ten Principles issued by the UN Global Compact, which also guide its daily business decision-making and operations. Furthermore, the Group is in the process of establishing appropriate commitments, targets and metrics which guide itself either directionally or quantitatively to align its actions with the SDGs. By taking an impact-based approach to revealing the interconnectedness of global sustainability targets, the Group aims to make sustainability a reality within the organisation in the long run.

Materiality Assessment



With reference to the recommendations of the Global Reporting Initiative (GRI) standards, the Group considers several aspects when it comes to ESG reporting and management. These aspects include the organisation's context, actual and potential environmental and social impacts, the significance of identified impacts and the most significant impacts in its ESG reporting and management.

The Group has implemented a four-step approach to identify, prioritise and validate the materiality of relevant ESG topics for management and disclosure as depicted in the diagram above. In order to facilitate a fair and objective assessment, an external consultant was engaged to design and conduct a stakeholder engagement exercise, which includes a set of engagement surveys and a materiality analysis. This exercise aimed to collect valuable feedback and insights from the Group's stakeholders, while identifying material ESG issues across the Group's value chain and align them with the Group's sustainability strategies and stakeholders' expectations. The selection of stakeholders for participation in the engagement exercise followed the guidance outlined in ISO 26000 (Guidance on Social Responsibility) and involved various criteria, including the stakeholders' legal obligations, power of influence and significance in the Group's value chain and their willingness to participate in the engagement.

The Group conducts regular engagements with its stakeholders on an annual basis to review its material ESG topics. In FY2023, the Group selected a list of stakeholders including the Group's general employees, senior management and external suppliers, regulators as well as customers were invited to the engagement. The selected stakeholders were invited to participate in a survey to express their views on a range of 28 ESG issues related to the Group's environmental and social impacts. These issues were categorised into 5 key themes, including Environmental Impacts, Employment and Labour Practices, Operating Practices, Community Investment and Leadership and Governance.

Stakeholders' opinions not only provided valuable insights to the Group's sustainability strategy, but also shed light on key sustainability trends that lie ahead. To further pinpoint the issues of concern, the Group stayed aligned with the enhanced methodology adopted for the last financial year. Weightings were being applied to the ratings of the ESG issues identified, based on the preference and concerns of the engaged stakeholders on the E, S and G pillars. As a result, the materiality matrix below shows the relative significance of selected ESG topics with respect to the Group's stakeholders and business.

MATERIALITY ASSESSMENT OUTCOME

- **Solid Waste Stewardship**

- **GHG Emissions**
- **Energy Management**
- **Water and Wastewater Management**
- **Climate Change Mitigation and Adaptation**
- **Renewable and Clean Energy**

Areas that are identified to be relatively more important to external stakeholdersony	**Areas that are identified to be vital**
Areas that are identified to be relatively insignificant	**Areas that are identified to be relatively more important to internal stakeholders only**

- Labour Practices
- Employee Remuneration and Benefits
- Occupational Health and Safety
- Employee Development and Training
- Engagement with Suppliers
- Intellectual Property Rights
- Green Procurement
- Environmental and Social Risk Management of Supply Chain
- Supply Chain Resilience
- Product or Service Quality and Safety
- Labelling Relating to Products/Services
- Marketing and Promotion
- Business Ethics and Anti-corruption
- Internal Grievance Mechanism
- Participation in Philanthropy
- Cultivation of Local Employment
- Support of Local Economic Development
- Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
- Management of the Legal and Regulatory Environment (regulatory compliance management)
- Critical Incident Risk Responsiveness
- Systemic Risk Management (e.g. Financial Crisis)

- Customer Privacy and Data Security

Through the materiality assessment, "GHG Emissions", "Energy Management", "Water and Wastewater Management", "Climate Change Mitigation and Adaptation" and "Renewable and Clean Energy" were being identified as the ESG issues that were significant to the Group's sustainable development.

Stakeholders Feedback

Striving for excellence, the Group welcomes feedback and advice from its stakeholders on the improvement of its corporate ESG approach and performance, especially on the most significant ESG issues identified. Readers are also welcomed to share their views on the ESG matters with the Group at info@zhuguang.com.hk or www.zhuguang.com.hk.

VI. ENVIRONMENTAL SUSTAINABILITY

In FY2023, the Group strived to align itself with the "14th Five-Year Plan" of the PRC government, which prioritised the advancement of ecological civilisation and the development of a beautiful China. Upholding this spirit, the Group remains dedicated to enhancing the environmental performance of its properties and operations. Throughout FY2023, the Group diligently adhered to environmental laws and regulations in both the PRC and Hong Kong in its daily activities, including but not limited to the following:

- *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法);*
- *Environmental Impact Assessment Law of the People's Republic of China* (中華人民共和國環境影響評價法);*
- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (中華人民共和國固體廢物污染環境防治法);*
- *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* (中華人民共和國環境噪聲污染防治法);*
- *Law of the People's Republic of China on Prevention and Control of Water Pollution* (中華人民共和國水污染防治法);*
- *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* (中華人民共和國大氣污染防治法);*
- *Energy Conservation Law of the People's Republic of China* (中華人民共和國節約能源法); and*
- *Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).*

This section of the ESG Report primarily focuses on the Group's policies and practices, as well as the related quantitative data, concerning emissions, resource efficiency, minimising environmental impacts, and addressing climate-related issues in FY2023.

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As an environmentally responsible enterprise, the Group integrates environmental considerations into all aspects of its business operations. Striving to meet international environmental and energy management standards, the Group places significant emphasis on emission control and waste management to safeguard the environment it relies upon. The corresponding sections of this ESG Report outline the Group's targets for emissions, water consumption, waste discharge, and energy usage for FY2024, along with the key actions and measures proposed to achieve these targets.

A.1. Emissions

Air Emissions

In FY2023, the Group complied with the relevant national and local environmental laws in terms of emissions in its daily operations. Specifically, the Group did not violate any laws and regulations regarding air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group.

Embracing the national vision of "innovative, coordinated, green, open and shared development"* (創新、協調、綠色、開放、共享的發展理念), the Group undertook diverse initiatives to reduce its environmental impact and contribute to the establishment of an ecological civilization in FY2023.

In FY2023, the Group's emissions of air pollutants, including sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM"), primarily originated from its transportation vehicles and the stationary combustion of gaseous fuel in its hotel operations. Specifically, the Group emitted approximately 6.05 kg of SO_x, 293.29 kg of NO_x and 64.15 kg of PM during the year under review. These emission levels slightly increased by approximately 5% to 13% compared to the previous year, mainly due to the increase in consumption of gasoline and natural gas, given the increase in economic activities after the pandemic.

In FY2022, the Group, taking FY2022 as the baseline year, targeted that the intensities of its air emissions in FY2023 within the same scope would not be higher than those in FY2022. In FY2023, the Group's emission intensities within the same scope of SO_x, NO_x and PM did not achieve the targets set, mainly due to the increase in fossil fuel consumption, especially the surge in gasoline usage for transportation.

GHG Emissions

Recognising the urgency of addressing GHG emissions and the associated risks of climate change, the Group has consistently pursued suitable measures to facilitate the transition to a low-carbon economy.

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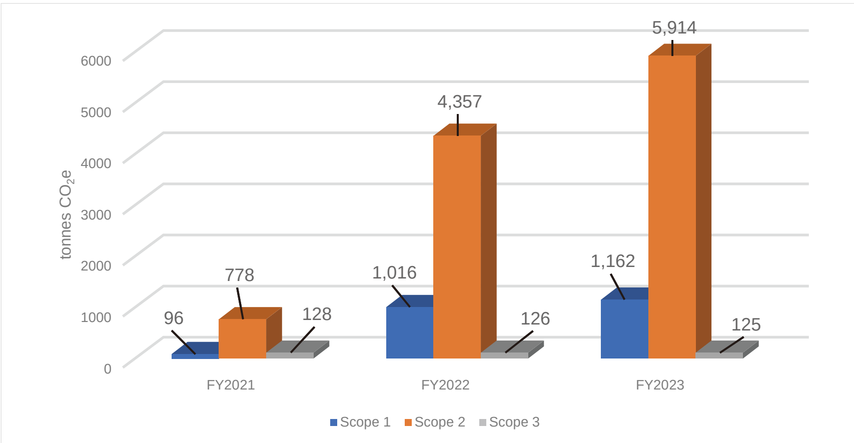
In FY2023, the Group's primary sources of GHG emissions were the combustion of fossil fuels for transportation and operations, as well as consumption of purchased electricity. The total GHG emissions for the year reached approximately 7,200 tonnes of CO_2e, which were approximately 31% higher than those in FY2022 principally due to the surge in energy consumption arising from the increase in economic activities after the pandemic. Notably, despite the increase in business operations, the Group's Scope 3 emissions recorded a slight drop during the year under review, attributed to the effective management of water and paper usage. Furthermore, the Group planted approximately 400 to 500 trees over the years, resulting in approximately 10 tonnes of CO_2e carbon offset during FY2023. In FY2022, the Group, taking FY2022 as the baseline year, targeted that the intensities of its total GHG emissions in FY2023 within the same scope would not be higher than those in FY2022. In FY2023, the Group's total GHG emission intensity within the same scope did not achieve the target set with an increase of approximately 1.57 tonnes CO_2e per HKD million as compared to the previous year.

Graph showing the Group's GHG emissions from the financial year ended 31 December 2021 ("FY2021") to FY2023



The Group's total GHG emissions in FY2023 are summarised in Table 1 below, with its total emissions in FY2022 also included for comparison.

Non-hazardous Waste

In FY2023, the Group generated and discharged approximately 2,880 tonnes of non-hazardous solid waste, consisting of domestic, commercial, and construction waste. Additionally, approximately 119,746 m^3 of non-hazardous wastewater, including domestic, commercial, and construction sewage, was discharged. No hazardous waste was released during the year under review.

Throughout FY2023, the Group monitored its environmental performance, enforcing effective waste management practices and conducting assessments of environmental impacts within its subsidiaries. The reported amount of domestic and commercial solid waste remained at similar level as compared to FY2022. In FY2022, the Group, taking FY2022 as the baseline year, targeted that its solid waste disposal intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, the Group's solid waste intensity within the same scope did not meet the target set with a slight excess of approximately 0.39 tonnes per HKD million.

Meanwhile, the amount of wastewater in FY2023 dropped significantly by approximately 31% as compared to that of the previous year. In FY2022, the Group, taking FY2022 as the baseline year, targeted that its wastewater discharge intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, the Group's wastewater discharge intensity with the same scope met the target with a slight decrease of approximately 2.9 m^3 per HKD million.

Nevertheless, the Group implements a robust waste management system to enhance resource reuse and recycling, including water resources.

Table 1 The Group's Total Emissions by Category in FY2023 and FY2022 [8, 9]

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity[1] (Unit/ HKD million) in FY2023	Amount in FY2022[2]	Intensity[2] (Unit/ HKD million) in FY2022
Air Emissions	SO_x	Kg	6.05	2.95×10^{-3}	5.35	1.88×10^{-3}
	NO_x	Kg	293.29	1.43×10^{-1}	278.09	9.08×10^{-2}
	PM	Kg	64.15	3.13×10^{-2}	60.90	2.15×10^{-2}
GHG Emissions	Scope 1 (Direct Emissions)[3]	Tonnes of CO_2e	1,162	0.57	1,016	0.36
	Scope 2 (Energy Indirect Emissions)[4]	Tonnes of CO_2e	5,914	2.88	4,357	1.53
	Scope 3 (Other Indirect Emissions)[5]	Tonnes of CO_2e	125	0.06	126	0.04
	Total (Scope 1, 2 & 3)	Tonnes of CO_2e	7,201	0.01	5,499	1.94
Non-hazardous Waste	Solid Wastes[6]	Tonnes	2,880	1.40	2,873	1.01
	Wastewater[7]	m^3	119,746	58.40	174,040	61.31

1. Intensity for FY2023 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of approximately HK$2,050.58 million in FY2023;
2. The amount and intensity in FY2022 were extracted from the data in the Company's ESG report for FY2022;
3. The Group's Scope 1 (Direct Emissions) included only the emission which arose from the consumption of gasoline in motor vehicles, natural gas and LPG in hotel operations and 10 tonnes of CO_2e carbon offset from planted trees;
4. The Group's Scope 2 (Energy Indirect Emissions) included only the emission which arose from electricity consumption;
5. The Group's Scope 3 (Other Indirect Emissions) included other emissions which arose from paper waste disposed at landfills and electricity used for processing fresh water and sewage by government departments;
6. The solid wastes included domestic and commercial wastes and construction wastes;
7. The total amount of wastewater generated by the Group was primarily based on the appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain;
8. The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories; and
9. Individual figures may not add up to the totals due to rounding.

Air & GHG Emissions Control Measures

In FY2023, the Group's air and GHG emissions primarily stemmed from the use of gasoline, natural gas, liquefied petroleum gas ("LPG") and electricity for operational and transportation purposes. With FY2023 as the baseline, the Group aims to maintain the same level of air and GHG emissions intensity within the same scope in FY2024.

To achieve this goal and support the transition to a low-carbon economy, the Group implements internal policies, including the "Anti-pollution and Anti-noise Construction Scheme"* (防污染防噪音施工方案) to establish sustainable measures and standardise management across construction projects and other operations. All working sites strictly adhere to internal operating guidelines, such as daily ground rinsing and water sprinkling to prevent dirt accumulation and sludge buildup. Proactive maintenance of construction machinery also ensures their optimal condition. Additionally, the Group installs bag-house dust collectors, closed hoods, and pressurised dust reduction spray devices along the main roads of construction sites. Vehicles leaving the sites must undergo wheel cleaning to minimise their impact on ambient air quality.

Realising that electricity and other energy consumption contributes significantly to air pollutant and GHG emissions, the Group implements internal policies to regulate energy conservation procedures. Further details on these policies can be found in the subsections titled "Electricity" and "Other Energy Resources" in this ESG Report.

Wastewater Control Measures

The Group maintains a vigilant approach to water management, striving to minimise wastage across its operations. Recognising the importance of water conservation, the Group prioritises reducing wastewater generation and enhancing onsite water reuse. In FY2023, wastewater primarily originated from the Group's property development and hotel businesses, encompassing industrial sewage from construction processes as well as domestic and commercial wastewater from hotel guests, tenants, and employees.

Taking FY2023 as the baseline year, the Group aims to maintain the same level of wastewater discharge intensity within the same scope in FY2024. To achieve this, the Group upholds sustainable water management principles, promoting water conservation in the workplace and providing educational resources to employees. Domestic and commercial sewage is discharged into municipal drainage systems, while construction site wastewater undergoes treatment and is discharged in compliance with relevant regulations.

The Group implements sewage treatment facilities at construction sites, which are subject to regular inspections by internal departments and local governmental agencies to ensure regulatory adherence. Domestic wastewater is treated through three-level septic tanks, while construction wastewater undergoes preliminary treatment in on-site sedimentation basins before being discharged into the municipal sewage network.

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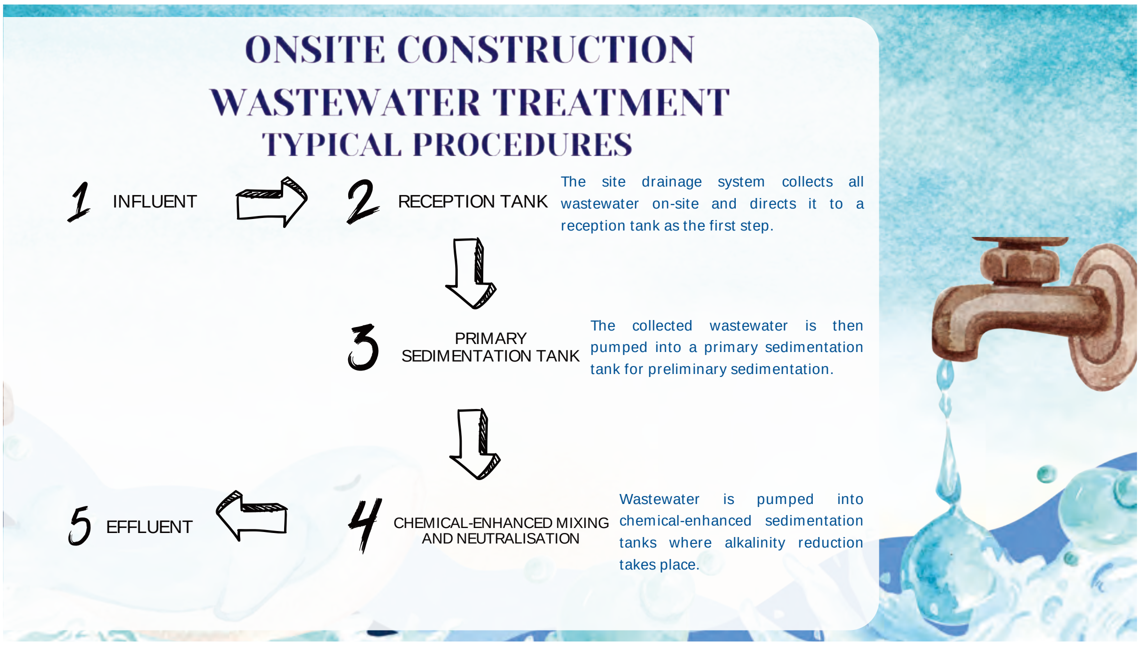
Floating mud generated during the treatment process is collected and transported to certified environmental organisations for proper disposal. The Group ensures that its treated onsite wastewater meets the first-grade standards of the Integrated Wastewater Discharge Standard (GB 8978–1996)* (污水綜合排放標準一級標準) of the PRC. The treated effluent is utilised for water testing of pipelines and non-potable water tanks, as well as for various construction operations like wheel-washing and dust suppression.



Solid Waste Control Measures

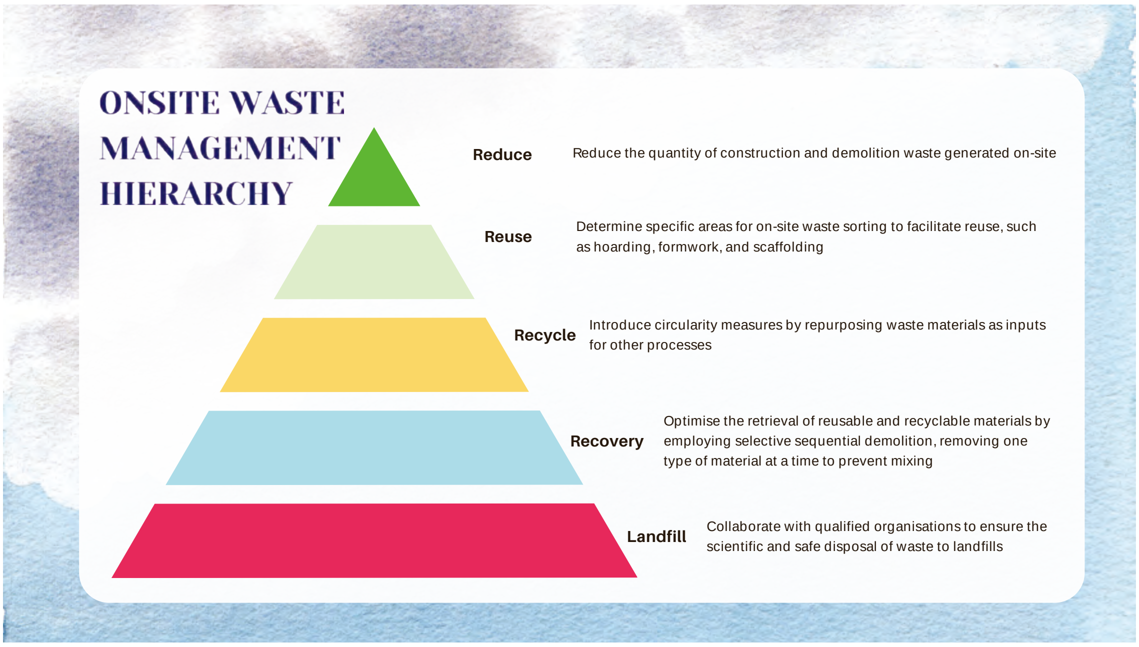
Given the nature of its business, the Group acknowledges that the generation and disposal of solid waste are inevitable. To address this, the Group establishes a comprehensive waste management approach in collaboration with a professional external waste management organisation, drawing on industry best practices.

Taking FY2023 as the baseline year, the Group aims to maintain the same level of solid waste disposal intensity within the same scope in FY2024. The Group follows a five-tier waste management strategy, emphasising collection, sorting, reuse, and recycling of construction waste based on its classification, including inert, non-inert, soft, hard, recyclable, and non-recyclable waste. In particular, rubble is collected, crushed, and reused in new construction and road projects. Steel residues and wooden square bars are regularly transported to designated landfill sites for disposal using specialized trucks, and domestic solid waste is collected daily by local government departments.

* *English name is translated for identification purpose only*

To reduce the amount of waste generated and disposed of in landfills by enhancing operational efficiency, the Group ensures that its service providers adhere to waste reduction practices by standardising their material usage during the design and construction stages. Subcontractors are required to monitor and report on waste generation and disposal methods by category, with particular attention to the storage and treatment of hazardous substances to prevent hazardous waste discharge.

The Group promotes responsible consumption and embraces the principles of a circular economy by improving resource utilisation, such as incorporating recycled aggregates in construction projects to minimise waste and reduce environmental impact.



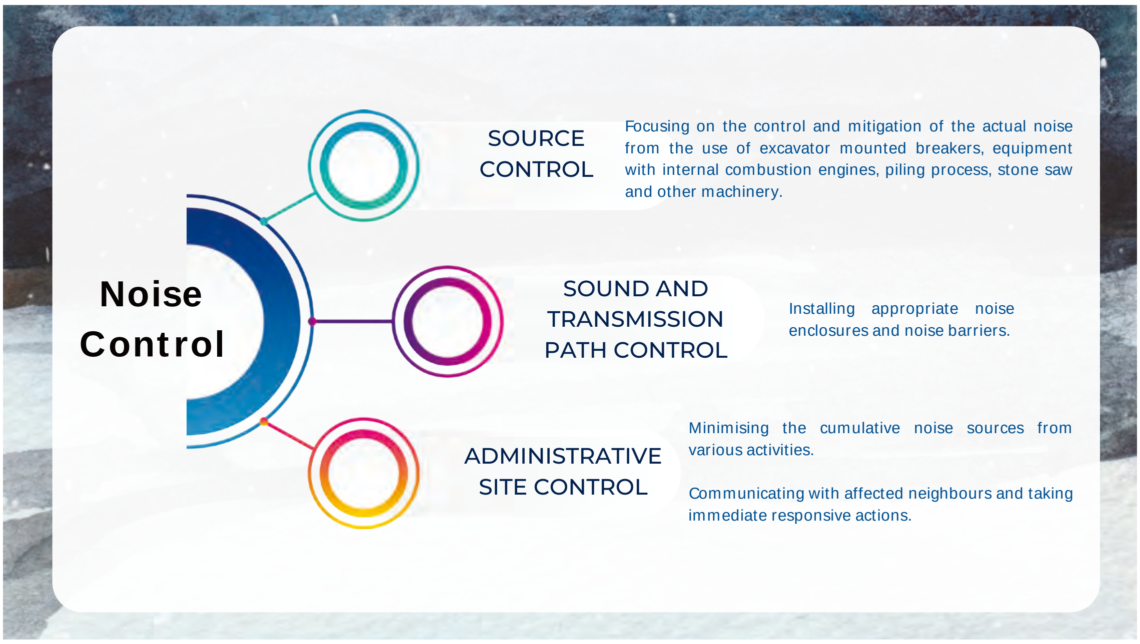
Aligned with national and local waste management policies and initiatives in the PRC, the Group conducts comprehensive planning for waste reduction and management before commencing site operations. As part of its environmental master strategy, a standardised waste management plan provides guidance for setting scientific waste reduction targets, implementing relevant programs, and assigning personnel responsible for onsite waste sorting and proper disposal supervision. External qualified organisations are engaged to conduct periodic waste management monitoring and audit programs.

Noise Control Measures

During FY2023, the Group's noise emissions primarily originated from on-site construction machinery and equipment. To adhere to national and local regulations in the PRC regarding noise emissions, such as the Emission Standards for Industrial Enterprises Noise at Boundary (GB12348-2008), the Group has implemented various measures to minimise noise disturbances during its construction operations. These included:

- Using materials and equipment like shock pads, noise barriers, silencers, enclosures, and real-time sound monitoring devices at construction sites to mitigate noise levels;
- Limiting noisy operations and the use of noisy equipment, such as hand-held breakers or electric drills, during sensitive hours of the day;
- Implementing specific work hours and construction methods to avoid using noisy equipment during rest times or specific hours for vulnerable groups such as students; and
- Utilising high-quality powered machinery and equipment with registered labels like QPME (Quality Powered Mechanical Equipment) Labels.

To ensure strict compliance with statutory requirements and internal guidelines, the Group has assigned staff to regularly review the implementation of noise control measures and report their findings to management.



A.2. Use of Resources

In FY2023, the primary resources consumed by the Group were electricity, water, gasoline, natural gas, LPG and paper. Given its business nature, the Group did not consume any packaging material during the reporting year. Table 2 illustrates the amounts of different resources used by the Group in FY2023.

Table 2 Total Resource Consumption of the Group in FY2023

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity[1] (Unit/ HKD million) in FY2023	Amount in FY2022[2]	Intensity[2] (Unit/ HKD million) in FY2022
Energy	Electricity	kWh'000	9,692	4.73	7,496	2.64
	Gasoline	L	80,478	39.25	50,762	17.88
	Natural Gas	m^3	507,183	247.34	479,678	168.97
	LPG	kg	49	0.02	–	–
	TOTAL[3]	kWh'000	15,967	7.79	13,184	4.64
Water	Water	m^3	562,302	274.22	575,430	202.70
Paper	Paper	kg	2,027	0.99	3,405	1.20

1. Intensity for FY2023 was calculated by dividing the amount of resources the Group consumed in FY2023 by the Group's revenue of approximately HK$2,050.58 million in FY2023;

2. The amount and intensity in FY2022 were extracted from the data in the Company's ESG report for FY2022; and

3. The methodology adopted for energy conversion and calculation set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

Electricity

The Group procured electricity from local public utility companies to power its offices, hotels, and construction sites. In line with the national objective of advancing new energy systems, the Group is committed to enhancing energy efficiency to align with the ambitious goals of the PRC government.

In FY2023, the total electricity consumption of the Group was approximately 29% higher as compared to that in FY2022, principally due to the increase in economic activities after the pandemic. Nonetheless, the Group remains steadfast in its fundamental policy of conserving energy resources and protecting the environment. In FY2022, the Group, taking FY2022 as the baseline year, targeted that its electricity consumption intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, the Group's electricity intensity within the same scope did not achieve the target set with a slight increase of approximately 2.09 kWh'000 per HKD million as compared to that in the previous year.

Taking FY2023 as the baseline year, the Group aims to maintain its electricity consumption intensity of FY2024 within the same scope at the same level. To achieve this goal, the Group widely promotes the use of energy-saving technologies and equipment while exploring new energy optimisation alternatives. Designated staff members act as internal representatives to coordinate energy-saving programs and initiatives both within and outside the Group. Key practices implemented include:

- Expanding renewable energy usage through solar panel installations;
- Substituting energy-intensive lighting with energy-efficient LED bulbs;
- Adjusting office air conditioner temperatures according to weather conditions;
- Using multiple light switches for different zones to enable partial lighting in unoccupied areas;
- Adopting natural or mechanical ventilation to reduce dependence on air conditioning;
- Installing motion sensors for automated lighting control in public areas and corridors; and
- Utilising electrical appliances with high energy efficiency ratings.

The Group also conducts environmental campaigns and seminars to educate employees on reducing energy consumption, emphasising the maximization of daylight usage. In non-operational areas, designated staff perform daily inspections after office hours to ensure that all idle electrical appliances are switched off.

Other energy resources

In FY2023, the Group consumed gasoline for transportation purposes and utilised natural gas as boiler fuel, as well as minimal amount of LPG in its hotels. Reckoning the environmental impact of fossil fuel consumption, the Group has implemented systematic vehicle management to reduce fuel usage and the associated emissions, thereby contributing to the combat of climate change.

In FY2023, the amount of gasoline consumption rose by approximately 59% as compared to that of FY2022, mainly due to the increase in the needs of business commuting in the new normal. In FY2022, the Group, taking FY2022 as the baseline year, targeted that its gasoline consumption intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, despite its efforts, the Group's gasoline intensity within the same scope exceeded the target, with an increase of approximately 21.37 L per HKD million. The Group has eliminated diesel-fuelled vehicles from its operations for the third year and is actively seeking alternative cleaner fuels as the primary source for its vehicles.

Taking FY2023 as the baseline year, the Group aims to maintain energy consumption intensity in FY2024 at the same level within the same scope. To achieve this, the Group promotes low-carbon transport among employees, including promoting the use of mass transit, electric vehicles, and carpooling.

Furthermore, the Group has implemented additional measures to enhance energy efficiency, specifically addressing the consumption of gaseous fuel during the review period:

ENERGY CONSUMPTION CONTROL

POLICY SETTING

The Group continuously develops and improves its internal policies that outline work procedures and implements KPIs to standardise fuel management practices among its workers.

SOURCING PRACTICE

Understanding the environmental footprint of vehicle and boiler usage, the Group prioritises energy-efficient vehicles and equipment in its operations for cost savings and environmental commitment.

OPERATION CONTROL

The Group takes proactive approach by training its drivers to promote fuel-efficient practices, including real-time routing, scheduling, and regulating driving habits such as harsh acceleration and braking, and unnecessary idling. Boiler operators are also trained to adopt energy-efficient practices and maintain optimal equipment conditions to minimise gas consumption.

MAINTEN-ANCE

The Group mandates its employees to regularly inspect vehicle and boiler performance and conduct timely maintenance tasks such as checking gas valves, spark plugs, lubrication, and topping up or replacing engine and gearbox fluids.

KNOWLEDGE SHARING

The Group fosters environmental awareness among its staff through lectures, meetings, and training programmes that promote sustainable practices like green travel and introduce leading techniques and management approaches to enhance operations.

The Group remains dedicated to fostering a green environment through a "low carbon and low consumption" approach in its daily operations. It will persist in enhancing energy efficiency by exploring the implementation of cleaner energy resources and energy-efficient measures in the future.

Water

Water consumption is an unavoidable aspect of the Group's property construction and hotel operations. In FY2023, the Group did not face any problem in sourcing water that was fit for its purpose.

In FY2023, the water consumption of the Group dropped slightly by 2% given its effective water management measures. In FY2022, the Group, taking FY2022 as the baseline year, targeted that its water consumption intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, the Group's water intensity within the same scope did not meet the target set with an increase of approximately 35% as compared to the previous year. The primary reason for not achieving such target was the nature of the intensity target, which utilised revenue as the denominator. In FY2023, as the Group's revenue experienced a decline, despite a reduction in water consumption, the Group was unable to meet the intensity target set in FY2022. Nevertheless, the Group remains committed to sustainable water management and implements policies, specifications, and recommendations to promote water-saving practices during its operations.

With a dedication to water conservation, the Group now considers FY2023 as the baseline and aims to maintain water consumption intensity in FY2024 at the same level within the same scope. The Group actively encourages its employees to reduce and reuse water through an integrated water management approach. Awareness banners are displayed in prominent areas like washrooms and pantries, while water-saving facilities such as flow controllers, dual flush toilets, and automatic faucets are installed. Furthermore, a rainwater harvesting system is utilised to recycle wastewater for landscaping, outdoor cleaning and other purposes. The Group conducts regular inspections, promptly addresses any water supply system issues, adjusts water supply based on seasons and rest periods, and establishes quotas and targets for water consumption restrictions.

Paper

The Group is dedicated to leveraging technology and minimising paper usage as part of its resource optimisation goals. A paperless workplace is a key objective, which the Group strives to achieve through digital document access, storage, and security, thereby reducing or eliminating the need for printing.

In FY2023, the Group's paper consumption declined significantly by approximately 40% as compared to that in the previous year, to 2,027 kg. In FY2022, the Group took FY2022 as the baseline year and targeted that its paper consumption intensity in FY2023 within the same scope would not be higher than that in FY2022. In FY2023, the Group's paper consumption intensity within the same scope met the target with a decrease of approximately 18% as compared to the previous year. In consideration of its environmental impacts, the Group takes FY2023 as the baseline year and aims to maintain its paper consumption intensity of FY2024 within the same scope at the same level. Specific measures taken by the Group to reduce its use of paper are highlighted as follows:

- Promoting office automation and electronic dissemination of documents and messages via emails or e-bulletin boards;
- Prioritising eco-friendly paper over virgin paper;
- Reusing and recycling office folders;

- Employing transit envelopes for document dispatch within the Group when covers are necessary;
- Setting duplex printing as the default mode for network printers;
- Placing single-sided paper collection and recycling boxes near photocopiers;
- Encouraging staff to reuse one-sided printed papers as drafts; and
- Selecting paper suppliers that source materials sustainably.

Raw Materials

The Group consumes raw materials primarily for its property development projects. Committed to achieving global green building standards like Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Method (BREEAM) certifications, the Group has incorporated various criteria into its selection of building materials, which encompasses sustainable procurement, natural resource conservation, improved indoor air quality, and effective waste management.

Environmental considerations guide the Group's sourcing and evaluation of eco-friendly products. Stringent policies are in place to ensure the use of non-hazardous materials, which are free from volatile organic compounds (VOCs), urea-formaldehyde, and other concerning chemicals. The Group prioritise the most productive and sustainable utilisation of materials throughout their entire life cycle. Additionally, preference is given to green construction materials and locally available resources to minimise energy, waste, carbon, and water impacts. Examples include the use of aerated blocks for lighter walls, polymer waterproofing membranes for water resistance, and hollow glass tiles for insulation.

During construction operations, the Group embraces the following practices:

- Adopting a "cradle-to-cradle" approach that considers the entire life cycle when sourcing materials;
- Prioritising the procurement of recycled and reclaimed raw materials;
- Optimising construction procedures during planning and design to enhance material efficiency;
- Integrating modular construction concepts, such as the Prefabricated Prefinished Volumetric Construction (PPVC) method, into project planning and execution; and
- Implementing comprehensive waste management strategies covering planning, design, construction, demolition, waste disposal, haulage, and final disposal.

Control Measures of Emission and Use of Resources by Hong Kong Office

The Group actively pursues resource conservation and strives to minimise environmental impacts in its operations. In its Hong Kong office, the Group has initiated various environmental campaigns, focusing on energy efficiency and sustainable waste management practices.

Aligned with Hong Kong's Climate Action Plan 2030+, which targets a 65–70% reduction in carbon intensity by 2030 compared to 2005 levels, the Group is dedicated to implementing energy conservation measures that optimise resource consumption. The Group has replaced lighting fixtures in its Hong Kong office with high-efficiency LEDs and fluorescent lamps, enhancing energy efficiency while improving the quality of indoor lighting for employee well-being. Additionally, the Group is committed to the following initiatives:

- Prioritising equipment with automatic low power mode or energy-saving features;
- Establishing energy-saving policies and guidelines with clear improvement targets and awareness-building measures;
- Conducting regular energy audits to monitor equipment operations;
- Promptly turning off air-conditioners in meeting rooms after use and displaying "Save Energy" posters at their entrances as reminders for staff; and
- Encouraging employees to unplug equipment chargers, adapters, and other AC power plugs when not in use.

PARTICIPATION IN ENVIRONMENTAL CAMPAIGNS OF TWO IFC, HONG KONG

in 2023

In February 2023, the Group participated in the "Peach Blossom Tree Recycling Program" organized by the Hong Kong Environmental Protection Department. Undecorated peach blossoms were collected and processed at Y Park, transforming them into valuable resources like mulch and compost materials, reducing landfill waste.

To promote waste reduction during the Chinese New Year, the Group joined the "Chinese New Year Red Packet Recycle Program" organised by the Two IFC in February 2023. Employees at the Group's Hong Kong office at the Two IFC collected used red packets for recycling, diverting them from landfills.

The Group's employees at the Hong Kong office at the Two IFC actively participated in Earth Hour on 25 March 2023. Supporting this global environmental movement, the Group aimed to create positive impacts by conserving energy, mitigating climate change, and inspiring its employees to adopt sustainable lifestyles.

In October 2023, the Two IFC organised an event to raise awareness of waste reduction during the Mid-Autumn Festival. Clean metal mooncake boxes were collected and sold, with proceeds donated to St. James' Settlement People's Food Bank. The Group encouraged its employees to participate, viewing the mooncake box recycling as a meaningful project for building a sustainable society.

During the Christmas season, the Two IFC invited its tenants to join the "Natural Christmas Tree Recycling Program 2023" organised by the Hong Kong Environmental Protection Department. Undecorated Christmas trees from the Group's Hong Kong office at the Two IFC were collected for recycling, reducing waste that would otherwise end up in landfills.

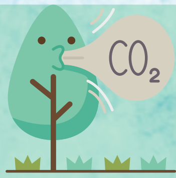
PARTICIPATION IN ENVIRONMENTAL CAMPAIGNS OF TWO IFC, HONG KONG *in 2023*

The Group strives to provide a green working environment for its employees, and the Two IFC has been proved an ideal site after receiving multiple awards in the reporting year. In March 2023, the Two IFC has achieved Final Platinum Rating rating under BEAM Plus Existing Building V2.0 (Comprehensive Scheme A) presented by the Hong Kong Green Building Council.

Recognising the importance of indoor air quality for employee well-being, the Two IFC received the Indoor Air Quality Certificate from the Environmental Protection Department in June 2023. The building fully complied with the Indoor Air Quality Objectives, earning the "Excellence Class" designation and raising public awareness about the significance of indoor air quality.

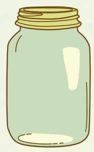
The Two IFC was awarded the Wastewi$e Certification - Excellent Level in 2023 by the Hong Kong Green Organisation Certification. This accolade acknowledges the Two IFC's commitment to minimising waste generation through the implementation of effective measures. The building actively promoted the “3R principle - reduce, reuse, and recycle” in waste management and extensively engaged with its tenants, including the Group, to foster green operations.

To maintain a green environment and combat climate change in joint forces, in 2023, the Group actively participated in the “Energy Saving Charter 2023” organised by Electrical and Mechanical Service Department, supporting Two IFC to reduce energy consumption by maintaining indoor temperature between 24 to 26 degree Celsius during June to September 2023.



To cut the unnecessary plastic waste to the natural environment, in 2023, the Group supported and cooperated with the Two IFC under the scheme of reducing single-use plastic umbrella bag, which was awarded the Umbrella Bags Reduction Accreditation Program 2023 - Diamond Level by the Greeners Action.

Two IFC was a Charter partner of the “Glass Container Recycling Charter” organised by the Environmental Protection Department in 2023. To promote environmental awareness and maintain a green workplace, the Group encouraged its staff to practise source separation and clean recycling, aiming to improve glass container recycling rates and foster good recycling habits.



Control Measures of Emission and Use of Resources by Property Development Business

In FY2023, the Group's property development business generated air and GHG emissions, solid waste, wastewater and noise emissions. As a staunch advocate of environmental sustainability, the Group adheres to stringent sustainability standards and harmonises development with the environment by incorporating environmental principles into every stage of the property development lifecycle, from planning and design to construction and operation. The Group maintains a monitoring system to assess and mitigate potential environmental impacts at all operational stages, demonstrating its commitment to responsible business practices.

Control Measures of Emission and Use of Resources by Property Investment and Hotel Operation Business and Project Management Business

In FY2023, the Group's property investment and project management segments primarily generated domestic and commercial solid waste and sewage from their office operations. The Group prioritised waste management, aiming to minimise the environmental impact by strictly controlling resource usage and following the "3R – Reduce, Reuse, and Recycle" principles. The Group aligns with the national policy, which bans single-use plastic straws and non-degradable shopping bags in major cities, and actively phases out single-use plastic and disposable utensils in its offices. Employees are encouraged to bring their own lunch boxes to reduce packaging waste. Additional measures are detailed in the "A.2 Use of Resources" subsection in this ESG Report.

Regarding the Group's hotel operation business, which began in December 2021, efforts are made to minimise the environmental impacts through optimised daily practices and cultivating a "green awareness" among the staff. For instance, the Luhu Hotel initiated an "Energy Saving Competition" in the past, incentivising its employees to conserve energy and awarding the highest energy savers. The Vlamhoo Hotel also conducted training sessions and awareness campaigns on energy conservation and waste sorting to foster a "go-green" mindset among its staff in the previous year.

PRIORITISATION OF ENVIRONMENTAL SUSTAINABILITY GOALS

The Group's environmental targets are rooted in its dedication to continually reduce its environmental impact through business advancement and the integration of ESG management principles. The Group is committed to establishing science-based goals and plans, and benchmarking against global best practices and well-defined criteria.

SYSTEMATICALLY

Evaluate the Group's ecological footprint throughout its lifecycle and assess its exposure to environmental risks

CONSISTENTLY

Comply with relevant environmental laws and regulations in the regions of the Group's operations

APPROPRIATELY

Set and make progress towards GHG emission reduction targets aligned with the Science-Based Targets Initiative

GRADUALLY

Incorporate climate-related considerations into the Group's long-term business development and operations through scenario analysis, following the TCFD framework

SIGNIFICANTLY

Decrease the Group's reliance on conventional energy resources and enhance energy efficiency in Group's operations

RESOLUTELY

Promote a shift from silo-thinking to a holistic, whole life cycle approach and circular economy mindset among sector participants, clients, and suppliers through Group-led education and initiatives

A.3. The Environment and Natural Resources

With a steadfast commitment to aligning with the national approach of building ecological civilisation and a Beautiful China, the Group continually strengthens its sustainability performance and strives to achieve environmental targets at the Group level. By staying informed about international environmental standards and frameworks, while adhering to relevant local laws and regulations in the PRC, the Group aims to be a trailblazer in the real estate sector through integrating green building features into its new property development projects and adopting best practices to improve its environmental performance during operations.

In FY2023, the Group monitored and analysed its sustainability performance, identifying waste generation and disposal, energy and resource consumption, and associated GHG emissions as the key environmental impacts to be addressed.

Recognising its roles and responsibilities, the Group consistently implements sustainable practices throughout the entire life cycle of its property development operations. This includes land use planning, project preparation, building design, vehicle management, noise reduction, and procurement of low-impact building materials. In light of the environmental impacts from its hotel operations, the Group places special emphasis on environmental control measures in the daily operations of this business segment. Specifically, the Group focuses on the following areas to advance sustainable practices:

** English name is translated for identification purpose only*

RESOURCES CONSERVATION

Recognising the negative environmental consequences of extensive fossil fuel consumption, the Group is steadfast in its efforts to curb gasoline and natural gas usage, actively pursuing environmentally friendly alternatives. Moreover, the Group has established stringent guidelines for tissue and toilet paper usage, instilling a conservation mindset across its members through notices and training programmes.

SUSTAINABLE WASTE MANAGEMENT

The Group has prioritised an effective on-site waste management approach in its property development business, following a preferred sequence of actions: avoidance, minimisation, recycling, treatment and disposal. A comprehensive waste management plan has been established, identifying key waste types and outlining strategies for waste reduction. The Group has designated on-site sorting areas, implemented practices, and assigned responsible personnel for supervision prior to operations. Furthermore, the Group has placed significant emphasis on training for sustainable waste management practices and proper handling procedures for chemical waste. In office operations, the Group has actively supported the nationwide solid waste sorting policy by promoting the concept of "3R-Reduce, Reuse, and Recycle."

Driven by the emergence of environmental degradation and the climate crisis, the Group has intensified the integration of environmental considerations throughout its business operations. With the guidance of the Board, the management and all staff members are dedicated to enhancing the Group's environmental performance while actively pursuing innovative approaches to ensure sustainable business operations.

A.4. Climate Change

In alignment with the evolving climate-related disclosure requirements, the Group, which operates across property development, project management, property investment and hotel operations, recognises the importance of enhancing its disclosure practices. While the Group is in the preliminary stages of this transition, it is committed to aligning its disclosure with the recommendations of TCFD. Yet, at this stage, detailed analysis and quantification are still underway.

As the Group assesses the potential risks associated with climate change, it identifies both physical risks and transition risks for its operations. Acute physical risks, including more frequent and intense extreme weather events like flooding and typhoons, may pose a threat to the Group's properties and can cause delays in property development projects. To ensure the safety and quality of its construction projects, the Group may need to allocate additional operating costs to strengthen its safety measures and standards.

In addition, the Group is aware of chronic physical risks such as changing rainfall patterns and rising sea levels. These risks increase the likelihood of flooding, which could damage the Group's assets and facilities. Given that the Group's key assets and property development projects are primarily located in regions like Guangzhou, which are prone to higher risks, the Group is particularly concerned about potential asset impairment and increased maintenance costs in the event of extreme weather events.

CLIMATE MITIGATION

Through an assessment of climate scenarios and transition pathways, the Group has identified and evaluated significant physical and transition risks associated with climate change. To mitigate carbon emissions, the Group is dedicated to investing in renewable energy, adopting cleaner operational solutions, implementing energy-saving measures, as well as utilising low-carbon construction materials. Over the years, the Group has actively participated in multiple carbon offset schemes and planted more than 400 trees, resulting in the absorption and storage of approximately 10 tonnes of carbon dioxide equivalent during FY2023.

CLIMATE ADAPTATION

In anticipation of climate-related risks such as typhoons, flooding, and wildfires, which can disrupt construction plans and escalate repair or replacement expenses for properties, the Group actively fosters applied research on climate-related risks and other pertinent hazards. By considering the potential impacts, the Group incorporates them into future project planning, design, property investment, and project management, bolstering its ability to withstand and respond to these challenges and enhance resilience.

In addition to physical risks, the Group is attentive to climate-related transition risks that can significantly impact its business. With the PRC's ambitious carbon neutrality target by 2060 and the approval of the new Guangzhou Green Building and Building Energy Saving Management Regulations* (《廣州市綠建築和建築節能管理規定》) by the People's Government of Guangzhou Municipality, as well as the growing promotion of green urban renewal, the Group recognises stricter mandates and regulations as a significant climate-related transition risk. The Group also acknowledges that changing consumer preferences and increased raw material costs can affect its operating costs, revenues, and supply chain stability.

Nevertheless, the Group has proactively managed these risks by monitoring the market's interest in sustainable buildings, viewing it as an opportunity for new business potential. In response to the rising demand for green buildings, the Group has integrated climate-resilient elements into its development plans and continuously improved its property performance. This approach not only reduces the Group's operating costs but also creates additional business opportunities for the Group.

In the meantime, the Group has carefully considered various factors before making significant decisions, such as initiating a development project. These factors include cost analysis, certification requirements, and additional workflows in the construction process. Moreover, the Group has incorporated ESG principles into its development blueprints, aligning with the guidelines outlined in the "Implementation Opinions of the Guangzhou Municipal Committee of the Guangzhou Municipal People's Government of the Communist Party of China regarding the Deepening of Urban Renewal for Promotion of High-Quality Development"* (《中共廣州市人民政府廣州市委關於深化城市更新工作推進高質量發展的實施意見》).

Furthermore, as part of its commitment to climate resilience, the Group has been integrating climate considerations into its long-term business planning and decision-making processes, which include scenario analysis to evaluate the financial impacts of different climate-related scenarios on its operations. By assessing potential risks and opportunities, the Group strives to make informed investments and develop appropriate strategies to navigate the transition to a low-carbon economy.

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Understanding that climate change is a dynamic and evolving challenge, the Group remains committed to continuous improvement and innovation in its climate-related strategies. The Group actively monitors emerging trends and evolving best practices to ensure that its mitigation and adaptation efforts remain aligned with the latest developments in the field. By staying agile and responsive, the Group strives to stay at the forefront of climate resilience in the industry.

VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

Recognising talents as a precious asset, the Group is dedicated to creating a people-centric and harmonious workplace that values diversity and prioritises well-being. The Group places great emphasis on talent acquisition and retention, investing in its workforce and offering substantial support. As of the end of FY2023, the Group had a total of 793 employees. Specific details regarding the Group's demographics can be found in Table 3 and Table 4 below.

Table 3 – Total Workforce of the Group by Gender, Position Type, Age and Geographical Location in FY2023[1]

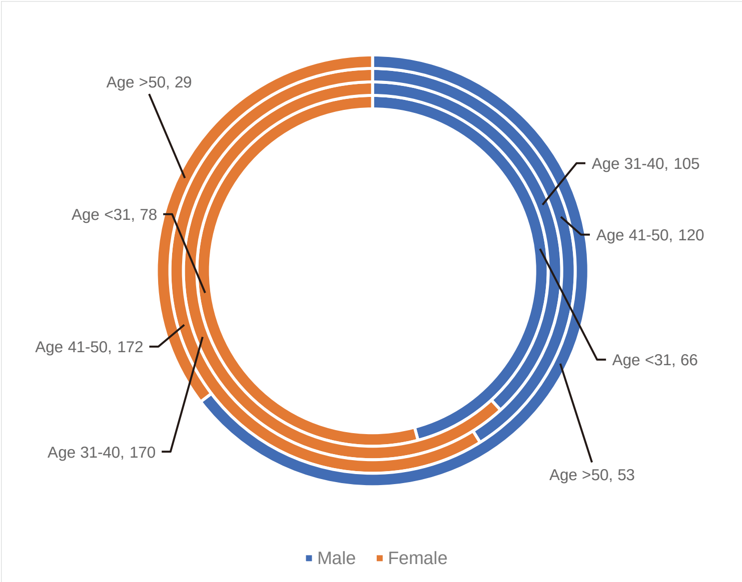
Unit: Number of employees	Age group				
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	66	105	120	53	344
Female	78	170	172	29	449
Total	144	275	292	82	793

Unit: Number of employees	Position type			
Gender	General staff	Middle managerial level	Senior managerial level	Total
Male	253	61	30	344
Female	400	40	9	449
Total	653	101	39	793

Employment type		
Full time	Part time	Total
793	0	793

Geographical location	
Mainland China	Hong Kong
785	8

1. The employment data in headcount was obtained from the Group's Human Resources ("HR") Department based on the employment contracts entered into between the Group and its employees. The data covers employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



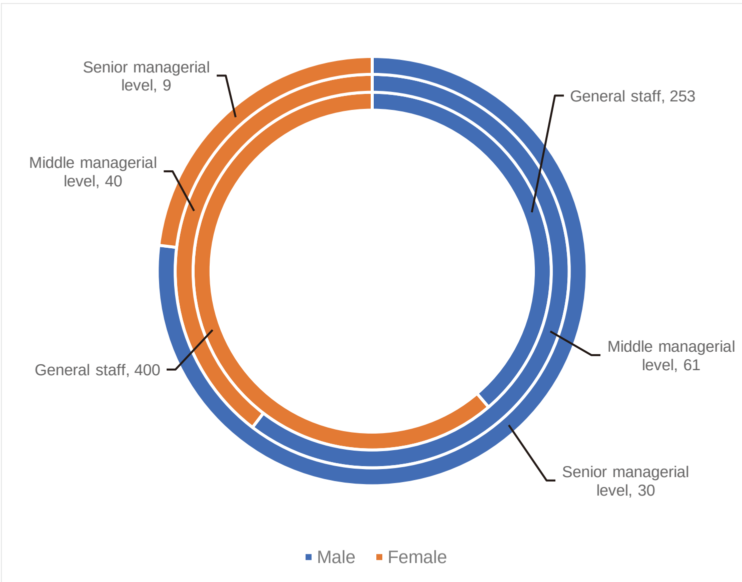


Table 4 – Employee Turnover by Geographical Location, Gender, and Age in FY2023[1]

Unit: Number of employees		Age group			
Gender	**Aged 30 or below**	**Aged between 31 and 40**	**Aged between 41 and 50**	**Aged 51 or above**	**Total**
Male	19	38	20	13	90
Employee turnover rate	29%	36%	17%	25%	26%
Female	35	37	26	13	111
Employee turnover rate	45%	22%	15%	45%	25%
Total	54	75	46	26	201
Employee turnover rate	38%	27%	16%	32%	25%

Geographical location	Employee turnover	Employee turnover rate
Mainland China	198	25%
Hong Kong	3	38%

1. The turnover data in headcount was obtained from the Group's HR Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees of the Group who resigned in FY2023 by the number of employees of the Group as at 31 December 2023. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Law and Compliance

The Group consistently updates and adapts its employment policies to align with social changes and adhere to relevant laws and regulations in its operating regions. In FY2023, the Group complied with significant laws and regulations, including but not limited to:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Labour Law of the People's Republic of China* (中華人民共和國勞動法);*
- *Employment Promotion Law of the People's Republic of China* (中華人民共和國就業促進法);*
- *Labour Contract Law of the People's Republic of China* (中華人民共和國勞動合同法); and*
- *Insurance Law of the People's Republic of China* (中華人民共和國社會保險法).*

* *English name is translated for identification purpose only*

In accordance with national and local employment requirements, the Group ensures that employee remuneration meets minimum wage standards and contributes to social security, which is commonly known as the "five insurances and housing provident fund" (五險一金) for its employees in the PRC. While in Hong Kong, it entails the Mandatory Provident Fund Scheme (MPF) and medical insurance for its employees.

Recruitment and promotion

Understanding the vital role of top talents in its strategic growth plans, the Group actively focuses on retaining current employees and recruiting new members with potential for development. Talent acquisition is seen as crucial for maintaining competitiveness and vitality in the market. Thus, to ensure a transparent and effective recruitment process, the Group has established clear internal policies, including the "Human Resources Management Procedures"* (人力資源管理辦法) and "Recruitment Management Regulations"* (招聘管理規定). To attract high-calibre candidates, the Group offers fair and competitive remuneration and benefits based on factors such as educational background, personal attributes, job experience, and career aspirations.

In addition to hosting job fairs and conducting campus recruitment activities, the long-standing "Chasing Light" programme of the Group has always been a cornerstone in equipping local young talents with skills to pursue their dreams and empowering them to become future leaders, aligning with the Group's entrepreneurial culture. The programme provides a platform and opportunities for college graduates to kick-start their careers and gain confidence in pursuing their dreams alongside the Group.

The Group values and recognises the outstanding performance and contribution of its employees through performance appraisals and career progression. Following the "Human Resources Management Policy of Zhuguang Group"* (珠控集團人力資源管理辦法) and "Staff Handbook"* (員工手冊), eligible employees of the Group with exceptional performance and potential are provided equal opportunities for promotion and development through clear and legitimate procedures.

Compensation and dismissal

The Group offers competitive packages and regularly reviewing its compensation packages to attract and retain talent. To ensure competitiveness, the Group also conducts probationary and regular evaluations to appropriately recognise outstanding employees based on their efforts, performance, and contributions.

The Group has strict policies against unfair or illegitimate dismissal, with established procedures in place to regulate employment terminations. In cases of policy violations, the Group follows a progressive disciplinary approach, issuing verbal warnings before warning letters as necessary. If an employee continues to repeat the same mistakes despite prior warnings, the Group will terminate his/her employment contract in accordance with applicable laws and regulations.

While compensation adjustments and employment terminations depend on various factors, including employee performance, the Group assures that all decisions are made on reasonable and lawful grounds, in accordance with internal policies such as the "Staff Handbook"* (員工手冊) and the "Implementation Rules for Staff Turnover and Movement on Positions"* (員工異動管理實施細則).

** English name is translated for identification purpose only*

Working hours and rest periods

The Group's internal policies regarding employee working hours and rest periods, outlined in the "Implementation Rules for Attendance"* (考勤管理實施細則), are developed and implemented in compliance with local employment laws, including:

- *Labour Law of the People's Republic of China* (中華人民共和國勞動法);*
- *Legal Protection of the Rights and Benefits of the Peasant Workers* (勞動保障監察條例); and*
- *Provisions of the State Council on Employees' Working Hours* (國務院關於職工工作時間的規定).*

To monitor employee working hours, the Group utilises a clock-in system and an attendance management system that includes a field work registration form (外勤登記表). Employees are required to fill out the form in detail and obtain approval from their respective department managers. This ensures that employees who work overtime are eligible for overtime pay or compensation leave as per relevant laws and regulations.

In addition to basic annual leave and statutory holidays, employees of the Group receive additional leave benefits, such as maternity leave, bereavement leave, and paternity leave.

Equal opportunity, diversity, and anti-discrimination

The Group is dedicated to cultivating a diverse and inclusive workplace that fosters collaboration and success among individuals from various backgrounds. As an equal opportunity employer, the Group prioritises respect for employees as a fundamental pillar of its development strategy. The Group's policies promote equal opportunity, anti-discrimination, and inclusive excellence, fostering a workplace free from discrimination. The Group adheres to relevant anti-discrimination laws and regulations in Hong Kong and PRC, including but not limited to:

- *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);*
- *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong); and*
- *Employment Promotion Law of the People's Republic of China* (中華人民共和國就業促進法).*

The Group ensures that hiring, training, promotion, dismissal, and retirement decisions are not influenced by non-job-related factors such as age, sex, marital status, family status, pregnancy, disability, race, colour, descent, national or ethnic origins, nationality, and religion.

Furthermore, the Group maintains a zero-tolerance stance against workplace discrimination, harassment, and vilification. Employees are encouraged to report any incidents of discrimination to the Group's HR Department, which is responsible for assessing, addressing, documenting, and taking appropriate disciplinary actions for substantiated cases.

To promote ongoing dialogue, the Group facilitates barrier-free communication between management and employees through the Office Automation (OA) system and Company Portal. These platforms enable employees to report issues and share innovative ideas, fostering an environment of open communication throughout the organisation.

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Other benefits and welfare

The Group places utmost importance on the well-being of its staff, prioritising their overall welfare. To enhance productivity and work-life balance while fostering enjoyable experiences outside of work, the Group regularly organises entertaining and meaningful activities for its employees such as movie screenings, yoga lessons, and festive events. Aiming to cultivate a positive atmosphere among its employees, quarterly birthday parties are also arranged by the Group to strengthen relationships among its employees and their peers. Additionally, the Group cares for employee health by providing its employees with medical check-ups. While the aforementioned activities were organised prior to FY2023, the Group did not arrange any formal welfare activities for its staff in FY2023 due to its prioritisation of resources and focus on maintaining the stability and growth of the business.

In FY2023, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

The Group is committed to safeguarding the health, safety, and well-being of its employees by adhering to relevant laws and regulations in the jurisdictions where it operates, including but not limited to:

- *Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);*
- *Construction Law of the People's Republic of China* (中華人民共和國建築法);*
- *Administrative Provisions on the Work Safety License of Construction Enterprises* (建築施工企業安全生產許可證管理規定);*
- *Administrative Regulations on the Work Safety of Construction Projects* (建設工程安全生產管理條例);*
- *Production Safety Law of the People's Republic of China* (中華人民共和國安全生產法);*
- *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (中華人民共和國職業病防治法);*
- *Regulation on Work-Related Injury Insurance* (工傷保險條例); and*
- *Warning Signs for Occupational Hazards in the Workplace* (工作場所職業病危害警示標識).*

To ensure the well-being of its employees, the Group employs various measures as part of its standard practices. These measures include the purchase of commercial and employee safety insurance, the provision of safety training, the implementation of an occupational health system, and the organisation of regular workplace physical examinations, aiming to minimise occupational health and safety risks.

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The Group places a strong emphasis on workplace health, safety, and well-being, effectively managing and mitigating occupational risks and hazards through the formulation and implementation of internal guidelines that are aligned with the requirements of Quality Management Systems (ISO 9001:2015) and Occupational Health and Safety Management Systems (ISO 45001:2018).

The Group prioritises safety measures across its operating sites to prevent accidents. Dangerous areas are securely fenced, fire safety facilities are regularly inspected, and employees engaged in manual handling work receive proper training and necessary protective equipment. In addition to providing regular physical examinations to employees, the Group has also signed agreements with the property management to ensure there are on-site security personnel to ensure employee safety.

Regular assessments and reviews of potential on-site safety risks are also conducted. The Engineering Management Department* (工程管理部門) of the Group oversees construction work and provides guidance according to the Group's "Safe Production and Civil Construction Management"* (安全生產和土建施工管理) policy. Upholding the principle of "Safety First, Precaution Matters"* (安全第一，預防為主), the Group clearly defines responsibilities for different business units on construction sites and arranges regular training to enhance employee awareness of safe production.

For the property development business, the Administration Department of the Group is responsible for organising emergency drills, conducting health and safety work meetings, and maintaining a safe and healthy work environment. The HR Department of the Group is tasked with overseeing and monitoring the implementation of the health and safety policies.

For hotel operations, the Security Department of the Group is responsible for ensuring compliance with national regulations, arranging regular physical examinations and conducting regular production safety knowledge training. These measures cover all employees of this business, and the relevant implementation status is monitored by the QC Department of the Group and uniformly reported to the General Affairs Office of the Group.

For office-based employees, the Group ensures a safe, clean, and environmentally friendly working environment for them. Adequate lighting and ventilation are provided, with designated employees responsible for managing first aid tools and kits. Majority of the work sites have unlocked first aid stations, and emergency exits remain unobstructed and unlocked during working hours.

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Work-related injury and fatality

In FY2023, the Group had zero work-related fatality and 7 work-related injuries recorded, leading to 447 lost days due to work injury. During the year under review, the Group was in compliance with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Table 5 – Number and Rate of Work-related Fatalities of the Group in Past Three Years[1]

Year	FY2021	FY2022	FY2023
Number of work-related fatalities	0	0	0
Rate of fatalities as a result of work-related injury (per hundred workers)	0	0	0

1. The fatality information was obtained from the Group's HR Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

B.3. Development and Training

The Group is dedicated to unlocking the potential of its staff members by offering a wide range of targeted training opportunities. This enables employees to continuously develop their talents and contribute to collective growth alongside the Group.

To enhance employee retention and boost morale, the Group follows the "Implementation Rules on Training"* (培訓管理實施細則) and the "Implementation Rules on Employee's Personal Development Management"* (員工個人進修管理實施細則) to ensure that appropriate training packages and courses are provided to its employees. For instance, new hires are arranged to undergo comprehensive induction training, covering corporate culture, organizational structure, and occupational health and safety policies. Meanwhile, job-related training is also provided to experienced staff based on both corporate and individual needs to enhance their professional skills. In FY2023, 865 staff members of the Group received a total of 9,376 training hours, as indicated in Table 6 and Table 7 below.

Embracing the digitalisation trend and the importance of flexible time management, the Group adopts multimedia and online learning platforms like QingXueTang* (輕學堂) and DeDao* (得到). These platforms provide employees with access to a wealth of learning materials anytime and anywhere. The Group believes that this innovative training approach enhances interactivity, gamification, efficient management, and record-keeping, allowing employees to progress at their own pace based on their individual needs and levels.

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To support the Group's long-term development, employees are encouraged to pursue professional qualification examinations and external training programs. This enables them to enhance their professional skills, competitiveness, and abilities while expanding their knowledge and broadening their perspectives. The Group sponsors employees who successfully pass professional qualification examinations and acquire relevant vocational certificates. Additionally, the Group collaborates with external organisations and experts to regularly host seminars and training courses for its employees.

Table 6 – Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2023[1, 2]

Total number of employees trained in FY2023	865
Number of employees as at 31 December 2023	793
Percentage of employees trained in the Group[3]	109%

Unit: Number of employees	Position Type			
Gender	General Staff	Middle managerial level	Senior managerial level	Total
Male	298	78	30	406
Percentage of employees trained	34%	9%	3%	47%
Female	381	69	9	459
Percentage of employees trained	44%	8%	1%	53%
Total	679	147	39	
Percentage of employees trained	78%	17%	5%	

1. The training information was obtained from the Group's HR Department. Training refers to the vocational training that the Group's employees attended in FY2023. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange;

2. Figures may not add up due to rounding; and

3. The percentage of employees trained in FY2023 exceeds 100% since some of the trained individuals have left the Group after receiving the training.

Table 7 –Training Hours Completed in the Group by Gender and Position Type in FY2023[1, 2]

Unit: Training Hours Gender	Position Type General Staff	Middle managerial level	Senior managerial level	Total
Male	2,807	832	372	4,012
Average training hours	11.10	13.64	12.40	11.66
Female	4,388	831	144	5,364
Average training hours	10.97	20.78	16.05	11.95
Total	7,195	1,664	517	9,376
Average training hours	11.02	16.47	13.24	11.82

1. The training information was obtained from the Group's HR Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange; and

2. Figures may not add up due to rounding.

B.4. Labour Standards

In FY2023, the Group adhered to applicable laws and regulations in its operating regions to prohibit the use of child and forced labour, including but not limited to:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Labour Law of the People's Republic of China* (中華人民共和國勞動法); and*
- *Law of the People's Republic of China on the Protection of Minors* (中華人民共和國未成年人保護法).*

To ensure compliance and prevent illegal employment of child labour and forced labour, the Group's HR Department strictly follows verification procedures. Job applicants are required to provide valid identity documents as proof of lawful employability before any employment confirmation. The HR Department of the Group also monitors and ensures compliance with corporate policies and relevant laws and regulations.

If any case is identified that violates labour laws, regulations, or standards, the employment contract will be immediately terminated, and disciplinary actions will be taken against responsible employees. The Group will issue a notice of criticism throughout the organisation to prevent similar incidents from recurring.

In FY2023, the Group was not in violation of any relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

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OPERATING PRACTICES

B.5. Supply Chain Management

With a focus on fostering a sustainable and responsible supply chain, the Group is dedicated to cultivating stable and mutually beneficial partnerships with its suppliers and sub-contractors. This is achieved through active engagement, management, and adherence to internal supplier selection criteria, procurement processes, and management approaches.

Supplier Engagement and Risk Management

The Group collaborates primarily with suppliers and sub-contractors for intermediary services, information technology products, office supplies, and engineering services in its construction projects. To ensure compliance with the PRC laws, industry standards, and internal requirements, the Group implements the "Implementation Rules for Cooperative Management"* (合作商管理實施細則) to standardise supplier engagement procedures.

During the supplier selection process, the Group evaluates potential partners based on various business and ESG criteria, including company size and credibility. Environmental and social compliance is a key consideration, and thorough due diligence is conducted to identify any activities that may have significant economic, environmental, or social impacts. Environmental practices of suppliers are specifically examined to assess potential environmental hazards. Meanwhile, background analyses are conducted on eligible tenderers, considering factors such as reputation, service and product quality, environmental management qualifications, cost, production and technical capacity, as well as their business track record for the last three years, history of economic disputes with the Group, and regulatory compliance history. Following review and approval by the Group's Purchasing Department, qualified suppliers are accepted and included in the "List of Qualified Suppliers"* (合格供應商名單). To ensure supply chain stability and minimise supplier monopolies, the Group typically maintains collaborations with at least two qualified suppliers for each type of raw material. The supplier engagement practices are implemented by the Group's Purchasing Department and monitored by the Cost and Tendering Centre of the Group.

The Group identifies and assesses environmental and social risks within the supply chain and engages in communication with suppliers to mitigate their impacts. A supplier risk management system is established to address potential business, sustainability, and legal risks during supplier selection and engagement. Contracts with suppliers undergo review and verification by the Group's Internal Compliance Department to eliminate unnecessary risks. Suppliers are also required to provide relevant international certifications, such as ISO 14001 Environmental Management System or ISO 45001 Occupational Health and Safety Management System, to demonstrate awareness and compliance.

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Additionally, suppliers are invited to complete the "Customer Evaluation Form"* (需方評估表) at the end of the year or project completion. This comprehensive form covers aspects of collaboration such as tender inspection, on-site management, supplier management, payment, and personnel integrity. The responses from business partners allow the Cost and Tendering Centre of the Group to objectively assess the quality of the management work of the Functional Management Department of the Group and its staff, facilitating a thorough understanding of the collaboration process and optimisation of procedures when needed. Furthermore, the Group prioritises relevant training programs for its dedicated supply chain management team, enhancing their awareness of ethics, compliance, and corporate social responsibility in their collaboration with business partners.

To ensure a sustainable supply chain, the Group enforces adherence to its standards and requirements by closely monitoring and evaluating supplier compliance and performance. This is done in accordance with the "Implementation Rules for Procurement Management"* (招標管理實施細則) and "Implementation Rules for Evaluation on Construction Unit"* (施工單位評價管理細則). Regular on-site investigations of ongoing construction projects are conducted as specified in these rules, while ongoing evaluations are carried out for each project based on the "Cooperative Management Measures"* (合作商管理辦法), with the Project Establishment Department (立項部門), the Engineering Centre (工程中心) and the Design Centre (設計中心) of the Project Management Centre (工程管理中心) responsible for performance and annual reviews upon project completion and at year-end.

Green Procurement

With a commitment to sustainability, the Group prioritises environmentally preferable products and services in its procurement decisions. Following its green procurement guidelines, the Group integrates environmental considerations by giving preference to suppliers adhering to ISO 14001 Environmental Management System standards or other recognised environmental certifications. Environmental protection requirements are transparently outlined in commercial agreements, and suppliers violating environmental laws and regulations will be blacklisted.

The Group emphasises purchasing from local suppliers to support the local economy, reduce carbon emissions from transportation, and minimise the supply chain's environmental impact. The Cost and Tendering Centre of the Group oversees and monitors the implementation of the Group's green procurement strategy.

Through rigorous screening processes, careful operational workflows, and strong supplier partnerships, the Group has successfully avoided material delays, conflicts, and significant issues with its suppliers in recent years. In FY2023, the Group maintained consistent and stable collaborations with 296 suppliers, all located in the PRC, with 100% of them subject to the aforementioned supplier engagement and management policies.

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B.6. Product Responsibility

In FY2023, the Group was in compliance with the relevant rules, regulations and standards in Hong Kong and the PRC that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including but not limited to:

- *Construction Law of the People's Republic of China* (中華人民共和國建築法);*
- *Fire Protection Law of the People's Republic of China* (中華人民共和國消防法);*
- *Administrative Regulations on the Work Safety of Construction Projects* (建設工程安全生產管理條例);*
- *Regulations on Quality Management of Construction Projects* (建設工程質量管理條例);*
- *Work Safety Law of the People's Republic of China* (中華人民共和國安全生產法);*
- *Product Quality Law of the People's Republic of China*(中華人民共和國產品質量法);*
- *Price Law of the People's Republic of China*(中華人民共和國價格法);*
- *Law on Protection of Consumer Rights and Interests of the People's Republic of China* (中華人民共和國消費者權益保護法);*
- *Advertising Law of the People's Republic of China* (中華人民共和國廣告法);*
- *Regulation on the Administration of Advertisements* (廣告管理條例);*
- *Contract Law of the People's Republic of China* (中華人民共和國合同法);*
- *Opinions on Strengthening the Protection of Intellectual Property Rights (關於強化知識產權保護的意見);*
- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong).*

Product Quality and Safety

With a customer-centric approach, the Group is dedicated to providing exceptional properties and attentive services that meet customer needs and expectations. To ensure effective management of its construction projects, the Group has implemented a series of internal measures.

The Project Management Centre (工程管理中心) and the Construction Project Supervision Department (項目工程監理部) oversee, evaluate, and supervise construction projects from start to finish, maintaining high operational standards throughout the process. Adhering to national standards such as GB/T 19001-2016 (質量管理體系要求) and GB/T 24001-2015 (環境管理體系要求及使用指南), the Group aligns with its internal policies like the "Engineering Construction Supervision Manual"* (工程建設監理工作手冊), "Rules on Engineering Quality Management"* (工程質量管理細則) and "Rules on Project Schedule Management"* (工程進度管理細則). To ensure the well-being of its customers and to deliver reliable, high-quality products and services, health and safety considerations are integrated into all stages of the Group's operations, including project design, material selection, and property completion and delivery. Strict procedures are followed to ensure the efficient and satisfactory delivery of properties, safeguarding customer well-being.

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The Group's Quality Control ("QC") Department oversees and inspects the quality of all operations, properties, and services. To ensure the selection of safe construction materials, the Group follows its internal policy, the "Operating Standard of Product Inspection"* (產品檢測作業標準), and utilises sampling techniques to identify potential hazardous substances. If any non-compliant products or sub-standard quality are detected, the QC Department promptly takes corrective actions in line with the "Control Procedure of Non-conforming Products"* (不合格產品控制程序). Given the nature of its products, the Group considers the establishment of recall procedures not applicable to its business, as such recall procedures are not disclosed nor discussed in this ESG Report. In FY2023, no product recalls were necessary for safety and health reasons.

Marketing & Advertising

To maintain accurate marketing practices and comply with local laws and regulations, including the Advertising Law of the People's Republic of China* (中華人民共和國廣告法) and Advertising Management Regulations* (廣告管理條例), the Group has implemented internal procedures to confirm that all marketing materials, such as signage, advertising mails, and promotional items, undergo thorough review and verification by the Group to ensure compliance. Also, a "VI system" is set up for the Group's hotel operations to regulate all design and publicising work. Any form of misrepresentation or exaggerated claims in marketing materials is strictly prohibited. In the event that the internal procedures are not followed, the Group will take swift corrective actions.

Customer Privacy

In response to the growing digitization trend, the Group prioritises robust cybersecurity measures and the protection of customer privacy. By implementing stringent internal policies like the "Confidentiality Management and Regulations"* (保密管理規定), the Group ensures the safeguarding of customer rights and privacy.

Regular policy reviews are conducted to ensure compliance with relevant laws, including the *Personal Data (Privacy) Ordinance*. The Group assures that collected information is used solely for its intended purpose and provides customers with transparency regarding the collection, handling, and use of their personal data. Sensitive customer information is archived and saved uniformly.

Recognising education as the best defence, the Group offers comprehensive training on data privacy, cybersecurity, and customer data handling to authorised staff members who have access to customer information. These employees are also required to sign confidentiality agreements with the Group.

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To prevent unauthorised use, export, copy, and leakage of customer data, the IT Department of the Group has implemented and strengthened computer firewalls within the Group. The Marketing Service Centre of the Group is responsible for overseeing the implementation and monitoring of the Group's consumer data protection and privacy policies. This is accomplished by closely monitoring leading indicators including the number of breaches and the number of related complaints received.

In FY2023, there was no reportable incidents of customer privacy breaches, and the Group did not receive any substantiated complaints concerning breaches of customer privacy or loss of customer data.

Complaints and After-sales Service

To enhance customer satisfaction, the Group has established policies and guidelines for post-sales management and complaint handling. The Marketing Service Centre of the Group is responsible for collecting customer complaints through various channels, such as telephone hotlines and fax. When a complaint is received, the QC Department of the Group conducts formal reviews, provides timely responses, and follows through the entire process to effectively address substantiated complaints. In line with the Group's requirements, improvements and corrective measures are promptly implemented by relevant departments, and the handling results are communicated within the Group to raise awareness among employees. The Group's complaint handling procedure prioritises the emotional stability and comforting complainants, while thoroughly understanding their experiences to prevent similar incidents. During the reporting year, no substantiated complaints were received by the Group.

Intellectual Property Rights

The Group applies for timely registration of new trademarks, labels, and product designs to safeguard its intellectual property rights. For instance, the Group has applied for design patent of the mascot of its hotel operations. Internal legal experts and external advisors are engaged to provide legal guidance on intellectual property protection and infringement matters. Employees are obligated to maintain the confidentiality of trade secrets and other proprietary intellectual property owned by the Group.

Given the Group's business nature and the principle of materiality, labelling-related issues are not applicable to the Group, therefore are not being discussed in this ESG Report.

B.7. Anti-corruption

The Group remains resolute in its commitment to upholding impeccable business ethics and combatting corruption and bribery. In fostering a workplace that is fair, ethical, and efficient, the Group diligently adheres to local laws and regulations governing anti-corruption and bribery, including but not limited to:

- *Anti-Corruption Law of the People's Republic of China* (中華人民共和國反腐敗法);*
- *Law of the People's Republic of China on Anti-money Laundering* (中華人民共和國反洗錢法);*
- *Anti-Unfair Competition Law of the People's Republic of China* (中華人民共和國不正當競爭法);*
- *Article 274th of the Criminal Law of the People's Republic of China (on extortion and fraud)* (中華人民共和國刑法 第二百四十四條（關於敲詐勒索）);*
- *Article 387th of the Criminal Law of the People's Republic of China (on illegal acceptance of other's property)* (中華人民共和國刑法 第三百八十七條（關於非法收受他人財物）);*
- *Interim Provisions on Banning Commercial Bribery* (關於禁止商業賄賂行為的暫行規定);*
- *Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and*
- *Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).*

With a staunch commitment to eradicating corruption, bribery, money laundering, extortion, anti-competitive behaviour, and other misconduct across its operations, the Group has developed and enforced a set of internal protocols and policies. These include the "Sunshine Service Convention"* (陽光服務公約), Integrity Agreement* (廉潔協議) and "Implementation Rules on Sales Management"* (銷售管理實施細則), which all employees are obligated to follow. Clear guidelines outlining the responsibilities of the Group's sales personnel and sales policies are provided to prevent any illicit practices, such as corruption, extortion, and money laundering, during the buying and selling processes.

The Group actively promotes the use of its whistleblowing mechanism for reporting concerns related to misconduct, unethical practices, or unfair behaviour. Stakeholders, both internal and external, are encouraged to report their concerns verbally or in writing to the Company's audit committee through this mechanism. To protect the confidentiality and rights of whistleblowers, the Group's robust grievance mechanism ensures anonymity, shielding them from any form of retaliation or unjust treatment. The audit committee of the Company diligently investigates any suspicions or instances of unlawful conduct to safeguard the Group's interests. If corruption or other criminal offenses are suspected, the Group's management promptly reports the matter to relevant regulators or law enforcement authorities as deemed necessary. The Risk Management and Internal Audit Centre of the Group assumes responsibility for overseeing the implementation and monitoring of measures aimed at preventing bribery, extortion, fraud, money laundering, as well as the whistleblowing procedures. This is accomplished by closely monitoring leading indicators including the number of whistle-blowing incidents reported and concluded.

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To promote ethical business practices and enhance the awareness of all employees, the Group conducts regular refresher training sessions on ethical standards and anti-corruption measures. For instance, in FY2023, quarterly physical training sessions of the "Training on Anti-Corruption and Ethical Business"* (關於反貪污及廉潔辦公的培訓) were organised, totalling eight hours of training for 431 staff members involved in the Group's hotel operations. Theoretical knowledge regarding anti-corruption and ethical business was shared to participating staff members to enhance their awareness.

In FY2023, there was zero concluded legal cases regarding corrupt practices brought against the Group or any of its employees. The Group was in compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group during the year under review.

COMMUNITY

B.8. Community Investment

The Group has consistently demonstrated its commitment to the development of urban cities and meeting the needs of the communities in which it operates. It leverages its business strengths to address the most pressing needs and incorporates the SDGs into its corporate culture and operations. The Group actively engages with and responds to the needs of the community, ranging from social challenges to natural hazards.

The Group has consistently directed its efforts towards the welfare of community groups and proactively extended a helping hand to the underprivileged in various communities throughout the year. Its commitment shined through initiatives aimed at promoting sustainable urban development, empowering education and poverty relief programs, amplifying resources for community care through volunteering and financial support, as well as extending aid during critical incidents jeopardising human health, societal harmony, and the environment.

In FY2023, the Group only engaged in limited charitable activities as it was focusing on prioritising other areas of strategic importance during the year, remaining committed to its core business objectives and allocated its resources accordingly thereby ensuring that it could effectively meet its operational needs and pursue initiatives that aligned with its long-term goals. Notwithstanding that, the Group donated HK$233,000 during FY2023 adhering to the firm belief of "Unity is Strength" and will continue to assess opportunities for social responsibility and philanthropic endeavours in future periods.

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Biography of Directors

The Board currently comprises nine Directors, six of whom are executive Directors and three of whom are independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) ("Mr. Chu HT"), aged 54, is the chairman of the Company ("Chairman") and an executive Director. He has been appointed as an executive Director since September 2009 and he was appointed as the chief executive officer of the Company ("Chief Executive Officer") on 9 September 2009. In February 2010, he was appointed as a deputy chairman of the Company ("Deputy Chairman"). In December 2013, he was re-designated as the Chairman. With effect from 21 August 2015, Mr. Chu HT has resigned as the Chief Executive Officer. Mr. Chu HT is a shareholder of Rong De, the controlling shareholder of the Company, which is owned as to 34.06% by Mr. Chu HT. Mr. Chu HT has over 25 years of extensive experience in corporate management and property development in the PRC. He is the younger brother of Mr. Chu Muk Chi, an executive Director. Mr. Chu HT has been appointed as a non-executive director, the chairman of the board of directors and the chairman of the nomination committee of Silver Grant with effect from 29 January 2019. He has been re-designated from a non-executive director to an executive director and appointed as the chief executive officer and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 1 August 2021. He has been re-designated from the chief executive officer to a co-chief executive officer of Silver Grant with effect from 13 May 2022.

Mr. Liu Jie ("Mr. Liu"), aged 60, was appointed as an executive Director and the Chief Executive Officer on 17 March 2017. He obtained a degree of Bachelor of Science from the Guangzhou Teachers College* (廣州師範學院) (now known as Guangzhou University) in 1985. Mr. Liu was a Deputy Mayor (副區長) of the People's Government of Haizhu District of Guangzhou Municipality of the PRC (廣州市海珠區人民政府) from November 2006 to April 2015 and the Mayor (區長) of the People's Government of Liwan District of Guangzhou Municipality of the PRC (廣州市荔灣區人民政府) from April 2015 to September 2016. Mr. Liu has over 34 years of experience in administrative and operation management in the PRC.

Mr. Liao Tengjia ("Mr. Liao"), aged 60, is a Deputy Chairman and an executive Director. He was appointed as the Chairman and an executive Director in September 2009 and a director of certain subsidiaries of the Company. In December 2013, Mr. Liao resigned as the Chairman. With effect from 21 August 2015, Mr. Liao has been appointed as the Chief Executive Officer. With effect from 17 March 2017, Mr. Liao has resigned as the Chief Executive Officer and was appointed as a Deputy Chairman. Mr. Liao is a shareholder and the sole director of Rong De, the controlling shareholder of the Company, which is owned as to 36.00% by Mr. Liao, whose interest in the Shares falls to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"). He has over 25 years' management experience in the property development industry in the PRC.

Mr. Huang Jiajue ("Mr. Huang"), aged 53, is a Deputy Chairman, an executive Director and a member of each of the nomination committee and the remuneration committee of the Company. He has been appointed as an executive Director since September 2009 and a director of a subsidiary of the Company. With effect from 21 August 2015, Mr. Huang has been appointed as a Deputy Chairman. Mr. Huang obtained a Master's Degree in Business Administration from the Sun Yat-Sen University in the PRC. He has over 25 years of financial management experience in the property development industry in the PRC. Mr. Huang was appointed as an executive director, a member of the remuneration committee and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 29 January 2019 and he was appointed as the chief executive officer of Silver Grant with effect from 2 September 2019. He resigned as an executive director, the chief executive officer, a member of the remuneration committee and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 1 August 2021.

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Mr. Chu Muk Chi (alias Mr. Zhu La Yi) ("Mr. Chu MC"), aged 66, has been appointed as an executive Director since September 2009. He obtained a Bachelor's Degree in Medicine from the Guangzhou College of Traditional Chinese Medicine (now known as Guangzhou University of Chinese Medicine). Mr. Chu MC is a shareholder of Rong De, the controlling shareholder of the Company, which is owned as to 29.94% by Mr. Chu MC. Mr. Chu MC has over 25 years of extensive experience in corporate management, Chinese medicine and property development in the PRC. He is the elder brother of Mr. Chu HT, the Chairman and an executive Director. He is currently a director and the chairman of the board of directors of Guangdong Jiaying Pharmaceutical Co., Ltd.* (廣東嘉應製藥股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002198).

Ms. Ye Lixia ("Ms. Ye"), aged 59, was appointed as an executive Director on 17 June 2015. She is also a director of certain subsidiaries of the Company. Ms. Ye obtained a Master's Degree in Economics from the Sun Yat-Sen University in the PRC in 1989. Before joining the Company, Ms. Ye served as the General Manager of the Investment and Finance Management Centre of Guangdong Pearl River Investment Holdings Limited* (廣東珠江投資股份有限公司) from July 2007 to April 2015. She has over 14 years of financial management experience in the property development industry in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping ("Mr. Leung") *JP*, aged 80, has been appointed as an independent non-executive Director since October 2009. He is also the chairman of the audit committee of the Company, and a member of each of the nomination committee and the remuneration committee of the Company. Mr. Leung is a certified public accountant with extensive experience in Hong Kong tax and international tax planning for over 34 years. Currently, he is a senior advisor to Crowe Horwath (HK) CPA Limited. Mr. Leung is a fellow member of The Institute of Chartered Accountants in England and Wales, The Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors. Apart from his professional work, Mr. Leung has actively participated in community affairs. He had been a Regional Councillor for 5 years and a District Councillor for 18 years. Mr. Leung is currently a Councillor of the New Territories Heung Yee Kuk and the Hon. Secretary of Heung Yee Kuk Foundation Limited. Mr. Leung was awarded a Badge of Honour by Her Majesty Queen Elizabeth II in 1994 for his service to the community. He was a District Advisor to the Hong Kong Branch of Xinhua News Agency before 1997. He was also appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2000. Mr. Leung was an independent non-executive director of Heng Xin China Holdings Limited (a company listed on GEM of the Stock Exchange with stock code: 8046) from August 2009 to June 2016.

Mr. Wong Chi Keung ("Mr. Wong"), aged 69, has been appointed as an independent non-executive Director since June 2012. He is also the chairman of each of the nomination committee and the remuneration committee of the Company, and a member of the audit committee of the Company. He holds a Master's Degree in Business Administration from the University of Adelaide in Australia. He is a fellow member of each of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, and an associate member of each of The Chartered Governance Institute (Previously known as The Institute of Chartered Secretaries and Administrators) and The Chartered Institute of Management Accountants.

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Mr. Wong has over 43 years of experience in finance, accounting and management. He was a Responsible Officer for asset management, advising on securities and advising on corporate finance for Greater China Capital Limited under the SFO from 23 March 2010 to 16 April 2016. Mr. Wong was a director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0123, which is now known as Yuexiu Property Company Limited), for over 10 years.

Mr. Wong was an independent non-executive director of FU JI Food and Catering Services Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 1175 and provisional liquidators appointed from 19 October 2009 to 2 July 2013, and now known as Fresh Express Delivery Holdings Group Co., Ltd.), for the period from 22 November 2004 to 24 June 2011. He was also an independent non-executive director and a member of each of the audit committee and the remuneration committee of First Natural Foods Holdings Limited ("First Natural Foods") (a company listed on the Main Board of the Stock Exchange with stock code: 1076 with provisional liquidators appointed from 6 January 2009 to 4 September 2012, which is now known as Imperial Pacific International Holdings Limited) for the period from 26 November 2007 to 20 November 2013, and a member of the nomination committee of First Natural Foods from 4 September 2012 to 20 November 2013. Mr. Wong had been an independent non-executive director of PacMOS Technologies Holdings Limited ("PacMOS") (a company listed on the Main Board of the Stock Exchange with stock code: 1010, which is now known as Balk 1798 Group Limited) since August 1995, and he ceased to be an independent non-executive director and the chairman of each of the audit committee, remuneration committee and nomination committee of PacMOS with effect from 1 July 2014. He was an independent non-executive director of ENM Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0128) from 17 June 2010 to 9 June 2017. He was also an independent non-executive director of Heng Xin China Holdings Limited (a company listed on GEM of the Stock Exchange with stock code: 8046) from 17 October 2016 to 18 September 2017. He was an independent non-executive director of China Shanshui Cement Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0691) from 2 February 2016 to 23 May 2018. Mr. Wong was an independent non-executive director of TPV Technology Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0903, which was subsequently withdrawn from listing from 4:00 p.m. on 14 November 2019). He was an independent non-executive director of Nickel Resources International Holdings Company Limited (a company listed on the Main Board of the Stock Exchange with stock code: 2889 and subsequently withdrawn from listing from 9:00 a.m. on 14 February 2020) from 2 May 2005 to 21 February 2020. He was an independent non-executive director of Guoan International Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0143, whose listing was subsequently canceled with effect from 9:00 a.m. on 14 November 2022) from 13 April 2021 to 9 June 2021. He was an independent non-executive director of Golden Eagle Retail Group Limited from 26 February 2006 to 28 November 2023 (a company listed on the Main Board of the Stock Exchange with stock code: 3308, which was subsequently withdrawn from listing from 4:00 p.m. on 9 October 2023).

Mr. Wong is currently an independent non-executive director of Asia Orient Holdings Limited (stock code: 0214), Asia Standard Hotel Group Limited (stock code: 0292), Asia Standard International Group Limited (stock code: 0129), Century City International Holdings Limited (stock code: 0355), China Ting Group Holdings Limited (stock code: 3398), Changyou Alliance Group Limited (stock code: 1039, formerly known as Fortunet e-Commerce Group Limited), Paliburg Holdings Limited (stock code: 0617), Regal Hotels International Holdings Limited (stock code: 0078) and Yuan Heng Gas Holdings Limited (stock code: 0332). All of the companies above are listed on the Main Board of the Stock Exchange. Mr. Wong is also a Responsible Officer for asset management and advising on securities of Beagle Asset Management Company Limited (formerly known as CASDAQ International Capital Market (HK) Company Limited) under the SFO.

Dr. Feng Ke ("Dr. Feng"), aged 52, was appointed as an independent non-executive Director on 17 June 2015. He is also a member of the audit committee of the Company. He graduated from the Guangdong University of Finance* (廣東金融學院) (previously known as Guangdong Academy of Finance* (廣州金融高等專科學校)) majoring in International Finance in July 1993. Dr. Feng obtained a Master's Degree in Economics from the Guangdong Academy of Social Sciences* (廣東省社會科學院) in July 1999. He obtained a Doctor's Degree in Economics from the Peking University* (北京大學) in July 2002.

Dr. Feng was the assistant manager of Golden Eagle Asset Management Co., Ltd.* (金鷹基金管理有限公司) from July 2002 to January 2006. Dr. Feng was an independent director of Sichuan Guang'an AAA Public Co., Ltd* (四川廣安愛眾股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange with stock code: 600979) from November 2011 to September 2014, and an independent director of Nan Hua Bio-medicine Co., Ltd.* (南華生物醫藥股份有限公司) (previously known as Beijing CCID Media Investments Co., Ltd.* (北京賽迪傳媒投資股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange with stock code: 000504) from December 2013 to December 2014. He had also been an independent director of Guangdong Provincial Expressway Development Co., Ltd.* (廣東省高速公路發展股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000429) from June 2009 to April 2016, and an independent director of Tande Co., Ltd.* (天地源股份有限公司), a company listed on the Shanghai Stock Exchange with stock code: 600665, from December 2009 to December 2015. Dr. Feng was an independent non-executive director of Yingde Gases Group Company Limited (whose listing of shares on the Main Board of the Stock Exchange with stock code: 2168 was withdrawn on 21 August 2017) from November 2016 to March 2017. With respect to Asian Capital Resources (Holdings) Limited (whose listing of shares on GEM of the Stock Exchange with stock code: 8025 was canceled with effect from 9:00 a.m. on 7 August 2023), he was an independent non-executive director from October 2008 to August 2013 and an executive director from 1 September 2013 to 2 March 2023. Dr. Feng was an independent director of China Greatwall Technology Group Co., Ltd.* (中國長城科技集團有限公司) (previously known as China Great Wall Computers Shenzhen Co., Ltd.* (中國長城計算器深圳股份有限公司)) (a company listed on the Shenzhen Stock Exchange with stock code: 000066) from 30 August 2010 to 3 April 2018. He was an independent director of Shenzhen Success Electronics Co., Ltd.* (深圳市宇順電子股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002289) from 30 December 2015 to 15 October 2020. Dr. Feng was a non-executive director of Guangdong – Hong Kong Greater Bay Area Holdings Limited (a company the shares of which are listed on the Main Board of the Stock Exchange with stock code: 1396) from 27 June 2022 to 28 February 2023. He was an independent director of Aotecar New Energy Technology Co., Ltd.* (奧特佳新能源科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002239) from 20 July 2021 to 16 April 2023. He was an independent director of China Green Electricity Investment of Tianjin Co., Ltd.* (天津中綠電投資股份有限公司) (previously known as Tianjin Guangyu Development Co., Ltd.* (天津廣宇發展股份有限公司)) (a company listed on the Shenzhen Stock Exchange with stock code: 000537) from 25 June 2018 to 27 December 2023. Dr. Feng is currently an independent director of Liaoning Cheng Da Co., Ltd.* (遼寧成大股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600739), an independent director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000987) and an independent non-executive director of China Huirong Financial Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 1290).

SENIOR MANAGEMENT

The six Directors holding executive offices above are directly responsible for the various businesses of the Group. They are regarded as members of the senior management of the Group.

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The Company is committed to maintaining a high standard of corporate governance. The Company firmly believes that a good, solid and sensible framework of corporate governance will allow the Company to run its business in the best interest of its shareholders as a whole. The Company adopted its own code of corporate governance based on the principles and code provisions as set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 (renumbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules then in force during FY2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Code") as contained in Appendix 10 (renumbered as Appendix C3 with effect from 31 December 2023) to the Listing Rules then in force during FY2023. Specific enquiry has been made of all Directors, who confirmed that they have complied with the required standards set out in the Code for FY2023.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions set out in the CG Code contained in Appendix 14 (renumbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules then in force during FY2023.

SECURITIES TRANSACTIONS BY MANAGEMENT AND STAFF

The management and staff have been individually notified and advised about the Code by the Company.

Financial Officer

The financial officer ("Financial Officer") of the Company is responsible for preparing the consolidated interim and annual financial statements of the Company based on accounting principles generally accepted in Hong Kong and ensuring that the consolidated financial statements truly reflect the Group's results and financial position, as well as are in compliance with the disclosure requirements under the applicable provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance"), the Listing Rules and other relevant laws and regulations. The Financial Officer reports directly to the chairman of the audit committee of the Company and coordinates with external auditors on a regular basis. In addition, the Financial Officer reviews the controls of financial risks of the Group and provides advice thereon to the Board.

Company Secretary

The company secretary ("Company Secretary") of the Company reports directly to the Chairman. All Directors have easy access to the advice and services of the Company Secretary and the responsibility of the Company Secretary is to ensure the board meeting procedures are properly followed and are in compliance with the relevant laws, rules and regulations. The Company Secretary is also responsible for providing assistance to the Board with respect to the Directors' obligations on securities interest disclosure, and disclosure requirements on notifiable transactions, connected transactions and inside information. The Company Secretary provides assistance to the Board with respect to the Company's compliance with the laws, regulatory requirements and the Company's bye-laws ("Bye-Laws") as appropriate. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance so as to bring the best long-term value to the shareholders of the Company. In addition, the Company Secretary also assists in the provision of relevant information updates and continuous professional development to the Directors with respect to the legal, supervisory and other continuing obligations of being a director of a listed company as appropriate. The Company Secretary is also responsible for supervising and managing the investors' relations of the Group.

BOARD OF DIRECTORS

A. The Responsibilities of The Board

The principal functions of the Board are to consider, set and approve the strategies, financial objectives, annual budget, investment proposals, appointment and re-appointment of Directors, and accounting policies of the Group. The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code. The Board also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems by the Group to manage these risks. The day-to-day operations of the Group are delegated to the management of the Group.

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of the Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's management independently. The daily management, administration and operation of the Group are delegated to the management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board recognises that corporate governance should be the collective responsibility of the Directors and the Board delegates the corporate governance duties to the management which include:

(i) to develop, review and implement the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iii) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors; and

(iv) to develop, review and monitor the implementation of the Shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance Shareholders' relationship with the Company.

B. Board Composition and Diversity

During FY2023 and as at the date of this annual report, the Board comprised six executive Directors, namely Mr. Chu Hing Tsung, who was also the Chairman, Mr. Liu Jie, who was also the Chief Executive Officer, Mr. Liao Tengjia, who was also a Deputy Chairman, Mr. Huang Jiajue, who was also a Deputy Chairman, Mr. Chu Muk Chi and Ms. Ye Lixia, and three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke. The independent non-executive Directors are expressly identified in all corporate communications that disclose the names of the Directors. The number of independent non-executive Directors during FY2023 and as at the date of this annual report represented one-third of the Board. The Company seeks to achieve board diversity through consideration of a number of factors, including but not limited to gender, age, skills, knowledge and length of service. The ultimate selection decision will be based on merit and contribution to the Board.

The Company has adopted a board diversity policy, which sets out the Company's approach on achieving diversity on the Board. In reviewing and assessing the composition of the Board and the nomination of Directors (as applicable), the Company takes into account a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

During FY2023 and as at the date of this corporate governance report, the Board comprised eight male members and one female member, with six of them being executive Directors and the remaining three being independent non-executive Directors. The Company has formal letters of appointment with all Directors setting out the key terms and conditions relating to their appointment. The Directors have professional background in property development, finance, taxation, investment and management. They have extensive experience and independent views in their respective areas of expertise so that they can provide professional advice to the Board in respect of the long-term development of the Company. Taking into account that the Board has a balanced mix of skill-set, experience, expertise, and diversity which strengthens its decision-making capability and the overall effectiveness of the Company in achieving sustainable business operation and enhancing shareholder value, the Company considers that the current composition of the Board satisfies the principles set out in the board diversity policy of the Company.

Mr. Chu Hing Tsung, the Chairman and an executive Director, and Mr. Chu Muk Chi, an executive Director, are brothers. The biographical details of the Directors and the relationships between Board members are set out in the section headed "BIOGRAPHY OF DIRECTORS" in this annual report. Save as disclosed above and in the section headed "BIOGRAPHY OF DIRECTORS" in this annual report, none of the Directors has any financial, business, family or other material/relevant relationships with one another and this is true in particular between Mr. Chu Hing Tsung, the Chairman, and Mr. Liu Jie, the Chief Executive Officer.

To ensure that independent views and input are available to the Board, the Company has adopted a policy ("Independent Views Policy") with effect from 1 January 2022, under which the independent non-executive Directors are required to, among others, bring independent judgment to bear on the Company's issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, help review some of the Board's major decisions and the Company's performance in relation to corporate goals, monitor the Company's performance reporting, and take the lead where potential conflicts of interest arise. Further, the independent non-executive Directors must make sufficient time available to discharge their responsibilities and should not accept an invitation to serve as an independent non-executive Director on the Board unless they can devote adequate time and effort to the work involved. Independent non-executive Directors sitting on multiple boards of directors of listed companies will need to ensure that they devote sufficient time and dedicate adequate attention to each board and board committee of the Company. The Company is required to review the Independent Views Policy and its implementation and effectiveness on an annual basis. Apart from formal communication channels, such as board meetings, informal means of communication which allow independent non-executive Directors to express their views in an open and candid manner, including dedicated meetings with the Chairman without the presence of any other Director at least once a year and interaction and discussion with management, are also provided by the Company to the independent non-executive Directors to make sure that independent views and input are available to the Board. In addition, the Company ensures that all the Directors (including the independent non-executive Directors) will have access to advice from external independent professionals, including independent legal advisors, auditors and valuers, to assist the Directors to perform their duties. Based on the information available to the Company (including the annual confirmation of independence received from each of the independent non-executive Directors) and after considering the relevant factors, the Company considers all of the independent non-executive Directors to be independent.

The Board also recognises the importance of diversity at the workforce level. As at 31 December 2023, the gender ratio of the workforce of the Group (including senior management) was 344:449 male to female.

C. Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer are carried out by different individuals and have been clearly defined in writing.

The Chairman is Mr. Chu Hing Tsung, and the Chief Executive Officer is Mr. Liu Jie. The positions of Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views.

With the support of the Company Secretary, the Chairman is responsible for ensuring that the Directors receive adequate, accurate, clear, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems, internal procedures and processes for the Board's approval.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board meets regularly and as warranted by particular circumstances. Notices and agendas are prepared by the Company Secretary as delegated by the Chairman and distributed to the Board members within reasonable time before the meetings. Relevant meeting papers are also sent to the Directors well before the meetings, informing them of the background and giving explanation on matters to be brought before the Board. All Directors are given the opportunity to include matters in the agendas for Board meetings. Draft and final versions of the minutes of Board meetings are sent to all Directors for their comment and records, respectively, within a reasonable time after the Board meetings and are kept by the Company Secretary.

During FY2023, the Directors made active contribution to the affairs of the Group and seven Board meetings were held to consider, among other things, various transactions contemplated by the Group, and to review and approve the interim results and annual results of the Group. To ensure the Directors will make decisions objectively and in the interests of the Company, Bye-Law No. 103(1) of the Bye-Laws provides that any Director shall abstain from voting on any resolutions in which he/she or his/her associate(s) is/are materially interested nor be counted in the quorum of the meeting. Any Board meeting in which a Director has abstained from voting or has not been counted in the quorum of the meeting shall not be taken into account in determining that Director's attendance record.

Except for Mr. Liu Jie, the other members of the Board attended the annual general meeting ("AGM") held by the Company on 16 June 2023 ("2023 AGM") and were available to answer questions from the Shareholders attending the meeting.

The individual attendance of each Director in the Board meetings held during FY2023 and the 2023 AGM is as follows:

	Attended/Eligible to attend	
	Board meetings	**2023 AGM**
Executive Directors		
Mr. Chu Hing Tsung	7/7#	1/1
Mr. Liu Jie	6/6	0/1
Mr. Liao Tengjia	6/6	1/1
Mr. Huang Jiajue	6/6	1/1
Mr. Chu Muk Chi	6/6	1/1
Ms. Ye Lixia	6/6	1/1
Independent non-executive Directors		
Mr. Leung Wo Ping *JP*	7/7#	1/1
Mr. Wong Chi Keung	7/7#	1/1
Dr. Feng Ke	7/7#	1/1

Included a meeting between the Chairman and the independent non-executive Directors held during FY2023.

NON-EXECUTIVE DIRECTORS

Code Provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Each of the independent non-executive Directors has been appointed for a term of two years. All of the independent non-executive Directors are subject to retirement by rotation once every three years and should be subject to re-election.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance, other related ordinances and relevant regulatory requirements of Hong Kong, is provided to each newly appointed Director.

Pursuant to Code Provision C.1.4 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses to ensure that they are fully aware of their responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

Pursuant to the requirements of the CG Code, all Directors should provide their records of continuous professional development to the Company. According to the records provided by the Directors, the training received by each of them during FY2023 is summarised as follows:

	Training received
	Notes
Executive Directors	
Mr. Chu Hing Tsung	(1)(2)
Mr. Liu Jie	(1)(2)
Mr. Liao Tengjia	(1)(2)
Mr. Huang Jiajue	(1)(2)
Mr. Chu Muk Chi	(1)(2)
Ms. Ye Lixia	(1)(2)
Independent non-executive Directors	
Mr. Leung Wo Ping *JP*	(1)(2)
Mr. Wong Chi Keung	(1)(2)
Dr. Feng Ke	(1)(2)

Notes:

(1) Reading articles/other materials in relation to legal and regulatory changes which are relevant for the Directors in discharging their duties.

(2) Participation in seminars/conferences/courses/workshops on subjects relating to directors' duties, and financial, legal and corporate governance matters.

All Directors as disclosed above confirmed that they complied with Code Provision C.1.4 of the CG Code on directors' continuous professional development during FY2023.

BOARD COMMITTEES

The Board has set up three specialised committees, namely the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee") and the nomination committee ("Nomination Committee") to oversee particular aspects of the Company's affairs. The three Board committees were established with defined written terms of reference approved by the Board, which set out the major duties of each Board committee. These terms of reference are posted on the websites of the Stock Exchange and of the Company and are available to the Shareholders. Members of the Board committees are mainly independent non-executive Directors. The list of the chairman and members of each Board committee is set out in each of the following Board committee sections below in this annual report. The meeting procedures of each Board committee follow the procedures of the Board meetings.

The members of the Board committees are provided with sufficient resources to discharge their duties and in appropriate circumstances, the Company can retain external auditors, financial advisers, lawyers and other relevant independent professionals to provide independent professional advice to assist members of the Board committees in fulfilling their responsibilities.

A. Audit Committee

The Company established the Audit Committee in 1999 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties.

During FY2023 and as at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke. Mr. Leung Wo Ping *JP* was the chairman of the Audit Committee during FY2023 and as at the date of this annual report.

The major roles and functions of the Audit Committee are as follows:

(1) to consider, and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the audit fee and other terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(3) to discuss with the external auditor before the audit commences in respect of the nature and scope of the audit and reporting obligations;

(4) to monitor the integrity of the Company's financial statements, annual report, accounts and half-year report, and to review significant financial reporting judgements contained in them;

(5) to review the Company's financial controls and internal control and risk management systems, and to ensure that management has discharged its duty to establish an effective internal control system;

(6) to review the external auditor's management letter, and material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control as well as management's response to the points raised; and

(7) to ensure that the Board responds promptly to the matters raised by the external auditor in the management letter.

The Audit Committee shall meet with the external auditor without the presence of the executive Directors to discuss the Group's financial reporting and any major financial matters arising during the financial year at least twice a year.

The Audit Committee held three meetings during FY2023. Individual attendance of each committee member is set out below:

	Attended/ Eligible to attend
Independent non-executive Directors	
Mr. Leung Wo Ping *JP* *(Chairman)*	3/3
Mr. Wong Chi Keung	3/3
Dr. Feng Ke	3/3

During FY2023, the Audit Committee held three meetings with the external auditor to discuss the general scope of their audit work and the audit findings. The Audit Committee also reviewed the Group's annual results for FY2022 and unaudited interim results for the six months ended 30 June 2023, and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures had been made, and submitted them to the Board for approval. In addition, the Audit Committee also made a review of the effectiveness of the financial reporting, internal audit function, and risk management and internal control systems of the Group.

B. Remuneration Committee

The Company established the Remuneration Committee in September 2005 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties. The Remuneration Committee has adopted the approach under Code Provision E.1.2(c)(ii) of the CG Code and made recommendations to the Board on the Group's overall policy and structure of the remuneration of Directors and senior management.

During FY2023 and as at the date of this annual report, the Remuneration Committee comprised an executive Director, Mr. Huang Jiajue and two independent non-executive Directors, namely Mr. Wong Chi Keung and Mr. Leung Wo Ping *JP*. Mr. Wong Chi Keung was the chairman of the Remuneration Committee during FY2023 and as at the date of this annual report.

The major roles and functions of the Remuneration Committee are as follows:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payment (including any compensation payable for loss or termination of their office or appointment);

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and otherwise reasonable and appropriate; and

(8) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held two meetings during FY2023. Individual attendance of each committee member is set out below:

	Attended/ Eligible to attend
Executive Director	
Mr. Huang Jiajue	2/2
Independent non-executive Directors	
Mr. Wong Chi Keung *(Chairman)*	2/2
Mr. Leung Wo Ping *JP*	2/2

The following is a summary of work performed by the Remuneration Committee during FY2023:

(a) reviewing and recommending the policy and structure of the remuneration of the Directors and senior officers of the Group to the Board;

(b) assessing individual performance of the Directors and senior officers of the Group; and

(c) reviewing specific remuneration packages of the Directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances.

The remuneration of the executive Directors, who are regarded as the senior management of the Group, by band for FY2023 is set out below:

HK$0 to HK$2,000,000	2
HK$2,000,001 to HK$4,000,000	2
Over HK$4,000,001	2
	6

The remuneration of the Directors is determined by reference to their qualifications, experience, duties and responsibilities, the Group's remuneration policy and the prevailing market trends. Neither the Chief Executive Officer nor any of the Directors waived or agreed to waive any emoluments during FY2023.

C. Nomination Committee

The Company established the Nomination Committee in September 2005 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties.

During FY2023 and as at the date of this annual report, the Nomination Committee comprised an executive Director, Mr. Huang Jiajue and two independent non-executive Directors, namely Mr. Leung Wo Ping *JP* and Mr. Wong Chi Keung. Mr. Wong Chi Keung was the chairman of the Nomination Committee during FY2023 and as at the date of this annual report.

The major roles and functions of the Nomination Committee are as follows:

(1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(3) to assess the independence of the independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The Nomination Committee selects and recommends candidates for directorship based on certain criteria and procedures. The major criteria include (i) the candidates' professional background, especially their experience in the industry in which the Group operates; (ii) their financial management experience and track record with other companies engaged in similar business as the Group's; and (iii) the recommendations from the management team and other knowledgeable individuals. The Nomination Committee will shortlist the candidates and then submit them to the Board for final approval.

The Nomination Committee held one meeting during FY2023. Individual attendance of each committee member is set out as below:

	Attended/ Eligible to attend
Executive Director	
Mr. Huang Jiajue	1/1
Independent non-executive Directors	
Mr. Wong Chi Keung *(Chairman)*	1/1
Mr. Leung Wo Ping *JP*	1/1

During the meeting held in FY2023, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors coupling with the relevant requirements under the Listing Rules, and the suitability of the Directors who were subject to re-election at the AGM.

INTERNAL CONTROL

Risk Management and Internal Control

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the assets of the Group and interests of the Shareholders. The Board is clearly aware of the key role played by the Group's risk management and internal control systems in the Group's risk management and compliance with the laws and regulations on an on-going basis. The Group is aware of the responsibilities of the Board and the management over risk management and internal control systems:

- **The Board** is responsible for evaluating and determining the nature and extent of the risks the Group is willing to take in achieving its strategic business objectives, ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems, and overseeing the management's design, implementation and monitoring of risk management and internal control systems on an ongoing basis.

- **The management** is responsible for the design, implementation and monitoring of the risk management and internal control systems and confirming to the Board whether or not the risk management and internal control systems are effective.

Such risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or losses.

The Audit Committee continuously reviews the Group's risk management and internal control systems. The Board also reviews the effectiveness of the Group's risk and management and internal control systems on annual basis. Based on its review, the Audit Committee will provide advice to the Board as to the adequacy of the Group's risk management and internal control systems.

RISK MANAGEMENT

The Group has established a basic risk management structure in 2016 to specify the risk management process, and consciously enhanced the Group's risk management culture internally. The Group strives to optimise its risk management structure, standardise its risk management process, and adopt qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks, so as to promote its sustainable and healthy business growth by keeping its risks under control.

Construction of Risk Management System

- **Construction and update of basic risk management structure:** the Group has established an organisational structure and functions for risk management practices covering different levels, including decision-making level (the Board and the Audit Committee), leadership level (the Group's management) and implementation level (management of each function centre of the Group and the regional subsidiaries) over the past years. The duties and authorities of each level of decision-making, leadership and implementation are specified in writing and the Group's major risks are classified into different categories, including strategy, operation, market, finance, compliance and Environmental, Social and Governance (ESG) so as to create a risk database. During FY2023, the Group reviewed, updated and improved the above-mentioned basic structure based on changes in both internal and external environment. From the perspective of the Group's strategic objective and the management's risk appetite, appropriate risk assessment dimension and criteria as well as qualitative and quantitative approaches of assessment have been established. Meanwhile, approaches and criteria of assessment identified by the management together are used to assess and respond to risks likely to affect the achievement of the corporate target.

- **Establishment and regulation of risk management process:** the Group has established closed-loop procedures in respect of sustainable risk management, covering the identification, assessment, response, monitoring and reporting (see Chart 1: Major Steps of Risk Management Process), in addition to risk management procedures and tools used to support the implementation of such procedures. The Board analyses and prioritises risks identified to determine key risks exposed to the Group and discusses how to manage such key risks. Besides, existing risk mitigation measures are identified and recorded against each significant risk, with improvement suggestions being made based on the management's risk appetite. During FY2023, the Group reviewed, adjusted and improved the risk management process to improve the efficiency and standardisation of its operations.

(Chart 1: Major Steps of Risk Management Process)

Risk Assessment Performed by the Group in FY2023

On the basis of the above construction of risk management systems at the group level, the management of the Group continued to strengthen its risk management with the assistance from an external consultant during FY2023, and updated and assessed the top 10 risks of the Group in FY2023.

- **Updating and assessing the top 10 risks of the Group:** in view of the external market environment, changes in the internal business environment, the business operation and risk appetite of the Group, the management of the Group updated the risk assessment standards and risk database during FY2023. Meanwhile, it reviewed the change in nature and degree of significant risks exposed to the Group by using a systematic approach of assessment, reassessed the top ten risks exposed to the Group and studied the tendency of such change as compared with that of FY2022. The current governance and control measures were reviewed to determine the department responsible for control of the relevant risks as well as the corresponding response measures and improvement plans. Results of the assessment and implementation of the governance and control measures were reported to the Audit Committee, which, on behalf of the Board, reviewed and assessed the change in nature and degree of the significant risks and considered that the risk management systems were effective and adequate upon review of such systems.

In the years to follow, the management of the Group will continue to strengthen the risk management systems through various measures, including on-going risk management training, regular risk alert and risk management reporting, and will perform review and assessment of the responses to significant risks at least annually and report the results to the Audit Committee.

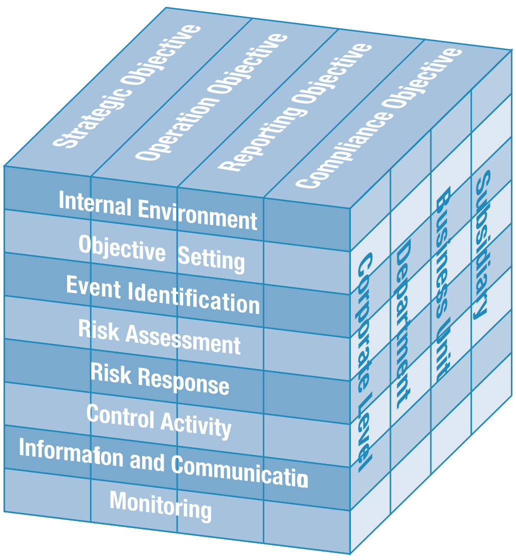
Internal Audit

The Company has established an internal audit function as an independent third line of defence, which is responsible for assisting the Audit Committee in making analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. The Board reviewed the resources and staff qualifications and experiences of the internal audit function, and considered that the budget and the training received by the internal audit staff were adequate during FY2023.

Internal Control

Construction of Internal Control Management Framework

The Company has established its own internal control framework by reference to the internal control management framework from the COSO (Committee of Sponsoring Organisations of the Treadway Commission) (see Chart 2: Internal Control Management Framework from the COSO). The Group's risk management system consists of five elements, i.e. control environment, risk assessment, control activity, information and communication, and monitoring activity, which are related to, interacting with and relying on each other, and collectively safeguard the performance of the Group's internal control function. An established organisational structure is included in such control systems, clearly defining the power and obligations of each department, in order to protect the Group's assets against improper use, maintain appropriate accounts and ensure compliance with rules and regulations. The scope of review covers significant controls, including controls over finance, operations, compliance and risk management. Annual review of the effectiveness of the risk management and internal control systems has been performed with reference to the COSO framework.



(Chart 2: Internal Control Management Framework from the COSO)

Review of Internal Control Performed by the Group in FY2023

On the basis of the above internal control management framework of the Group, the management of the Group engaged an external consultant to support the internal control review in FY2023 to enhance the internal controls. Based on the changes in risk conditions and control environment, the management of the Group selected key business processes for review, assessed the adequacy and effectiveness of existing control activities, determined major risks and existing control defects, and identified the key departments responsible for control defects and the following response measures and improvement plans. The results of assessment were reported to the Audit Committee.

Review of Risk Management and Internal Control Systems

The Board has, through the Audit Committee, performed an overall review of the effectiveness of the Group's risk management and internal control systems for FY2023, considering changes in the nature and degree of significant risks exposed to the Group, as well as the Group's capability of responding to changes in its business and external environment. The management has continued monitoring the scope and quality of the risk and internal control systems and the work performed by the internal audit function, and has prepared the reports provided to the Audit Committee. The Board considered the Group complied with the provisions relating to internal control set out in the CG Code and the risk management and internal control systems were effective and adequate during FY2023.

INSIDE INFORMATION

The Company takes every precaution in its handling of inside information. The Company regulates the handling and dissemination of inside information according to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding inside information. Also, the Company keeps the Directors, management and employees abreast of the latest regulatory updates. Employees who are privy or have access to inside information have also been notified to observe the restrictions regarding the handling and dissemination of inside information from time to time. The Board is generally responsible for ensuring that the Company complies with its disclosure obligations regarding inside information. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the Board will ensure that such information is kept strictly confidential.

CORPORATE GOVERNANCE FUNCTIONS

The Company is committed to enhancing its corporate governance practices relevant to the model and growth of its business. In order to achieve a right balance between governance and performance, the Board is responsible for introducing and proposing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code and has established the following corporate governance duties to serve this purpose:

(1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(2) to review and monitor the training and continuous professional development of the Directors and management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

There was no meeting held by the Board in respect of its corporate governance functions during FY2023. However, the Company has from time to time provided updated information to the Directors and management on the relevant rules and regulations relating to corporate governance, ensuring that they have a proper understanding of the latest development of the best corporate governance practice.

AUDITOR'S REMUNERATION

For FY2023, the remuneration paid/payable to the Company's auditor, Ernst & Young, for their audit and non-audit services provided, is set out as follows:

Nature of services	**Fee paid/payable** HK$'000
Audit services	6,800
Non-audit services	
– Agreed-upon procedures	900
– Internal control services	450
Total	8,150

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility of preparing the financial statements for FY2023, which were prepared in accordance with statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgement and estimates made are prudent and reasonable.

Disclaimer of Auditor's Opinion for FY2023

The Company's auditor, Ernst & Young, issued a disclaimer of opinion on the Group's consolidated financial statements for FY2023 ("2023 Accounts") due to multiple uncertainties relating to going concern as below:

Multiple uncertainties relating to going concern

(a) Details of the audit opinion modification

As set out in note 2.1 to the 2023 Accounts, the Group recorded a net loss of approximately HK$936 million for FY2023 and, as at 31 December 2023, the Group had net current liabilities of approximately HK$5,461 million. In addition, as at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings which were due to be repaid within 12 months from the end of the reporting period amounted to approximately HK$8,512 million, including (1) borrowings of approximately HK$783 million which have not been repaid according to the scheduled repayment dates before the end of the reporting period, and (2) borrowings of approximately HK$1,297 million with original maturity date of over one year from the reporting date which have been reclassified to current liabilities. Furthermore, subsequent to the end of the reporting period, additional borrowings of the Group with an aggregate principal amount of approximately HK$70 million have not been repaid according to the scheduled repayment dates. These conditions, along with other matters set forth in note 2.1 to the 2023 Accounts, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The Directors have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the 2023 Accounts. The validity of the going concern assumptions on which the 2023 Accounts have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings;

(ii) the successful and timely agreement with the lenders on the extension of the repayment dates for existing borrowings subject to the Group's financial and liquidity position, and to obtain additional credit facilities from existing and other lenders as and when needed;

(iii) the successful and timely collection of receivables of urban redevelopment projects in accordance with the schedules; and

(iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties held for sale, collection of outstanding sales proceeds and receivables, and to control costs and capital expenditure in order to improve the Group's working capital.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, the Company's auditor was unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the 2023 Accounts.

(b) Position and basis of the Group's management on the audit opinion modification

For FY2023, the Group recorded a net loss of approximately HK$936 million and, as at 31 December 2023, the Group had net current liabilities of approximately HK$5,461 million. In addition, as at 31 December 2023, the Group had outstanding interest-bearing bank and other borrowings due to be repaid within 12 months from the end of the reporting period of approximately HK$8,512 million, including such borrowings further details of which are set out in the paragraph headed "Directors' Responsibility on the Financial Statements – Disclaimer of Auditor's Opinion for FY2023 – Multiple uncertainties relating to going concern – (a) Details of the audit opinion modification" above. Subsequent to the end of the reporting period, additional borrowings of the Group with an aggregate principal amount of approximately HK$70 million have not been repaid according to the scheduled repayment dates. The Group has been in active discussions with the relevant financial institutions for extension of the repayment dates of such borrowings. Up to the date of approval of the 2023 Accounts, the Group has not received any demand for immediate repayment for any of these and other borrowings.

In view of these circumstances, the Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2023. The Group has formulated the following plans and measures to mitigate its liquidity pressure and to improve its cash flows ("Plans and Measures"):

(i) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position. Based on the ongoing discussions, the Directors believe that the relevant lenders will not exercise their rights to request the Group for immediate repayment of any significant borrowings prior to their repayment dates in accordance with the relevant loan agreements;

(ii) during FY2023, the Group has further terminated other urban redevelopment project with related outstanding receivables of approximately HK$2,586 million. These receivables are scheduled to be repaid by 3 annual instalments up to 31 December 2026;

(iii) the Group is actively discussing with the lenders of certain bank and other borrowings on the refinancing of the existing borrowings;

(iv) the Group will continue to accelerate the pre-sales and sales of its properties under development and completed properties, and collection of outstanding sales proceeds and other receivables;

(v) the Group will continue to take active measures to control its administrative costs and manage its capital expenditure; and

(vi) Rong De, the Company's ultimate holding company, has issued a letter of financial support to the Company for a period of 12 months from the reporting year end date. Rong De has agreed to provide the necessary financial support to enable the Group to meet its liabilities as and when they fall due, to continue carrying on its principal business without a significant curtailment of operations, and not to demand for repayment of any amounts due to Rong De until the Group is in the position to repay without impairing its financial position.

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 12 months from the reporting date, prepared by the Group's management. The Directors were of the opinion that, taking into account the Plans and Measures, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 31 December 2023. Accordingly, the Directors were satisfied that it was appropriate to prepare the 2023 Accounts on a going concern basis.

On the other hand, in the view of the Company's auditor, there existed the following material uncertainties which cast significant doubt on the Group's ability to continue as a going concern:

(i) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings;

(ii) the successful and timely agreement with the lenders on the extension of the repayment dates for existing borrowings subject to the Group's financial and liquidity position, and to obtain additional credit facilities from existing and other lenders as and when needed;

(iii) the successful and timely collection of receivables of urban redevelopment projects in accordance with the schedules; and

(iv) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties held for sale, collection of outstanding sales proceeds and receivables, and to control costs and capital expenditure in order to improve the Group's working capital.

The Audit Committee has discussed the audit opinion modification with the Group's management and the Directors, and agreed with their position and basis (including the matters involving their substantial judgements). In particular, on the basis that (i) the Group has been and is still actively communicating with the relevant lenders on its business plan, operations and financial position, and discussing with the lenders of certain of its bank and other borrowings on the refinancing of the existing borrowings; (ii) up to the date of approval of the 2023 Accounts, the Group has not received any demand for immediate repayment of its borrowings; (iii) during the period from 31 December 2023 to the date of approval of the 2023 Accounts, the Group has received sales proceeds from the sales of its properties in accordance with the signed sales contracts; and (iv) up to the date of approval of the 2023 Accounts, neither the Company nor any of its operating subsidiaries was the subject of any winding-up proceedings, the Audit Committee agreed with the position of the Group's management and the Directors in preparing the 2023 Accounts on a going concern basis.

The Group will continue to implement the Plans and Measures diligently to mitigate its liquidity pressure and to improve its cash flows in 2024.

Even had there been no aforementioned multiple uncertainties relating to going concern which precluded the Company's auditor from expressing an opinion on the 2023 Accounts, the opinion of the Company's auditor would have been qualified for the qualification on investment in an associate as below.

Qualification on investment in an associate

(a) Details of the audit opinion modification

Included in the 2023 Accounts is the Group's investment in an associate, Silver Grant ("Associate"), with a carrying amount of approximately HK$723 million as at 31 December 2023, and the Group's share of loss of an associate of approximately HK$280 million, reversal of impairment loss on investment in an associate of approximately HK$129 million and share of an associate's other comprehensive income of approximately HK$13 million for FY2023. The Associate has been accounted for by the Group using the equity method of accounting.

As explained in note 18 to the 2023 Accounts, the auditor of the Associate did not express an opinion on the consolidated financial statements of the Associate for FY2023 due to multiple uncertainties relating to going concern and the auditor of the Associate included an audit qualification on the loan receivables and loan interest receivables of the Associate with a carrying amount of approximately HK$1,552 million and HK$349 million, respectively, as at 31 December 2023 in the auditor's report in respect of the consolidated financial statements of the Associate for FY2023. There is no reliable and appropriate consolidated financial information of the Associate available to the management of the Group for the purpose of equity accounting and impairment assessment of the Group's investment in the Associate.

Because (i) there were no other satisfactory procedures that the Company's auditor could perform regarding the consolidated financial information of the Associate for FY2023; and (ii) the Directors were unable to provide the Company's auditor with adequate information in support of the impairment assessment of the Associate for FY2023, the Company's auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself as to (1) whether the Group's share of loss and reversal of impairment loss relating to the Group's investment in an associate recognised in profit or loss for FY2023 was properly recorded; (2) the Group's share of other comprehensive income of an associate recognised in other comprehensive income for FY2023 was properly recorded; and (3) the carrying amount of the Group's investment in an associate as at 31 December 2023 was properly stated.

Any adjustments to the figures as described above might have consequential effects on the financial position of the Group as at 31 December 2023 and the financial performance of the Group for FY2023, and the related disclosures thereof in the 2023 Accounts.

(b) Position and basis of the Group's management on the audit opinion modification

According to paragraph 33 of Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures*, the most recent available financial statements of the associates are used by an entity in applying the equity method for its associates with the same reporting period end. The Group's investments in associates are stated in its consolidated statement of financial position at its share of the net assets of its associates under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of its associates is included in its consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of its associates, the Group recognises its share of any such change, when applicable, in its consolidated statement of changes in equity. Accordingly, the most recent available financial statements of the Associate for FY2023 as provided by the Associate have been used by the Group for accounting for its investment in the Associate using equity accounting.

According to paragraph 9 of Hong Kong Accounting Standard 36 *Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. As disclosed in note 18 to the 2023 Accounts, the Group carried out an impairment assessment to determine whether the Group's interest in the Associate was impaired, which was arrived at with reference to the valuation conducted by an independent valuer on the recoverable amount of the Associate as at 31 December 2023, based on generally accepted valuation procedures and practices.

As the auditor of the Associate did not express an opinion on the consolidated financial statements of the Associate for FY2023 due to multiple uncertainties relating to going concern and there is an audit qualification on the loan receivables and loan interest receivables of the Associate as at 31 December 2023 in the auditor's report of the Associate, the Company's auditor could not ascertain the potential impact of the audit qualification on the consolidated financial information of the Associate for FY2023 for the purpose of equity accounting and on the recoverable amount of the loan receivables and loan interest receivables of the Associate as at 31 December 2023 for the purpose of impairment assessment of the Associate which required, inter alia, the determination of the recoverable amount of the loan receivables and loan interest receivables of the Associate as at 31 December 2023, on which there is an audit qualification. The Company's auditor was of the view that (i) there were no other satisfactory procedures that it could perform regarding the consolidated financial information of the Associate for FY2023; and (ii) the Directors were unable to provide it with adequate information in support of the impairment assessment of the Associate for FY2023. As such, the Company's auditor could not satisfy itself as to the equity accounting of the Associate for FY2023 and the impairment assessment on the Associate performed by the Company in the 2023 Accounts.

The Audit Committee has discussed the audit opinion modification with the Group's management and the Directors, and agreed with their position and basis (including the matters involving their substantial judgements). In particular, on the basis that (i) the most recent available financial statements of the Associate for FY2023 had been used by the Group's management in applying the equity method to account for the Group's interest in the Associate in the 2023 Accounts; and (ii) the Group's management had engaged an independent valuer to determine the recoverable amount of the Group's interest in the Associate as at 31 December 2023, the Audit Committee agreed with the position of the Group's management and the Directors in accounting for the Group's investment in the Associate in the 2023 Accounts using equity accounting and in performing impairment assessment based on a valuation of the Group's investment in the Associate conducted by an independent valuer.

The Company has requested the Associate to address and resolve its audit issues in relation to its consolidated financial statements for FY2023 as soon as practicable. In addition, the Company will continue to maintain close communication with the management of the Associate in order to stay informed of the progress made by the Associate in the resolution of its audit issues.

The reporting responsibilities of the external auditor on the consolidated financial statements are set out in the "Independent Auditor's Report" on pages 131 to 134 of this annual report.

SHAREHOLDERS' RIGHTS

(1) Dividend policy

The Company has adopted a dividend policy.

The Company does not have any pre-determined dividend pay-out ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Bye-laws, all applicable laws and regulations and the following factors:

1. financial results;
2. cash flow situation;
3. business conditions and earnings;
4. capital requirements and expenditure plans;
5. interests of Shareholders;
6. any restrictions on payment of dividends; and
7. any other factors that the Board may consider relevant.

The dividend policy of the Company will be reviewed by the Board as appropriate from time to time.

The Company treats all Shareholders equally and ensures that Shareholders' rights are protected and every convenience is provided to the Shareholders for them to exercise their rights in ways that they are entitled to. The memorandum of association of the Company ("Memorandum of Association") and the Bye-Laws set out the rights of the Shareholders.

(2) Rights and procedures for Shareholders to convene a special general meeting ("SGM")

Pursuant to Bye-Law No. 58 of the Bye-Laws, Shareholders holding not less than one-tenth of the paid-up capital of the Company and carrying the right of voting at general meetings may request the Company to convene a SGM by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition. The requisition must be signed by the requisitionists and deposited at the Company Secretary at the Company's Hong Kong office at Room 5702–5703, 57/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Before convening the SGM which must be in the form of a physical meeting only, the request will be verified with the Company's share registrar in Bermuda or the Hong Kong branch share registrar with their confirmation that the request is proper and in order.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists themselves may convene a physical meeting at only one location which will be the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to the Bye-Laws, the principal place of the meeting, in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (as amended).

(3) Rights and procedures for Shareholders to make proposals at general meetings

(i) Rights and procedures for proposing a person for election as a Director at a general meeting are as follows:

Pursuant to Bye-Law No. 88 of the Bye-Laws, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected, shall have been lodged at the Company's Hong Kong office at Room 5702–5703, 57/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong, or at the Hong Kong branch share registrar provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The procedures for Shareholders to propose a person for election as a Director is posted on the Company's website (www.zhuguang.com.hk).

(ii) Rights and procedures for proposing resolution to be put forward at a general meeting are as follows:

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981 (as amended), (i) shareholders holding not less than one-twentieth of the total voting rights; or (ii) not less than 100 shareholders, are entitled to request the company to give shareholders notice of a resolution which is intended to be moved at the next annual general meeting or special general meeting. If any Shareholders wish to propose a resolution to be put forward at a general meeting of the Company, a written notice to that effect signed by the requisitionists with contact information must be deposited at the Company's Hong Kong office at Room 5702–5703, 57/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong (addressed to the Company Secretary). The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such a proposal and any material interest of the proposing Shareholder in such a proposal. The request will be verified with the Company's share registrar in Bermuda or the Hong Kong branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at the AGM or the SGM varies according to the nature of the proposal, the details of which are as follows:

- At least 14 days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in SGM.

- At least 21 days' notice (the notice period must include 20 business days) in writing if the proposal constitutes an ordinary resolution of the Company in AGM or a special resolution of the Company in AGM or SGM.

In the event of failure in serving the notice to the Company by the requisitionist within reasonable time, the Company reserves the right to claim from the requisitionist any expenses incurred by the Company in serving the notice of the resolution and circulating the statement given by that requisitionist to all Shareholders in accordance with the requirements under the Listing Rules (unless the Company otherwise resolves).

The rights and procedures for proposing resolution to be put forward by Shareholders at a general meeting is posted on the Company's website (www.zhuguang.com.hk).

(4) Procedures to send enquiries to the Board

Any enquiry is welcome to be presented to the Board by the Shareholders and any proposal relating to the business, strategy and management of the Company is welcome to be presented at general meeting for review and discussion. Such enquiry or proposal can be submitted in writing with contact information and deposited at the Company's Hong Kong office at Room 5702–5703, 57/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong (addressed to the Company Secretary).

COMPANY SECRETARY

Pursuant to the requirements of Rule 3.29 of the Listing Rules, the Company Secretary, Mr. Choi Kwok Keung Sanvic confirmed that he had taken no less than 15 hours of relevant professional training during FY2023.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS

During FY2023, the Company has not made any changes to its Memorandum of Association or Bye-Laws. The consolidated memorandum of association of the Company and the amended and restated Bye-Laws are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.zhuguang.com.hk).

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with the Shareholders. Information in relation to the Company is disseminated to the Shareholders in a timely manner through a number of formal channels, which include the interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information are also made available on the website of the Company (www.zhuguang.com.hk).

The AGM provides a useful platform for the Shareholders to exchange views with the Board. The Chairman and the chairman of each committee of the Board are available at the AGM to answer questions from the Shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also available at the AGM to assist the Directors in addressing any relevant queries from the Shareholders. To ensure the Board is maintaining an ongoing dialogue with the Shareholders, the Shareholders are encouraged to attend the AGM or other general meetings of the Company. The AGM notice is sent to the Shareholders at least 21 clear days before the AGM. The notice is also published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.zhuguang.com.hk). Separate resolutions are proposed at the general meetings on each substantially separate issue. A Shareholder is permitted to appoint any number of proxies to attend and vote on his behalf. All resolutions put forward at shareholders' meetings of the Company will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and of the Company immediately after the relevant general meetings.

To ensure effective communication with the Shareholders, the Company highly values any opinion from the Shareholders. Comments and suggestions are welcome and can be addressed to the Company by mail to the Company's Hong Kong office at Room 5702–5703, 57/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The Company has reviewed the implementation and effectiveness of its shareholders' communication policy during FY2023. All members of the Board and the Company's external auditor, Ernst & Young, attended the 2023 AGM held on 16 June 2023 (being the only shareholders' meeting convened by the Company in FY2023) to answer questions from the Shareholders attending the meeting. In addition, information relating to the Company, including interim and annual reports, announcements, circulars and poll results of the 2023 AGM, as well as notice of the 2023 AGM have been published or sent to the Shareholders in accordance with the requirements under the Listing Rules and the Bye-Laws during FY2023. In view of the above, the Company considered its shareholders' communication policy to be effective.

Directors' Report

The Directors herein submit their report together with the consolidated financial statements of the Group for FY2023.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance, including an analysis on the Group's financial key performance indicators, an indication of the likely future developments in the Group's business, employment policy of the Group and important events of the Company occurring after the end of FY2023, can be found in the "Chairman's Statement" and the "Management Discussion and Analysis" set out on pages 4 to 22 of this annual report. These discussions form part of this "Directors' Report".

The financial risk management objectives and policies of the Group are shown in note 40 to the consolidated financial statements.

An analysis of the Group's performance during FY2023 using its key financial information is set out in the Five-Year Financial Summary on page 232 of this annual report.

The Group is committed to building a better environment by adopting an environmentally-friendly approach in its business operations. The Group is also committed to complying with all applicable environmental laws and regulations in conducting its business. The Group aims to reduce emissions and use of resources in its operations through the following measures:

- Enhance the efficiency of the resources used in the Group's business operations;
- Adopt the use of energy-efficient equipment across the Group's properties and offices;
- Encourage employees to minimise their daily use of resources, such as electricity;
- Encourage contractors and/or service providers to adopt environmentally-friendly practices in their design, services and products; and
- Undertake property development projects which are conducive to environmental protection and to obtain environmental certification on such projects.

During FY2023, the Group has continued to adopt measures beneficial to its energy saving and emission reduction, which included regular upgrades and maintenance of its air-conditioning systems and equipment, and the use of recycled papers.

Further information about the Company's environmental policies and performance can be found in the ESG Report on pages 23 to 78 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company was incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. The Group's subsidiaries were incorporated in the British Virgin Islands, Hong Kong and the PRC. The Group's operations are mainly carried out by the Group's subsidiaries in the PRC while the Group also has a corporate and administrative office in Hong Kong.

The Group's principal business activity is property development in the PRC which is a highly regulated industry. Property developers in the PRC must abide by various laws and regulations in the country, including rules stipulated by the national and local governments. To engage in property development, the Group must apply to the relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, land use rights certificates, qualification certificates for property developers, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any such certificate or permit, the Group must meet the relevant requirements. Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to the Group's operations and business, which include laws and regulations relating to:

- Establishment and qualification of real estate development, including the City Real Estate Management Regulation*《城市房地產管理法》, the PRC City Planning Regulation*《中華人民共和國城鄉規劃法》, the PRC Construction Regulation*《中華人民共和國建築法》and the City Real Estate Development Operation Management Rules*《城市房地產開發經營管理條例》; and

- Sale of commodity properties, including the City Commodity Properties Pre-Sale Management Regulation*《城市商品房預售管理辦法》.

If there is any non-compliance with the above rules and regulations, it will affect the Group's operations, development and financial performance. During FY2023, the Group complied with all the relevant laws and regulations in Bermuda, the British Virgin Islands, the PRC and Hong Kong that have a significant impact on the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, the summary of which is as follows:

Fierce industry competition

The fierce competition among property developers in China may lead to the increase in acquisition costs of land and construction costs in prime locations in China, oversupply of properties, decrease in price of the properties and slower approval and review of new property development projects by the relevant government authorities as well as the increase in the costs of human resources, all of which have an adverse impact on the business operations and profit of the Group.

Fluctuation of exchange rates

As the focus of the Group's operations is in China, most revenue and expenses of the Group are denominated in RMB. The exchange rates of the RMB against the US$ and other foreign currencies may fluctuate and may be affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Fluctuations in the exchange rates will affect the results of operations of the Group. As the 2022 Senior Notes (as defined in the paragraph headed "2022 SENIOR NOTES" below in this directors' report) are denominated in US$, the depreciation of RMB, if any, will further increase the finance costs of the Group.

** English name is translated for identification purpose only*

Fluctuation of interest rates

Interest-bearing debts are one of the primary financing sources for the Group to fund its operations. Part of the Group's loans are RMB-denominated and obtained from banks in the PRC, and carry floating interest rates. Thus, any adjustments in the interest rates made by the People's Bank of China will affect the finance costs of the Group.

External contractors and suppliers

In the event that the performance of the external contractors and suppliers entrusted by the Group falls short of the standards of the Group, or they encounter financial, operational or managerial difficulties, there may be disruption to the construction progress of the Group's property developments, and the Group may need to incur additional costs and may be potentially liable for compensation payable to the customers for delay in completion of property development and delivery of the properties.

Government policies and regulations

The real estate market in the PRC is highly subject to government policies and regulations. In order to curb the rapid rise in housing price and control speculative demand, the PRC government has imposed a series of strict restrictions, including house purchase restrictions (限購), tighter down-payment requirements (限貸), and limiting the selling price of properties (限價). Further, a series of regulations and policies have been issued by the PRC government to generally control the growth of the property market, including those relating to idle land, house loans to buyers, financing to property developers, etc.. It is uncertain whether the PRC government will relax or enhance the existing restrictive measures, or will introduce new restrictive measures in the future. The existing and any future restrictive measures may limit the Group's access to capital, reduce market demand for its products and increase the finance costs.

SEGMENT INFORMATION

An analysis of the performance of the Group by reportable segments is set out in note 4 to the consolidated financial statements.

DIVIDENDS

The Directors do not recommend the payment of any dividend for FY2023 (FY2022: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 232.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2023 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 135 and 136, respectively.

RESERVES

Movements in reserves of the Group during FY2023 are set out in the consolidated statement of changes in equity on page 139.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2023, the Company's reserves available for distribution, computed in accordance with the Companies Act 1981 of Bermuda (as amended) were nil (31 December 2022: Nil). In addition, the Company's share premium account in the amount of approximately HK$5,626,160,000 (31 December 2022: HK$5,626,160,000) may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During FY2023, the Group made charitable contributions totalling approximately HK$233,000 (FY2022: HK$1,812,000).

PROPERTY AND EQUIPMENT

Movements in property and equipment of the Group during FY2023 are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Movements in investment properties of the Group during FY2023 are set out in note 14 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is in force as at the date of this annual report and was in force throughout FY2023.

INVENTORIES

As at 31 December 2023, inventories consisted of properties under development and completed properties held for sale. Details of inventories of the Group during FY2023 are set out in notes 19 and 20 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2023 are set out in note 30 to the consolidated financial statements.

BORROWINGS

Particulars of the bank loans and other borrowings of the Group as at 31 December 2023 are set out in note 27 to the consolidated financial statements.

INTEREST CAPITALISED

Interest capitalised by the Group during FY2023 amounted to approximately HK$278,973,000 (FY2022: HK$362,784,000), details of which are set out in note 6 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEME

The Group contributes to defined contribution retirement schemes which are available to all its employees. With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme 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 of the scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their 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 schemes. During FY2023, total contribution of approximately HK$22,385,000 (FY2022: HK$22,322,000) was made by the Group in respect of the above-mentioned schemes, which are both defined contribution schemes. No forfeited contribution under these schemes is available to reduce the contribution payable in future years.

2022 SENIOR NOTES

The conditional note purchase agreement ("2022 Note Purchase Agreement") dated 22 September 2022 was entered into among (a) the Company as the issuer; (b) Rong De as the controlling Shareholder (within the meaning of the Listing Rules), which is owned as to 34.06% by Mr. Chu Hing Tsung, as to 36.00% by Mr. Liao Tengjia and as to 29.94% by Mr. Chu Muk Chi; (c) Mr. Chu Hing Tsung, Mr. Liao Tengjia and Mr. Chu Muk Chi (collectively as the "Existing Ultimate Shareholders") as personal guarantors; and (d) Blooming Rose Enterprises Corp. ("Blooming Rose"), Heroic Day Limited ("Heroic Day"), China Cinda (HK) Asset Management Co., Limited ("Cinda") and Quan Xing Holdings Limited (荃興控股有限公司) ("Quan Xing", together with Blooming Rose, Heroic Day and Cinda, collectively as "Investors") as investors, pursuant to which the Company shall conditionally issue to the Investors the 36-month 12% per annum senior secured guaranteed notes in the aggregate principal amount of US$210,000,000 (equivalent to approximately HK$1,638,000,000) ("2022 Senior Notes"), further details of which are set out in the announcement of the Company dated 22 September 2022.

Pursuant to the 2022 Note Purchase Agreement, on 22 September 2022, (a) Rong De entered into (i) a charge ("2022 Share Charge") over 3,000,000,000 Shares that it held in the Company; and (ii) a corporate guarantee ("Corporate Guarantee"), in favour of The Bank of New York Mellon, Hong Kong Branch ("BNY HK"); and (b) each of the Existing Ultimate Shareholders entered into a personal guarantee (collectively, the "Personal Guarantees", together with the Corporate Guarantee, the "2022 Guarantees") in favour of BNY HK. The 2022 Share Charge, which subsisted during FY2023 (with effect from 22 September 2022) and as at the date of this annual report, is discloseable pursuant to Rule 13.17 of the Listing Rules. The 2022 Guarantees also subsisted during FY2023 (with effect from 22 September 2022) and as at the date of this annual report.

The conditions of the 2022 Senior Notes, which subsisted during FY2023 (with effect from 22 September 2022) and as at the date of this annual report, also contain certain conditions imposing specific performance obligations on Rong De (the controlling Shareholder (within the meaning of the Listing Rules)) and the Existing Ultimate Shareholders, which are required to be disclosed pursuant to Rule 13.18 of the Listing Rules.

It is an event of default under the conditions of the 2022 Senior Notes, if amongst others:

(i) Rong De ceases to beneficially own not less than 3,670,000,000 Shares (and if there is a sub-division, consolidation or reclassification of those Shares, such number of Shares resulting from it);

(ii) Rong De ceases to (a) control the Company; or (b) beneficially own at least 51% of the entire issued share capital of the Company on a fully-diluted basis;

(iii) the persons who are or become shareholders of Rong De and who have agreed to be bound by the 2022 Note Purchase Agreement as a warrantor ("Ultimate Shareholders") cease to (a) control the Company; or (b) beneficially own at least 51% of the entire issued share capital of the Company on a fully-diluted basis;

(iv) the Ultimate Shareholders cease to (a) control Rong De; or (b) legally and beneficially own in aggregate at least 76.03% of the entire issued share capital of Rong De on a fully-diluted basis; and

(v) any of the Existing Ultimate Shareholders ceases to be a Director, except that Mr. Liao Tengjia may resign from the Board if he ceases to beneficially own any share in Rong De.

Upon the occurrence of an event of default, the 2022 Senior Notes shall become immediately due and repayable in accordance with the conditions of the 2022 Senior Notes.

The 2022 Senior Notes constitute direct, unconditional, secured, guaranteed, unsubordinated and general obligations of the Company and rank equally and without any preference amongst themselves, and the payment obligations of the Company under the 2022 Senior Notes shall (subject to any obligations preferred by mandatory provision of applicable laws and regulations) rank at least pari passu with all other present and future direct, unconditional, unsecured, unsubordinated and general obligations issued, created or assumed by the Company.

On 22 September 2022, the Company issued the 2022 Senior Notes in the aggregate principal amount of US$210,000,000 (equivalent to approximately HK$1,638,000,000) due on 21 September 2025 to the Investors. As at 31 December 2023, US$207,900,000 (equivalent to approximately HK$1,621,620,000) of the 2022 Senior Notes remained outstanding.

The Board considered that the issue of the 2022 Senior Notes represented an opportunity to raise funds for the Company to repay the 2019 Indebtedness (as defined below).

As intended, the Company has used the entire amount of the proceeds received from the issue of the 2022 Senior Notes to repay all the outstanding principal amount of the 2019 Senior Notes (as defined below) (to the extent such outstanding principal amount of the 2019 Senior Notes has not been set-off or otherwise settled as contemplated under the 2022 Note Purchase Agreement) payable to the 2019 Creditors (as defined below) in relation to the 2019 Indebtedness.

For the purpose of this paragraph headed "2022 SENIOR NOTES" above and the paragraph headed "REDEMPTION OF 2019 SENIOR NOTES AND EXPIRY OF 2019 WARRANTS" below, the defined terms used therein shall have the following meanings:

"2019 Creditors"	means all creditors who are entitled to any payment under the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants, including the 2019 Noteholders;
"2019 Indebtedness"	means all outstanding indebtedness incurred by the 2019 Obligors under the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants (including the 2019 Note Indebtedness but excluding the 2019 Warrants Indebtedness) as at 22 September 2022;
"2019 Note Indebtedness"	means all outstanding indebtedness incurred by the 2019 Obligors under the 2019 Senior Notes as at 22 September 2022;
"2019 Noteholders"	means all registered holders of the outstanding 2019 Senior Notes as at 22 September 2022;
"2019 Obligors"	means the parties to the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants, other than the 2019 Noteholders, BNY HK, as the security agent and ABCI Securities Company Limited as the safekeeping agent;
"2019 Senior Notes"	means the senior secured guaranteed notes in the aggregate principal amount of US$410,000,000 due 2022 issued by the Company as constituted by the note certificates and the terms and conditions in relation thereto (as amended and supplemented from time to time), further details of which are set out in the announcements of the Company dated 22 September 2019 and 21 November 2019, and the circular of the Company dated 5 November 2019;
"2019 Warrant Instrument"	means the warrant instrument dated 27 November 2019 executed by way of a deed poll by the Company in relation to the 2019 Warrants;
"2019 Warrants"	means the warrants with an aggregate amount of exercise moneys of US$61,500,000 of the Company which entitle holders thereof to subscribe for the Shares at the initial strike price of HK$1.6148 (as adjusted from time to time in accordance with the 2019 Warrant Instrument) with the final adjusted strike price being HK$1.54, as constituted by the 2019 Warrant Instrument and warrant certificates issued to all registered holders of the outstanding 2019 Warrants as at 26 November 2022, further details of which are set out in the announcements of the Company dated 22 September 2019, 21 November 2019 and 27 August 2021 and the circular of the Company dated 5 November 2019; and
"2019 Warrants Indebtedness"	means all amounts payable to all registered holders of the outstanding 2019 Warrants as at 26 November 2022 under the 2019 Warrant Instrument as at 26 November 2022.

CCBIS MARGIN LOAN

On 25 October 2018, Splendid Reach Limited ("Splendid"), a wholly-owned subsidiary of the Company, as borrower, and CCB International Securities Limited (建銀國際證券有限公司) ("CCBIS"), as lender, entered into a margin loan confirmation ("CCBIS Margin Loan Confirmation") (as amended and supplemented by an amendment and restatement deed dated 24 April 2019 entered into between Splendid and CCBIS, a second amendment and restatement deed dated 1 November 2019 entered into between Splendid and CCBIS, a third amendment and restatement deed dated 30 October 2020 entered into between Splendid and CCBIS, a fourth amendment and restatement deed dated 29 October 2021 entered into between Splendid and CCBIS, a fifth amendment and restatement deed dated 28 October 2022 entered into between Splendid and CCBIS and a sixth amendment and restatement deed dated 18 December 2023 entered into between Splendid and CCBIS), under which CCBIS agreed to make available to Splendid a margin loan ("CCBIS Margin Loan") over the term ("Term") commencing from (and including) the first drawdown date of the CCBIS Margin Loan ("First Drawdown Date") and maturing on 15 December 2024 (provided that if such date does not fall on a business day, then the next business day) ("Maturity Date"), in the principal amount of up to HK$750,000,000 (for the first five business days of the Term), HK$550,000,000 (from and including the sixth (6th) business day of the Term to 29 April 2019), HK$510,000,000 (from and including 30 April 2019 to 30 May 2019), HK$490,000,000 (from and including 31 May 2019 to 30 July 2019), HK$450,000,000 (from and including 31 July 2019 to 30 October 2019), HK$430,000,000 (from and including 31 October 2019 to 30 January 2020), HK$400,000,000 (from and including 31 January 2020 to 29 April 2020), HK$360,000,000 (from and including 30 April 2020 to 29 October 2020), HK$330,000,000 (from and including 30 October 2020 to 29 April 2021), HK$290,000,000 (from and including 30 April 2021 to 29 January 2022), HK$270,000,000 (from and including 30 January 2022 to 29 April 2022), HK$250,000,000 (from and including 30 April 2022 to 29 October 2022), HK$235,000,000 (from and including 30 October 2022 to 29 January 2023), HK$220,000,000 (from and including 30 January 2023 to 29 April 2023) and HK$200,000,000 (from and including 30 April 2023 to 29 October 2023) and HK$185,000,000 (from and including 30 October 2023 to 15 December 2023) and HK$37,000,000 (from and including 16 December 2023 to 15 June 2024) and HK$30,000,000 (from and including 16 June 2024 to the Maturity Date). The interest of the CCBIS Margin Loan which is payable quarterly, shall accrue (i) from and including the First Drawdown Date to 31 March 2019 at a simple interest rate of 7.75% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; (ii) from and including 1 April 2019 to 30 October 2019 at a simple interest rate of 9% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; (iii) from and including 31 October 2019 up to and including 30 October 2020 at a simple interest rate of 10% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; (iv) from and including 31 October 2020 up to and including 30 October 2021 at a simple interest rate of 3-month HIBOR + 9% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; (v) from and including 31 October 2021 up to and including 30 October 2022 at a simple interest rate of 3-month HIBOR + 8.5% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; (vi) from and including 31 October 2022 up to and including 15 December 2023 at a simple interest rate of 10% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan; and (vii) from and including 16 December 2023 up to and including the date of full principal repayment at a simple interest rate of 3-month HIBOR + 3.5% per annum on the relevant outstanding principal amount of the CCBIS Margin Loan. Further details of the CCBIS Margin Loan are set out in the announcements of the Company dated 25 October 2018, 1 November 2019, 30 October 2020, 29 October 2021, 28 October 2022 and 18 December 2023. As at 31 December 2023, the amount of approximately HK$36,000,000 was outstanding under the CCBIS Margin Loan.

Pursuant to the CCBIS Margin Loan Confirmation, (a) Rong De (the controlling Shareholder (within the meaning of the Listing Rules), which is beneficially owned as to 36.00% by Mr. Liao Tengjia, 34.06% by Mr. Chu Hing Tsung and 29.94% by Mr. Chu Muk Chi, each being an executive Director) was required to enter into a charge dated 25 October 2018 ("SL Rong De Charge"), in favour of CCBIS, over a margin securities trading account opened by Rong De with CCBIS ("SL Rong De Account"), into which Rong De shall deposit, among other assets, no less than 100,000,000 Shares held by Rong De before the First Drawdown Date ("SL Rong De Charged Shares First Batch") and no less than 150,000,000 Shares held by Rong De on or before the 60th day of the Term ("SL Rong De Charged Shares Second Batch", together with the SL Rong De Charged Shares First Batch, collectively as the "Aggregate SL Rong De Charged Shares"); and (b) the Company, Mr. Chu Hing Tsung, Mr. Liao Tengjia and Mr. Chu Muk Chi were required to enter into a continuing guarantee dated 25 October 2018 ("CCBIS Continuing Guarantee"), in favour of CCBIS, to guarantee the settlement of all liabilities and obligations of Splendid under the CCBIS Margin Loan. The SL Rong De Charge, which subsisted during FY2023 and as at the date of this annual report, is disclosable pursuant to Rule 13.17 of the Listing Rules. As at 31 December 2023, out of the Shares deposited by Rong De into the SL Rong De Account, 436,204,000 Shares were in relation to the CCBIS Margin Loan. The CCBIS Continuing Guarantee subsisted during FY2023 and as at the date of this annual report.

The conditions of the CCBIS Margin Loan which subsisted during FY2023 and as at the date of this annual report, also contain certain specific performance obligations on Rong De (the controlling Shareholder (within the meaning of the Listing Rules)), which are required to be disclosed pursuant to Rule 13.18 of the Listing Rules.

Under the CCBIS Margin Loan Confirmation, Splendid shall procure Rong De to:

(i) deposit the SL Rong De Charged Shares First Batch into the SL Rong De Account prior to the First Drawdown Date;

(ii) deliver the SL Rong De Charge prior to the First Drawdown Date;

(iii) deposit the SL Rong De Charged Shares Second Batch into the SL Rong De Account on or before the 60th day of the Term;

(iv) maintain its deposit of the Aggregate SL Rong De Charged Shares in the SL Rong De Account, and shall procure Rong De not to charge, mortgage, pledge, or otherwise permit any encumbrance to be created over the Aggregate SL Rong De Charged Shares (other than the encumbrance created pursuant to the SL Rong De Charge or otherwise agreed by CCBIS);

(v) not to apply for registration as a non-Hong Kong company pursuant to Part 16 of the Companies Ordinance without having obtained the prior written consent of CCBIS;

(vi) in the event that Rong De has obtained the prior written consent to apply for registration as a non-Hong Kong Company as set out in (v) above, Rong De shall procure that the prescribed particular of the SL Rong De Account together with the SL Rong De Charge be delivered to the Companies Registry of Hong Kong for the registration of the SL Rong De Charge and promptly deliver the certificate of such registration of the SL Rong De Charge to CCBIS;

(vii) promptly after execution of the SL Rong De Charge, instruct its registered agent to enter particulars as required by the BVI Business Companies Act 2004 of the British Virgin Islands ("BVI Act"), as amended, of the security created pursuant to the SL Rong De Charge in Rong De's register of charges ("Rong De Register of Charges");

(viii) enter particulars as required by the BVI Act of the security created pursuant to the SL Rong De Charge in the Rong De Register of Charges and, immediately after entry of such particulars have been made, provide CCBIS with a certified true copy of the updated Rong De Register of Charges;

(ix) effect registration, or assist CCBIS in effecting registration, of the SL Rong De Charge with the Registrar of Corporate Affairs pursuant to the BVI Act; and

(x) immediately on receipt, deliver or procure to be delivered to CCBIS, the certificate of registration of charge issued by the Registrar of Corporate Affairs evidencing that the requirements of Part VIII of the BVI Act as to registration have been complied with and the filed stamped copy of the application containing the relevant particulars of charge.

A breach of any of the above acts by Rong De shall constitute an event of default, which shall cause the CCBIS Margin Loan to become immediately due and repayable in accordance with the conditions of the CCBIS Margin Loan.

MAJOR CUSTOMERS AND SUPPLIERS

For FY2023, the Group's revenue attributable to the Group's largest and five largest customers was approximately 62% and 70%, respectively. For FY2023, purchases from the Group's largest and five largest suppliers accounted for approximately 49% and 65% of the total purchases of the Group, respectively.

Save as disclosed in note 37 to the consolidated financial statements, none of the Directors and their close associates or any Shareholder (who, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had interest in the above customers and suppliers at any time during FY2023.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employees are one of the significant assets of the Group. The Group aims to continue establishing a caring environment for its employees and emphasises the personal development of its employees. The Group organises various social and recreational activities, including annual dinner and birthday parties, to strengthen the bonding among its employees and promote their sense of belonging. During FY2023, there was no material non-compliance with relevant laws and regulations that had a significant impact on the Group relating to the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare with respect to its employees.

The Group understands that it is important to maintain good relationships with its customers and provide its products in a way that satisfies the needs and requirements of its customers. The Group enhances its customer relationships by continuous interaction with its customers to gain an insight on the changing market demand so that the Group can respond proactively. The Group has also established procedures for handling customers' complaints to ensure complaints from customers are dealt with in a prompt and timely manner. Because of its business nature, the Group does not rely on any major customers and no credit terms are granted to them.

The Group is also dedicated to developing good relationships with its suppliers and contractors as long-term business partners to ensure stability of its business. The Group reinforces business partnerships with its suppliers and contractors by ongoing communication with them in a proactive and effective manner so as to ensure the quality and timely delivery of their products and services.

DIRECTORS

During FY2023 and as at the date of this annual report, the Board comprised six executive Directors, namely Mr. Chu Hing Tsung, who was also the Chairman, Mr. Liu Jie, who was also the Chief Executive Officer, Mr. Liao Tengjia, who was also a Deputy Chairman, Mr. Huang Jiajue, who was also a Deputy Chairman, Mr. Chu Muk Chi and Ms. Ye Lixia, and three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke.

Mr. Chu Hing Tsung, Mr. Huang Jiajue and Mr. Wong Chi Keung will retire from office by rotation at the forthcoming annual general meeting in accordance with Bye-Law No. 87 of the Bye-Laws and, being eligible, will offer themselves for re-election.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there were changes in the information required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules in the course of the Directors' term of office.

Mr. Wong Chi Keung, an independent non-executive Director, ceased to be an independent non-executive director of Golden Eagle Retail Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 3308, which was subsequently withdrawn from listing from 4:00 p.m. on 9 October 2023) with effect from 28 November 2023.

Dr. Feng Ke, an independent non-executive Director, ceased to be an independent director of China Green Electricity Investment of Tianjin Co., Ltd.* (天津中綠電投資股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000537, which was previously known as Tianjin Guangyu Development Co., Ltd.* (天津廣宇發展股份有限公司)) with effect from 28 December 2023. He has been appointed as an independent director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000987) with effect from 14 September 2023.

Save as the aforesaid, the Company has not been advised by the Directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to the Shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or subsisted during FY2023.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a letter of appointment with no fixed term of service with the Company. Such letter of appointment can be terminated by either party giving three months' written notice.

None of the Directors who are being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and those of the five highest paid individuals of the Group for FY2023 are set out in notes 8 and 9 to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(a) As at 31 December 2023, the interests and short positions of each Director and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (ii) were required, pursuant to the Code, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director/ chief executive of the Company	**Nature of interest**	**Number of Shares**	**Approximate percentage of total issued share capital of the Company** (Note 2)
Chu Hing Tsung (alias Zhu Qing Yi)	Interest of a controlled corporation (Note 1)	4,343,213,289	60.11%
Liao Tengjia	Interest of a controlled corporation (Note 1)	4,343,213,289	60.11%
Liu Jie	Beneficial owner	1,144,000	0.02%
Ye Lixia	Beneficial owner	810,000	0.01%

Notes:

1. 4,343,213,289 Shares were held by Rong De, which was owned as to 34.06% by Mr. Chu Hing Tsung, as to 36.00% by Mr. Liao Tengjia and as to 29.94% by Mr. Chu Muk Chi. Mr. Chu Hing Tsung and Mr. Liao Tengjia were deemed to be interested in the Shares held by Rong De under the SFO. To the best knowledge of the Directors, out of the aforesaid 4,343,213,289 Shares, 436,240,000 Shares and 3,000,000,000 Shares have been pledged by Rong De to CCBIS and BNY HK respectively. Mr. Liao Tengjia is a director of Rong De.

2. The total number of the issued Shares as at 31 December 2023 (i.e. 7,225,632,753 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

Interest in shares of the Company's associated corporations

Name of Director/ chief executive of the Company	Name of associated corporation	Capacity	Total number of ordinary shares	Approximate percentage of interest
Chu Hing Tsung (alias Zhu Qing Yi)	Rong De	Beneficial owner	68,120	34.06%
Chu Muk Chi (alias Zhu La Yi)	Rong De	Beneficial owner	59,888	29.94%
Liao Tengjia	Rong De	Beneficial owner	71,992	36.00%
Huang Jiajue	Silver Grant	Beneficial owner	11,928,000	0.52%

(b) Save as disclosed in this annual report, as at 31 December 2023, none of the Directors or the chief executive of the Company had any interest and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (ii) were required, pursuant to the Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

On 29 October 2018 and 30 November 2021, the Company issued perpetual capital securities ("Aggregated Perpetual Securities") in the aggregate principal of HK$800,000,000 and HK$250,000,000 at distribution rates of 6% and 8% per annum, respectively, to Rong De (the controlling shareholder of the Company), which is beneficially owned as to 36.00% by Mr. Liao Tengjia, 34.06% by Mr. Chu Hing Tsung and 29.94% by Mr. Chu Muk Chi, each being an executive Director. The Aggregated Perpetual Securities have no fixed redemption date and are redeemable at the option of the Company at any time and from time to time, whether in whole or in part, at any time after its issue. Pursuant to each of the Aggregated Perpetual Securities, while distribution is payable by the Company every six months, the Company may, at its sole discretion, elect to defer, in whole or in part, any distribution (including any arrears of distribution) to the next distribution payment date. The proceeds from the issue of the Aggregated Perpetual Securities were used for financing the corporate funding requirement of the Group. The Aggregated Perpetual Securities subsisted during FY2023.

Save as disclosed above and in the paragraph headed "CONTINUING CONNECTED TRANSACTIONS" in this directors' report below and in note 37(b) to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or any entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of FY2023 or at any time during FY2023.

No arrangements to which the Company or any of its subsidiaries or its holding company was a party and whose objects are, or one of whose objects is, to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted at the end of FY2023 or at any time during FY2023.

Save for the Aggregated Perpetual Securities disclosed above, no other contract of significance entered into between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries subsisted at the end of FY2023 or at any time during FY2023. No such contract of significance was entered into between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries during FY2023.

COMPETING INTERESTS

Pursuant to Rule 8.10 of the Listing Rules, during FY2023 and as at 31 December 2023, Mr. Liao Tengjia, being an executive Director, was interested as a consultant in companies that were engaged in the businesses of property development, investment and property rental in the PRC ("Competing Businesses"). As such, he was regarded as being interested in such Competing Businesses, which competed or might compete with the Group. However, as the above Director cannot control the Board, and a Director who has material interest in a subject matter to be resolved will abstain from voting in the Board meeting concerned, the interests of the above Director in the Competing Businesses will not prejudice his capacity as Director nor compromise the interests of the Group and the Shareholders.

Other than as disclosed above, none of the Directors or any of their respective associates of the Company was interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

SUBSTANTIAL SHAREHOLDER'S AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(a) As at 31 December 2023, so far as it is known to the Directors or the chief executive of the Company, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and were required to be kept under section 336 of the SFO:

Interests of substantial Shareholder

Name of Shareholder	**Capacity/ Nature of interest**	**Number of Shares**	**Approximate percentage of total issue share capital of the Company** (Note 9)
Rong De (Note 1)	Beneficial owner	4,343,213,289	60.11%

Interests of other persons

Name of Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of total issued share capital of the Company (Note 9)
CCBIS (Note 1)	Security interest	436,204,000	6.04%
Central Huijin Investment Limited ("Central Huijin") (Note 2)	Interest of controlled corporations	3,000,000,000	41.52%
Agricultural Bank of China Limited ("ABCL") (Note 2)	Security interest	3,000,000,000	41.52%
Ministry of Finance of the People's Republic of China ("MOF") (Note 3)	Security interest	3,000,000,000	41.52%
The Bank of New York Mellon Corporation ("BNY") (Note 4)	Interest of a controlled corporation	3,002,499,019	41.55%
China Orient Asset Management Co., Ltd. ("COAM") (Note 5)	Interest of controlled corporations	3,000,000,000	41.52%
Cheung Fong Wing (Note 6)	Interest of a controlled corporation	3,418,500,000	47.31%
Quan Xing (Note 6)	Beneficial owner	418,500,000	5.79%
	Security interest	3,000,000,000	41.52%
中國華融資產管理股份有限公司 ("CHAMCL") (Note 7)	Interest of controlled corporations	92,336,000	1.28%
	Security interest	1,586,000,000	21.95%
China Cinda Asset Management Co., Ltd. ("CCAM") (Note 8)	Interest of controlled corporations	3,000,000,000	41.52%

Notes:

1. The Shares comprised the 4,343,213,289 Shares beneficially owned by Rong De as stated under "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures – Long position in the Shares". To the best knowledge of the Directors, out of the aforesaid 4,343,213,289 Shares, 436,204,000 Shares and 3,000,000,000 Shares have been pledged by Rong De to CCBIS and BNY HK respectively. Mr. Liao Tengjia is a director of Rong De.

2. According to the disclosure of interest notice filed by Central Huijin on 29 November 2022, Heroic Day held direct interest in 3,000,000,000 Shares. Heroic Day is a wholly-owned subsidiary of ABCI Investment Management Limited ("ABCIIM"). ABCIIM is a wholly-owned subsidiary of ABC International Holdings Limited ("ABCIH"). ABCIH is a wholly-owned subsidiary of ABCL. ABCL is in turn owned as to 40.03% by Central Huijin. Accordingly, ABCIIM, ABCIH, ABCL and Central Huijin are deemed to be interested in the Shares held by Heroic Day by virtue of the provisions of the SFO.

3. According to the disclosure of interest notice filed by MOF on 15 October 2019, Heroic Day held direct interest in 3,361,112,000 Shares and 50,718,355 underlying Shares. Heroic Day is a wholly-owned subsidiary of ABCIIM, which is in turn wholly-owned by ABCIH. ACBIH is a wholly-owned subsidiary of ABCL, which is owned as to 35.29% by MOF. Accordingly, ABCIIM, ABCIH, ABCL and MOF are deemed to be interested in the Shares and the underlying Shares held by Heroic Day by virtue of the provisions of the SFO. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Heroic Day ceased to hold (i) 361,112,000 Shares with effect from 22 September 2022 due to the Company's refinancing of the 2019 Senior Notes by way of the 2022 Senior Notes; and (ii) 50,718,355 underlying Shares with effect from 27 November 2022 as a result of the expiry of the 2019 Warrants.

4. According to the disclosure of interest notice filed by BNY on 30 September 2022, the Bank of New York Mellon held direct interest in 3,002,499,019 Shares and a lending pool of 2,419,019 Shares, and is wholly-owned by BNY. Accordingly, BNY is deemed to be interested in the Shares held by the Bank of New York Mellon by virtue of the provisions of the SFO.

5. According to the disclosure of interest notice filed by COAM on 28 November 2022, Blooming Rose held direct interest in 3,000,000,000 Shares, and is a wholly-owned subsidiary of China Orient Asset Management (International) Holding Limited ("COAM International"). COAM International is held as to 50% by Wise Leader Assets Ltd ("Wise Leader") and as to 50% by Dong Yin Development (Holdings) Limited ("Dong Yin"). Wise Leader is held as to 100% by Dong Yin and Dong Yin is a wholly-owned subsidiary of COAM. Accordingly, COAM International, Wise Leader, Dong Yin and COAM are deemed to be interested in the Shares held by Blooming Rose by virtue of the provisions of the SFO.

6. According to the disclosure of interest notice filed by Quan Xing on 28 November 2022, Quan Xing, which is wholly-owned by Mr. Cheung Fong Wing, held direct interest in 3,418,500,000 Shares. Accordingly, Mr. Cheung Fong Wing is deemed to be interested in the Shares held by Quan Xing by virtue of the provisions of the SFO.

7. According to the disclosure of interest notice filed by CHAMCL on 7 April 2021 ("CHAMCL Notice"), Beyond Steady Limited ("Beyond Steady"), a wholly-owned subsidiary of Linewear Assets Limited ("Linewear"), held direct interest in 92,336,000 Shares. Linewear is a wholly-owned subsidiary of Huarong International Financial Holdings Limited ("Huarong International"). Huarong International is held as to 21.01% by Camellia Pacific Investment Holding Limited ("Camellia Pacific") and as to 29.98% by Right Select International Limited ("Right Select"). Each of Camellia Pacific and Right Select is a wholly-owned subsidiary of China Huarong International Holdings Limited ("CHIH"). CHIH is held as to 15.16% by 華融致遠投資管理有限責任公司 (Huarong Zhiyuan Investment & Management Co., Ltd.*) ("HZY"), which is a wholly-owned subsidiary of CHAMCL, and 84.84% by CHAMCL. Accordingly, Linewear, Huarong International, Camellia Pacific, Right Select, CHIH, HZY and CHAMCL are deemed to be interested in the Shares held by Beyond Steady by virtue of the provisions of the SFO. According to the CHAMCL Notice, 中國華融資產管理股份有限公司(廣東省分公司) (China Huarong Asset Management Company Limited (Guangdong Branch)*) ("CHAMCLGDBR") held direct interest in 1,586,000,000 Shares and is a wholly-owned subsidiary of CHAMCL. Accordingly, CHAMCL is deemed to be interested in the Shares held by CHAMCLGDBR by virtue of the provisions of the SFO.

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8. According to the disclosure of interest notices filed by CCAM, China Cinda (HK) Holdings Company Limited ("CCHK") and Cinda on 27 September 2022, Cinda held direct interest in 3,000,000,000 Shares and 62,599,083 underlying Shares. Cinda is a wholly-owned subsidiary of CCHK, which is in turn wholly-owned by CCAM. Accordingly, CCHK and CCAM are deemed to be interested in the Shares and the underlying Shares held by Cinda by virtue of the provisions of the SFO. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Cinda ceased to hold the 62,599,083 underlying Shares with effect from 27 November 2022 as a result of the expiry of the 2019 Warrants.

9. The total number of issued Shares as at 31 December 2023 (i.e. 7,225,632,753 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

(b) Save as disclosed above, the Directors and the chief executive officer of the Company are not aware of any other persons (not being Directors or chief executive of the Company) as at 31 December 2023, who had an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and were required to be kept under section 336 of the SFO.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence. The Company considers all of the independent non-executive Directors to be independent.

CONTINUING CONNECTED TRANSACTIONS

On 23 January 2020, the Group entered into eight pre-delivery management agreements ("Pre-delivery Management Agreements") and eleven post-delivery management agreements ("Post-delivery Management Agreements", together with the Pre-delivery Management Agreements, collectively, the "Management Agreements") with 廣州珠光物業管理有限公司 (Guangzhou Zhuguang Property Management Company Limited*) ("2020 Management Company") for a term from 23 January 2020 to 31 December 2022 (both dates inclusive), pursuant to which the Management Company agreed to provide various pre-delivery management services (such as advising on project planning and design, sales assistance services and property delivery services) ("Pre-delivery Management Services") and post-delivery management services (such as repair, operation and management of common facilities and equipment, public utilities and ancillary buildings, greening and landscape maintenance and collecting fees from property owners and users) ("Post-delivery Management Services") in respect of eleven property projects in the PRC ("Projects") to the Group. For the Pre-delivery Management Services provided by the Management Company, the Group shall pay fees in cash and in arrears on a monthly basis, which consist of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Group and the Management Company, and 10% thereof. With respect to the Post-delivery Management Services provided by the Management Company, the Group shall pay fees in cash and in arrears on a monthly basis, comprising of (i) property management fees of the unsold units in the relevant Projects, ranging from RMB1.2 per sqm to RMB45 per sqm (subject to the property type) based on the GFA of the relevant unsold units and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved in writing by the parties to the relevant Post-delivery Management Agreements; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in the relevant Projects, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in the relevant Projects.

** English name is translated for identification purpose only*

On 23 January 2020, the Management Company entered into a pre-delivery property management service agreement ("AEC Pre-delivery Management Agreement") and a post-delivery property management service agreement ("AEC Post-delivery Management Agreement", together with AEC Pre-delivery Management Agreement, collectively, the "AEC Management Agreements") with 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*) ("Guangzhou Project Company"), (a then independent third party which has become a wholly-owned subsidiary of the Company with effect from the completion of the acquisition of the remaining 49% of the equity interest of the Guangzhou Project Company by the Group ("Second AEC Acquisition") on 24 March 2021 ("Second AEC Completion Date")) for a term from 23 January 2020 to 31 December 2022 (both dates inclusive), pursuant to which the Management Company agreed to provide to Guangzhou Project Company, the Pre-delivery Management Services and the Post-delivery Management Services in respect of Zhuguang Financial Town One, a property project held by the Guangzhou Project Company. Pursuant to the AEC Pre-delivery Management Agreement (together with the Pre-delivery Management Agreements, collectively, the "2020 Pre-delivery Management Agreements"), the Guangzhou Project Company shall pay management fees in cash and in arrears on a monthly basis, which consist of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Guangzhou Project Company and the Management Company, and 10% thereof. Pursuant to the AEC Post-delivery Management Agreement (together with the Post-delivery Management Agreements, collectively, the "2020 Post-delivery Management Agreements"), the Guangzhou Project Company shall pay management fees to the Management Company in cash and in arrears on a monthly basis, comprising of (i) property management fees of unsold units in Zhuguang Financial Town One, in the amounts of RMB5.8 per sqm (in respect of apartments) and RMB28 per sqm (in respect of offices), based on the GFA of the relevant unsold units and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved by the parties to the AEC Post-delivery Management Agreement; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in Zhuguang Financial Town One, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in Zhuguang Financial Town One.

As at the date of the 2020 Management Agreements, 90% of the equity interest of the Management Company was owned by Ms. Zhu Ziyu* (朱梓瑜) ("Ms. Zhu"). Given that Ms. Zhu is (i) a daughter of Mr. Chu Hing Tsung, an executive Director, the Chairman and a 34.06% shareholder of Rong De (a controlling Shareholder (within the meaning of the Listing Rules)); and (ii) a niece of Mr. Chu Muk Chi, an executive Director and a 29.94% shareholder of Rong De (a controlling Shareholder (within the meaning of the Listing Rules)), Ms. Zhu is an associate of Mr. Chu Hing Tsung and a deemed connected person of Mr. Chu Muk Chi, making the Management Company a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2020 Management Agreements ("CCTs") constituted continuing connected transactions of the Company under the Listing Rules with effect from the date of the 2020 Management Agreements.

In March 2020, the Group completed the acquisition of 51% of the equity interest of the Guangzhou Project Company through its acquisition of 100% of the issued share capital of All Flourish, upon which the Guangzhou Project Company was accounted for by the Group as a joint venture using the equity accounting method under the applicable accounting standards. On 24 March 2021, the Group completed the acquisition of the remaining 49% equity interest in the Guangzhou Project Company through the Second AEC Acquisition, upon which the Guangzhou Project Company became a wholly-owned subsidiary of the Company, making the transactions contemplated under the AEC Management Agreements ("AEC CCTs") continuing connected transactions of the Company under the Listing Rules with effect from the Second AEC Completion Date.

** English name is translated for identification purpose only*

As the AEC CCTs and the 2020 CCTs (collectively, the "Aggregated 2020 CCTs") are similar in nature and were entered into by the Group with the same connected person, the AEC Management Agreements and the 2020 Management Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The Aggregated 2020 CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details of the Aggregated 2020 CCTs are set out in the announcements of the Company dated 23 January 2020 and 25 March 2021.

On 30 December 2022, the Group and the Management Company entered into six new pre-delivery management agreements ("2022 Pre-delivery Management Agreements") and 12 new post-delivery management agreements ("2022 Post-delivery Management Agreements", together with the 2022 Pre-delivery Management Agreements, collectively the "2022 Management Agreements"), each for a term of three years commencing from 1 January 2023 to 31 December 2025, so as to renew six of the 2020 Pre-delivery Management Agreements and all of the 2020 Post-delivery Management Agreements which were due to expire on 31 December 2022. Pursuant to the 2022 Pre-delivery Management Agreements, the Management Company shall provide Pre-delivery Management Services in respect of six Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, consisting of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Group and the Management Company, and 10% thereof. Under the 2022 Post-delivery Management Agreements, the Management Company shall provide the Post-delivery Management Services to 12 Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, comprising of (i) property management fees of the unsold units in the relevant Projects, ranging from RMB1.6 per sqm to RMB55 per sqm (subject to the property type) based on the GFA of the relevant unsold units in the relevant Projects and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved in writing by the parties to the relevant 2022 Post-delivery Management Agreements; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in the relevant Projects, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in the relevant Projects.

As at the date of the 2022 Management Agreements, 90% of the equity interest of the Management Company was owned by Ms. Zhu, making the Management Company a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the 2022 Management Agreements ("Aggregated 2022 CCTs") constituted continuing connected transactions of the Company under the Listing Rules with effect from the date of the 2022 Management Agreements. The Aggregated 2022 CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. The 2022 Management Agreements subsisted as at the date of this annual report. Further details of the 2022 Management Agreements are set out in the Company's announcement dated 30 December 2022.

The aggregate amount of the fees paid/payable by the Group to the Management Company for the Pre-delivery Management Services and the Post-delivery Management Services in relation to the Aggregated 2022 CCTs for FY2023 amounted to approximately RMB16,383,000 (equivalent to approximately HK$18,189,000). The Aggregated 2022 CCTs subsisted as at the date of this annual report.

The Group has followed the pricing policies and guidelines for the Aggregated 2022 CCTs when determining the price and terms of the Aggregated 2022 CCTs conducted during FY2023.

The independent non-executive Directors have reviewed the Aggregated 2022 CCTs and confirmed that the Aggregated 2022 CCTs were entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young, the Company's auditor, was engaged to report on the Aggregated 2022 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued its unmodified letter containing the findings and conclusions in respect of the Aggregated 2022 CCTs disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. In the letter, Ernst & Young confirmed that, for FY2023, nothing has come to its attention that causes the Company's auditor to believe that:

(a) the Aggregated 2022 CCTs have not been approved by the Board;

(b) the Aggregated 2022 CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing the Aggregated 2022 CCTs; and

(c) with respect to the aggregate transaction amount of each of the Aggregated 2022 CCTs, the Aggregated 2022 CCTs have exceeded the relevant aggregated annual caps as set by the Company.

Save for the continuing connected transactions disclosed above, the execution of guarantees by certain Directors and the execution of share charges by Rong De as mentioned in the paragraphs headed "2022 SENIOR NOTES" and "CCBIS MARGIN LOAN" in this directors' report, none of the related party transactions as set out in note 37(b) to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules. The Company confirms that it complied with the disclosure requirements (if any) in accordance with Chapter 14A of the Listing Rules during FY2023.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-Laws or the laws in Bermuda.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

A management discussion and analysis of the Group's annual results is shown on pages 6 to 22.

CORPORATE GOVERNANCE REPORT

A corporate governance report of the Group is shown on pages 83 to 109

AUDIT COMMITTEE

During FY2023 and as at the date of this annual report, the Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Company's annual results for FY2023, and discussed with the management regarding audit, internal control and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors confirmed that the Company has maintained the amount of public float as required under the Listing Rules during FY2023 and up to the date of this annual report.

AUDITOR

Ernst & Young will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of Ernst & Young as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Chu Hing Tsung
Chairman

Hong Kong, 28 March 2024

EY 安永

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To the shareholders of Zhuguang Holdings Group Company Limited

(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Zhuguang Holdings Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 135 to 231, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for disclaimer of opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements. Except for the matters described in the *Basis for disclaimer of opinion* section and the *Additional matter – Qualification on investment in an associate* section of our report, in all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of approximately HK$936 million for the year ended 31 December 2023 and, as at 31 December 2023, the Group had net current liabilities of approximately HK$5,461 million. In addition, as at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings which are due to be repaid within 12 months from the end of the reporting period amounted to approximately HK$8,512 million, including (1) borrowings of approximately HK$783 million which have not been repaid according to the scheduled repayment dates before the end of the reporting period, and (2) borrowings of approximately HK$1,297 million with original maturity date of over one year from the reporting date which have been reclassified to current liabilities. Furthermore, subsequent to the end of the reporting period, additional borrowings of the Group with an aggregate principal amount of approximately HK$70 million have not been repaid according to the scheduled repayment dates. These conditions, along with other matters set forth in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

To the shareholders of Zhuguang Holdings Group Company Limited
(Incorporated in Bermuda with limited liability)

The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(a) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings;

(b) the successful and timely agreement with the lenders on the extension of the repayment dates for existing borrowings subject to the Group's financial and liquidity position, and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the successful and timely collection of receivables of urban redevelopment projects in accordance with the schedules; and

(d) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties held for sale, collection of outstanding sales proceeds and receivables, and to control costs and capital expenditure in order to improve the Group's working capital.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

ADDITIONAL MATTER – QUALIFICATION ON INVESTMENT IN AN ASSOCIATE

Included in the consolidated financial statements is the Group's investment in an associate, Silver Grant International Holdings Group Limited (the "Associate"), with a carrying amount of approximately HK$723 million as at 31 December 2023, and the Group's share of loss of an associate of approximately HK$280 million, reversal of impairment loss on investment in an associate of approximately HK$129 million and share of an associate's other comprehensive income of approximately HK$13 million for the year ended 31 December 2023. The Associate has been accounted for by the Group using the equity method of accounting.

As explained in note 18 to the consolidated financial statements, the auditors of the Associate did not express an opinion on the consolidated financial statements of the Associate for the year ended 31 December 2023 due to multiple uncertainties relating to going concern and the auditors of the Associate included an audit qualification on the loan receivables and loan interest receivables of the Associate with a carrying amount of approximately HK$1,552 million and HK$349 million, respectively, as at 31 December 2023 in their auditor's report in respect of the consolidated financial statements of the Associate for the year ended 31 December 2023. There is no reliable and appropriate consolidated financial information of the Associate available to the management of the Group for the purpose of equity accounting and impairment assessment of the Group's investment in the Associate.

To the shareholders of Zhuguang Holdings Group Company Limited
(Incorporated in Bermuda with limited liability)

Because (i) there were no other satisfactory procedures that we could perform regarding the consolidated financial information of the Associate for the year ended 31 December 2023; and (ii) the directors of the Company were unable to provide us with adequate information in support of the impairment assessment of the Associate for the year ended 31 December 2023, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) whether the Group's share of loss and reversal of impairment loss relating to the Group's investment in an associate recognised in profit or loss for the year ended 31 December 2023 was properly recorded; (ii) the Group's share of other comprehensive income of an associate recognised in other comprehensive income for the year ended 31 December 2023 was properly recorded; and (iii) the carrying amount of the Group's investment in an associate as at 31 December 2023 was properly stated.

Any adjustments to the figures as described above might have consequential effects on the financial position of the Group as at 31 December 2023 and the financial performance of the Group for the year ended 31 December 2023, and the related disclosures thereof in the consolidated financial statements.

Even had there been no multiple uncertainties relating to going concern as described in the *Basis for disclaimer of opinion* section of our report which precluded us from expressing an opinion on the consolidated financial statements, our opinion would have been qualified for the additional matter as described above.

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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

To the shareholders of Zhuguang Holdings Group Company Limited
(Incorporated in Bermuda with limited liability)

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act of 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters as described in the *Basis for disclaimer of opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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.

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

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	5	**2,050,576**	2,838,843
Cost of sales		**(602,154)**	(872,148)
Gross profit		**1,448,422**	1,966,695
Other income and gains, net	5	**150,197**	317,752
Selling and marketing expenses		**(48,459)**	(51,229)
Administrative expenses		**(365,290)**	(447,347)
Changes in fair value of financial assets at fair value through profit or loss		**–**	186,973
Fair value loss on investment properties, net	14	**(246,487)**	(184,464)
Impairment losses on financial assets, net		**(250,423)**	(35,528)
Other expenses, net		**(154,611)**	(1,242,784)
Finance costs, net	6	**(1,123,925)**	(1,270,106)
Share of loss of an associate		**(279,742)**	(192,107)
Share of profits of joint ventures, net		**3**	16
LOSS BEFORE TAX	7	**(870,315)**	(952,129)
Income tax expense	10	**(65,855)**	(69,630)
LOSS FOR THE YEAR		**(936,170)**	(1,021,759)
Attributable to:			
Owners of the parent		**(871,010)**	(997,194)
Non-controlling interests		**(65,160)**	(24,565)
		(936,170)	(1,021,759)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents per share)	12	**(13.00)**	(14.74)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
LOSS FOR THE YEAR	**(936,170)**	(1,021,759)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(120,166)**	(410,382)
Share of other comprehensive income/(loss) of an associate	**13,229**	(140,228)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(106,937)**	(550,610)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,043,107)**	(1,572,369)
Attributable to:		
Owners of the parent	**(976,856)**	(1,528,480)
Non-controlling interests	**(66,251)**	(43,889)
	(1,043,107)	(1,572,369)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property and equipment	13	**267,247**	289,286
Investment properties	14	**3,444,060**	3,770,968
Intangible assets	15	**5,747**	7,020
Investments in joint ventures	17	**10,942**	11,098
Investment in an associate	18	**723,496**	861,383
Trade receivables	21	**14,289,043**	4,188,597
Other receivables	22	**994,110**	–
Financial assets at fair value through profit or loss	23	**13,098**	13,288
Deferred tax assets	29	**11,177**	22,241
Total non-current assets		**19,758,920**	9,163,881
CURRENT ASSETS			
Properties under development	19	**8,626,053**	8,396,103
Completed properties held for sale	20	**4,385,638**	4,661,335
Trade receivables	21	**978,694**	10,429,190
Prepayments, other receivables and other assets	22	**1,611,227**	3,515,242
Prepaid income tax		**207,062**	180,325
Financial assets at fair value through profit or loss	23	**13,242**	13,434
Cash and bank balances	24	**301,264**	759,572
Total current assets		**16,123,180**	27,955,201
CURRENT LIABILITIES			
Contract liabilities	25	**3,526,417**	2,635,440
Trade and other payables	26	**6,020,752**	5,742,819
Interest-bearing bank and other borrowings	27	**8,512,210**	6,381,265
Income tax payables	28	**3,525,186**	3,467,128
Total current liabilities		**21,584,565**	18,226,652
NET CURRENT (LIABILITIES)/ASSETS		**(5,461,385)**	9,728,549
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,297,535**	18,892,430

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Other payables	26	**582,769**	406,731
Interest-bearing bank and other borrowings	27	**5,336,587**	8,938,044
Deferred tax liabilities	29	**2,069,768**	2,196,137
Total non-current liabilities		**7,989,124**	11,540,912
Net assets		**6,308,411**	7,351,518
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**722,564**	722,564
Reserves	31	**4,366,616**	5,411,472
		5,089,180	6,134,036
Perpetual capital securities	32	**1,187,753**	1,119,753
		6,276,933	7,253,789
Non-controlling interests		**31,478**	97,729
Total equity		**6,308,411**	7,351,518

Chu Hing Tsung
Director

Ye Lixia
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to equity holders of the parent											
	Share capital HK$'000 (note 30)	Share premium HK$'000 (note 31(i))	Merger reserve HK$'000 (note 31(ii))	Exchange fluctuation reserve HK$'000	Contributed surplus HK$'000 (note 31(iii))	Statutory reserve HK$'000 (note 31(iv))	Capital reserve HK$'000 (note 31(v))	Retained profits HK$'000	Perpetual capital securities HK$'000 (note 32)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	722,564	5,626,160	(101,922)	(1,052,778)	239,404	41,601	(25,738)	2,281,225	1,204,169	8,934,685	141,618	9,076,303
Loss for the year	–	–	–	–	–	–	–	(1,065,194)	68,000	(997,194)	(24,565)	(1,021,759)
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	–	–	–	(391,058)	–	–	–	–	–	(391,058)	(19,324)	(410,382)
Share of other comprehensive loss of an associate	–	–	–	(140,228)	–	–	–	–	–	(140,228)	–	(140,228)
Total comprehensive income/(loss) for the year	–	–	–	(531,286)	–	–	–	(1,065,194)	68,000	(1,528,480)	(43,889)	(1,572,369)
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	–	(152,416)	(152,416)	–	(152,416)
At 31 December 2022 and 1 January 2023	**722,564**	**5,626,160***	**(101,922)***	**(1,584,064)***	**239,404***	**41,601***	**(25,738)***	**1,216,031***	**1,119,753**	**7,253,789**	**97,729**	**7,351,518**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(939,010)**	**68,000**	**(871,010)**	**(65,160)**	**(936,170)**
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**(119,075)**	**-**	**-**	**-**	**-**	**-**	**(119,075)**	**(1,091)**	**(120,166)**
Share of other comprehensive income of an associate	**-**	**-**	**-**	**13,229**	**-**	**-**	**-**	**-**	**-**	**13,229**	**-**	**13,229**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(105,846)**	**-**	**-**	**-**	**(939,010)**	**68,000**	**(976,856)**	**(66,251)**	**(1,043,107)**
At 31 December 2023	**722,564**	**5,626,160***	**(101,922)***	**(1,689,910)***	**239,404***	**41,601***	**(25,738)***	**277,021***	**1,187,753**	**6,276,933**	**31,478**	**6,308,411**

* These reserve accounts comprise the consolidated reserves of HK$4,366,616,000 (2022: HK$5,411,472,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(870,315)**	(952,129)
Adjustments for:			
Finance costs	6	**1,123,925**	1,270,106
Share of loss of an associate		**279,742**	192,107
Share of profits of joint ventures		**(3)**	(16)
Interest income	5	**(55,487)**	(49,485)
Depreciation of property and equipment	7	**12,769**	34,870
Depreciation of right-of-use assets	7	**7,097**	8,488
Amortisation of intangible assets	7	**1,180**	1,492
Gain on a settlement arrangement relating to a consideration receivable	5	**–**	(68,234)
Fair value gain on derivative financial instruments	7	**–**	(122,532)
Change in fair value of investment properties	14	**246,487**	184,464
Changes in fair value of financial assets at fair value through profit or loss		**–**	(186,973)
Impairment of properties under development and completed properties held for sale	7	**24,638**	150,576
Impairment loss of hotel properties included in property and equipment	7	**–**	428,083
Impairment losses on financial assets, net	7	**250,423**	35,528
Reversal of impairment of investment in an associate	7	**(129,462)**	–
Loss on partial disposal of an associate		**695**	–
Loss on disposal of property and equipment		**504**	–
Gain on disposal of investment properties		**(9,890)**	(2,838)
Exchange gain on intercompany loans		**(72,481)**	(5,348)
		809,822	918,159
Decrease in properties under development and completed properties held for sale		**112,631**	178,254
(Increase)/decrease in trade receivables		**(910,396)**	1,132,071
Decrease in prepayments, other receivables and other assets		**926,927**	585,030
Increase in contract liabilities		**848,014**	30,375
Increase/(decrease) in trade and other payables		**46,560**	(440,463)
Decrease/(increase) in restricted cash		**48,830**	(62,237)
Cash generated from operations		**1,882,388**	2,341,189
Corporate income tax paid		**(16,044)**	(38,217)
Net cash flows from operating activities		**1,866,344**	2,302,972

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from partial disposal of an associate		**141**	–
Proceeds from disposal of investment properties		**37,918**	8,212
Interest received		**48,488**	74,280
Purchases of items of property and equipment	13	**(380)**	(1,182)
Decrease in financial assets at fair value through profit or loss		**–**	411,018
Decrease in term deposits with initial terms of over three months		**–**	892,746
Decrease in restricted cash		**286,023**	521,530
Net cash flows from investing activities		**372,190**	1,906,604
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		**1,726,606**	3,694,143
Repayment of bank and other borrowings		**(3,185,771)**	(6,399,096)
Principal portion of lease payments		**(6,749)**	(7,395)
Advance from related parties		**78,281**	216,877
Increase/(decrease) in amounts due to ultimate holding company		**189,433**	(82,688)
Distribution paid to holders of perpetual capital securities		**–**	(152,416)
Interest paid		**(1,162,402)**	(1,422,348)
Net cash flows used in financing activities		**(2,360,602)**	(4,152,923)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(122,068)**	56,653
Cash and cash equivalents at beginning of year		**131,259**	83,624
Effect of foreign exchange rate changes, net		**(1,387)**	(9,018)
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	**7,804**	131,259

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	24	**7,804**	131,259
Restricted cash	24	**293,460**	628,313
Cash and bank balances as stated in the consolidated statement of financial position		**301,264**	759,572
Guarantee deposits for construction projects	24	**(111,149)**	(158,468)
Term deposits pledged for bank borrowings granted to the Group	24	**(157,731)**	(443,754)
Deposits held at banks due to litigation	24	**(24,580)**	(26,091)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**7,804**	131,259

1. CORPORATE AND GROUP INFORMATION

Zhuguang Holdings Group Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 December 1996.

During the year, the Company's principal activity was investment holding and the Company and its subsidiaries (collectively the "Group") were principally engaged in property development, property management, property investment, hotel operation and other property development related services in the mainland of the People's Republic of China (the "PRC" or "Chinese Mainland").

In the opinion of the Company's directors (the "Directors"), the holding company and the ultimate holding company of the Company is Rong De Investment Limited ("Rong De"), which is incorporated in the British Virgin Islands ("BVI").

Information about subsidiaries

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

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Nam Fong International Group Limited	British Virgin Islands/ Hong Kong	US$10,000	100%	–	Investment holding
Zhuguang Group Limited (珠光集團有限公司)	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
South Trend Holdings Limited (南興控股有限公司)	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Splendid Reach Limited (熙達有限公司)	British Virgin Islands/ Hong Kong	US$138,000	100%	–	Investment holding
Perfect Master Enterprises Limited (佳儒企業有限公司)	British Virgin Islands/ Hong Kong	US$1,000	–	100%	Project management
Graceful Link Limited (愉興有限公司)	Hong Kong	HK$2	–	100%	Property investment
Diamond Crown Limited (毅冠有限公司)	Hong Kong	HK$2	–	100%	Property investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

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

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Speedy Full Limited (速溢有限公司)	Hong Kong	HK$2	–	100%	Property investment
Guangzhou City Runfa Property Company Limited@ (note (a)) (廣州市潤發房地產有限公司)	PRC/ Chinese Mainland	RMB132,880,000	–	100%	Property development
Xianghe County Yijing Property Development Company Limited@ (note (a)) (香河縣逸景房地產開發有限公司)	PRC/ Chinese Mainland	RMB148,410,100	–	100%	Property development
Guangdong Hailian Building Company Limited* (note (a)) (廣東海聯大廈有限公司)	PRC/ Chinese Mainland	US$99,000,000	–	80%	Property development and property investment
Guangzhou Dong Gang He Zhong Property Company Limited@ (note (a)) (廣州東港合眾房地產有限公司)	PRC/ Chinese Mainland	RMB100,000,000	–	100%	Property development
Guangzhou Zhuguang Industrial Group Company Limited ("Zhuguang Industrial")* (note (a)) (廣州珠光實業集團有限公司)	PRC/ Chinese Mainland	RMB160,000,000	–	100%	Property development and property investment
Guangzhou City Runqi Property Company Limited@ (note (a)) (廣州市潤啟房地產有限公司)	PRC/ Chinese Mainland	RMB99,652,457	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

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

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Feng Shun Jia Rong Trading Company Limited# ("Jia Rong") (note (a)) (豐順佳榮貿易有限公司)	PRC/ Chinese Mainland	RMB1,000,000	–	note (b)	Investment holding
Guangdong Xilong Industrial Investment Company Limited# ("Guangdong Xilong") (note (a)) (廣東喜龍實業投資有限公司)	PRC/ Chinese Mainland	RMB120,000,000	–	note (b)	Property development and property investment
Fengshun Yujing Property Company Limited@ (note (a)) (豐順御景房地產有限公司)	PRC/ Chinese Mainland	RMB200,000,000	–	100%	Property development
Guangdong Luhu Hot Spring Holiday Hotel Company Limited# (note (a)) (廣東鹿湖溫泉假日酒店有限公司)	PRC/ Chinese Mainland	RMB2,000,000	–	100%	Hotel operation
Guangzhou Yunling Lake Hotel Company Limited (note (a)) (廣州雲嶺湖酒店有限公司)	PRC/ Chinese Mainland	RMB1	–	100%	Hotel operation
Guangzhou Zhenchao Property Development Company Limited@ (note (a)) (廣州振超房地產開發有限公司)	PRC/ Chinese Mainland	RMB50,000,000	–	100%	Property development
Meizhou Yujing Property Company Limited@ (note (a)) (梅州御景房地產有限公司)	PRC/ Chinese Mainland	RMB50,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

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

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Zhongshan Zhuguang Property Company Limited* (note (a)) (中山市珠光房地產有限公司)	PRC/ Chinese Mainland	RMB50,000,000	–	50%	Property development
Guangzhou Zhuguang Urban Renewal Group Company Limited@ (note (a)) (廣州珠光城市更新集團有限公司)	PRC/ Chinese Mainland	RMB1,992,100,000	–	100%	Investment holding
Guangzhou Shunji Industry Company Limited@ (note (a)) (廣州舜吉實業有限公司)	PRC/ Chinese Mainland	RMB12,500,000	–	100%	Property development
Guangzhou Development Automobile City Co., Ltd. ("AEC")@ (note (a)) (廣州發展汽車城有限公司)	PRC/ Chinese Mainland	RMB901,960,800	–	100%	Property development

\# Registered as domestic limited liability companies under PRC law

@ Registered as wholly-foreign-owned enterprises under PRC law

* Registered as Sino-foreign equity entities under PRC law

Notes:

(a) The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

(b) The Directors are of the opinion that, notwithstanding the lack of equity ownership, in substance, based on certain contractual agreements, the Group has control over Jia Rong and Guangdong Xilong so as to obtain benefits from their activities. Accordingly, Jia Rong and Guangdong Xilong are accounted for as the Company's indirect wholly-owned subsidiaries for accounting purposes.

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

2.1 BASIS OF PRESENTATION

Going concern basis

For the year ended 31 December 2023, the Group recorded a net loss of approximately HK$936 million and, as at 31 December 2023, the Group had net current liabilities of approximately HK$5,461 million. In addition, as at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings which are due to be repaid within 12 months from the end of the reporting period amounted to approximately HK$8,512 million, including (1) borrowings of approximately HK$783 million which have not been repaid according to the scheduled repayment dates before the end of the reporting period, and (2) borrowings of approximately HK$1,297 million with original maturity date of over one year from the reporting date which have been reclassified to current liabilities. Furthermore, subsequent to the end of the reporting period, additional borrowings of the Group with an aggregate principal amount of approximately HK$70 million have not been repaid according to the scheduled repayment dates. The Group has been in active discussions with the relevant financial institutions for extension of the repayment dates of such borrowings. Up to the date of approval of these financial statements, the Group has not received any demand for immediate repayment for any of these and other borrowings.

In view of these circumstances, the Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2023. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows.

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position. Based on the ongoing discussions, the Directors believe that the relevant lenders will not exercise their rights to request the Group for immediate repayment of any significant borrowings prior to their repayment dates in accordance with the relevant loan agreements;

(b) during the year, the Group has further terminated other urban redevelopment project with related outstanding receivables of approximately HK$2,586 million. These receivables are scheduled to be repaid by 3 annual instalments up to 31 December 2026;

(c) the Group is actively discussing with the lenders of certain bank and other borrowings on the re-financing of the existing borrowings;

(d) the Group will continue to accelerate the pre-sales and sales of its properties under development and completed properties, and collection of outstanding sales proceeds and other receivables;

(e) the Group will continue to take active measures to control its administrative costs and manage its capital expenditure; and

(f) Rong De, the Company's ultimate holding company, has issued a letter of financial support to the Company for a period of 12 months from the reporting year end date. Rong De has agreed to provide the necessary financial support to enable the Group to meet its liabilities as and when they fall due, to continue carrying on its principal business without a significant curtailment of operations, and not to demand for repayment of any amounts due to Rong De until the Group is in the position to repay without impairing its financial position.

2.1 BASIS OF PRESENTATION *(continued)*

Going concern basis *(continued)*

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 12 months from the reporting date, prepared by the management. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings;

(b) the successful and timely agreement with the lenders on the extension of the repayment dates for existing borrowings subject to the Group's financial and liquidity position, and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the successful and timely collection of receivables of urban redevelopment projects in accordance with the schedules; and

(d) the successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties held for sale, collection of outstanding sales proceeds and receivables, and to control costs and capital expenditure in order to improve the Group's working capital.

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

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.5 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

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

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The adoption of amendments to HKAS 12 did not have any impact on the consolidated statement of financial position as at 31 December 2023, 31 December 2022 and 1 January 2022.

The adoption of amendments to HKAS 12 did not have any impact on the consolidated statement of profit or loss, the basic and diluted loss per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

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

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

3 No mandatory effective date yet determined but available for adoption

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

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

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

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

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

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

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

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

2.5 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

Business combinations and goodwill

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

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

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

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

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

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

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

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

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.

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

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

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

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

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(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.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of owned property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Motor vehicles	5 years
Furniture, fittings and office equipment	3 to 5 years
Hotel properties	20 years

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

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

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

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

Intangible assets (other than goodwill)

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

Software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of ranged from 15 to 20 years.

Properties under development

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

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

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Investment properties

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

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

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

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

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

Land use rights	40 years
Office properties	3 years
Motor vehicles	3 years

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(a) Right-of-use assets *(continued)*

The Group's right-of-use assets are included in property and equipment. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

(b) Lease liabilities

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

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

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of any office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial assets at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables (other than receivables for urban redevelopment projects and rentals) and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and amounts due to the ultimate holding company.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

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

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(b) Senior notes

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

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

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

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and bank balances

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Perpetual capital securities

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of taxable temporary differences associated with interests in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of deductible temporary differences associated with interests in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when or as control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

Sale of properties

Revenue from sales of properties is recognised over time when the Group's performance under the sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from sales of property is recognised at a point in time.

For a property sales contract for which the control of the property is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation which is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of reporting period as a percentage of the total estimated construction costs for each contract.

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

Project management services

Revenue from the provision of project management services is recognised over the term of the property development projects and urban redevelopment projects.

Hotel operation

Revenue from room sales is recognised over time on a daily basis. Hot spring admission income is recognised at the point in time when admission tickets are sold and redeemed by the customers. Catering income received from the sales of food and beverage is recognised at the point in time when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Finance component of income from urban redevelopment projects is recognised on an accrual basis by applying the rate that exactly discounts the amount of receivables over the expected completion time of the urban redevelopment projects to the net carrying amount of the receivables of urban redevelopment projects.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development and property 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 profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Cost of obtaining contracts

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

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollar which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries, joint ventures and associates operating outside Hong Kong are currencies other than Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollar at the exchange rate that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollar at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollar at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

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

Classification between investment properties and owner-occupied properties

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction and included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Allocation of construction cost on properties under development

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

Determining the method to estimate variable consideration and assessing the constraint for the project management service income

Contracts for the project management services include a right to share the profits from the performance of the underlying urban redevelopment projects that give rise to variable consideration. The Group determines that the expected value method is the appropriate method to be used in estimating the variable consideration, given that there is a wide range of possible outcomes which are subject to the performance of the underlying urban redevelopment projects. The key assumptions used in estimating the variable consideration by the management include budgeted gross margins and discount rate.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained, based on the uncertainty on probable profits from the performance of the urban redevelopment projects and the amount of the variable consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment on receivables for urban redevelopment projects

The Group uses a probability of default approach to calculate ECLs for receivables for urban redevelopment projects. Impairment losses on receivables for urban redevelopment projects were measured as either 12-month expected credit losses or lifetime expected credit loss, 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 losses.

The probability of default approach is the estimation of the likelihood of default over a given time horizon. It is defined as the probability of default of a counterparty over a one-year period or over the remaining time to maturity depending on either 12-month expected credit losses or lifetime expected credit losses. Probability of default is initially estimated based on the credit rating of the debtor provided by external ratings agencies. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the counterparties. The Group will adjust the historical credit loss experience with an economic adjustment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's receivables for urban redevelopment projects is included in note 21 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimation of fair value of investment properties

Investment properties were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The carrying amount of investment properties at 31 December 2023 was HK$3,444,060,000 (2022: HK$3,770,968,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are included in note 14 to the financial statements.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the tax authorities, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development and sale of properties;

(b) the project management services segment engages in the provision of project management services to property development projects and urban redevelopment projects; and

(c) the property investment and hotel operation segment invests in properties for their rental income potential and/or for capital appreciation and engages in hotel operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that the change in fair value of derivative financial instruments, gain on bargain purchase, gain on disposal of subsidiaries, share of profit/loss of joint ventures, net, share of profit/loss of an associate, impairment on investment in an associate included in other expenses, net, finance costs (other than interest on lease liabilities) and income tax expenses as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in joint ventures and an associate, deferred tax assets, unlisted investments classified as financial assets at fair value through profit or loss, cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings (other than lease liabilities), current income tax payables, deferred tax liabilities, amount due to a joint venture and amounts due to the ultimate holding company as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023

	Property development HK$'000	Project management services HK$'000	Property investment and hotel operation HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	548,083	1,279,681	222,812	2,050,576
Segment results	(447,945)	1,029,258	(162,530)	418,783
Reconciliation:				
Share of loss of an associate				(279,742)
Share of profits of joint ventures, net				3
Finance costs, net (other than interest on lease liabilities)				(1,122,400)
Reversal of impairment of interest in an associate included in other expenses				129,462
Corporate and other unallocated expenses				(16,421)
Loss before tax				(870,315)
Income tax expense				(65,855)
Loss for the year				(936,170)
Segment assets	14,981,925	16,189,446	3,637,509	34,808,880
Reconciliation:				
Corporate and other unallocated assets				1,073,220
Total assets				35,882,100
Segment liabilities	9,353,790	11,676	199,007	9,564,473
Reconciliation:				
Corporate and other unallocated liabilities				20,009,216
Total liabilities				29,573,689
Other segment information:				
Depreciation	1,317	5,821	12,728	19,866
Amortisation	1,180	–	–	1,180
Capital expenditure*	207	–	173	380
Fair value loss on investment properties, net	–	–	246,487	246,487
(Reversal of impairment losses)/impairment losses on financial assets, net	(10,023)	260,957	(511)	250,423
Impairment of properties under development and completed properties held for sale	24,638	–	–	24,638

* Capital expenditure consists of additions to property and equipment.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022

	Property development HK$'000	Project management services HK$'000	Property investment and hotel operation HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	890,037	1,705,171	243,635	2,838,843
Segment results	(437,366)	1,333,684	(492,724)	403,594
Reconciliation:				
Fair value gain on derivative financial Instruments, net				122,532
Share of loss of an associate				(192,107)
Share of profits of joint ventures, net				16
Finance costs, net (other than interest on lease liabilities)				(1,269,795)
Corporate and other unallocated expenses				(16,369)
Loss before tax				(952,129)
Income tax expense				(69,630)
Loss for the year				(1,021,759)
Segment assets	15,560,868	15,620,538	4,256,660	35,438,066
Reconciliation:				
Corporate and other unallocated assets				1,681,016
Total assets				37,119,082
Segment liabilities	8,447,309	16,900	190,453	8,654,662
Reconciliation:				
Corporate and other unallocated liabilities				21,112,902
Total liabilities				29,767,564
Other segment information:				
Depreciation	1,735	6,435	35,188	43,358
Amortisation	1,492	–	–	1,492
Capital expenditure*	1,123	17,134	59	18,316
Fair value loss on investment properties, net	–	–	184,464	184,464
Impairment losses/(reversal of impairment losses) on financial assets, net	139,494	(107,426)	3,460	35,528
Impairment loss of hotel properties included in property and equipment	–	–	428,083	428,083
Impairment of properties under development and completed properties held for sale	150,576	–	–	150,576

* Capital expenditure consists of additions to property and equipment, investment properties and intangible assets.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Chinese Mainland and over 90% of the segment assets of the Group are located in Chinese Mainland. Accordingly, in the opinion of the Directors, the presentation of geographical information would not provide additional useful information to the users of these financial statements.

Information about major customers

For the year ended 31 December 2023, revenue of approximately HK$1,279,681,000 (2022: HK$1,705,171,000) was derived from a single customer, including revenue derived from a group of entities which are known to be subsidiaries of that customer, and was attributable to the project management services segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	2023 **HK$'000**	2022 HK$'000
Revenue from contracts with customers		
Sale of properties	**548,083**	890,037
Hotel operation income	**76,848**	71,185
	624,931	961,222
Revenue from other sources		
Finance component of income from urban redevelopment projects	**1,279,681**	1,705,171
Rental income from investment property operating leases:		
– fixed lease payments	**145,964**	172,450
	1,425,645	1,877,621
Total revenue	**2,050,576**	2,838,843

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 HK$'000	2022 HK$'000
Type of goods or services		
Sale of properties	**548,083**	890,037
Hotel operation income	**76,848**	71,185
	624,931	961,222
Timing of revenue recognition		
At a point in time	**587,955**	858,245
Over time	**36,976**	102,977
Total revenue from contracts with customers	**624,931**	961,222

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$'000	2022 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**511,030**	838,763

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For a property sales contract for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred up to the end of reporting period as a percentage of total estimated construction costs for each contract. For a property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relating to the sale of properties as at the end of the year was HK$700,797,000 (2022: HK$420,510,000), of which the performance obligations are to be satisfied within two years. All other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less. The amounts disclosed above do not include variable consideration which is constrained.

Project management services

Revenue from the provision of project management services is recognised over the term of the property development projects and urban redevelopment projects. The revenue from the provision of project management services was not recognised during the year as the amount of consideration was subject to constraint.

Hotel operation income

The performance obligation is satisfied as services are rendered or goods are delivered and payment is generally received in advance.

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Other income and gains, net

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

	Note	**2023 HK$'000**	2022 HK$'000
Interest income		**55,487**	49,485
Management service income		**68,803**	49,603
Gain on a settlement arrangement relating to a consideration receivable	22(b)	**–**	68,234
Fair value gain on derivative financial instruments		**–**	122,532
Gain on disposal of investment properties		**9,890**	2,838
Others		**16,017**	25,060
		150,197	317,752

6. FINANCE COSTS, NET

An analysis of finance costs, net is as follows:

	2023 HK$'000	2022 HK$'000
Interest on bank and other borrowings and senior notes	**1,255,024**	1,565,888
Interest expense arising from revenue contracts	**146,349**	66,691
Interest on lease liabilities	**1,525**	311
Total interest expense	**1,402,898**	1,632,890
Less: interest capitalised	**(278,973)**	(362,784)
	1,123,925	1,270,106

7. LOSS BEFORE TAX

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

	Notes	2023 HK$'000	2022 HK$'000
Cost of properties sold		**541,434**	812,361
Cost of service provided		**60,720**	59,787
Depreciation of property and equipment	13	**12,769**	34,870
Depreciation of right-of-use assets	13	**7,097**	8,488
Amortisation of intangible assets*	15	**1,180**	1,492
Fair value gain on derivative financial instruments**		**–**	(122,532)
Lease payments not included in the measurement of lease liabilities		**13,737**	14,466
Auditor's remuneration		**6,800**	5,800
Foreign exchange differences, net**		**(1,213)**	592,063
Employee benefit expense (including directors' remuneration (note 8))			
Wages and salaries		**167,168**	219,412
Retirement benefit scheme contributions***		**22,385**	22,322
		189,553	241,734
Impairment losses on financial assets, net			
Impairment/(reversal of impairment) of trade receivables, net	21	**260,446**	(103,966)
(Reversal of impairment)/impairment of deposits and other receivables, net	22	**(10,023)**	139,494
		250,423	35,528
Impairment of properties under development and completed properties held for sale**		**24,638**	150,576
Impairment loss of hotel properties included in property and equipment**	13	**–**	428,083
Reversal of impairment of investment in an associate**		**(129,462)**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**27,010**	38,384

* The amortisation is included in "Administrative expenses" in the consolidated statement of profit or loss.

** These items are included in "Other income and gains, net"/"Other expenses, net" in the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. DIRECTORS' REMUNERATION

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 HK$'000	2022 HK$'000
Fees	1,440	1,440
Other emoluments:		
Salaries, allowances and benefits in kind	17,889	18,725
Pension scheme contributions	214	242
	18,103	18,967
	19,543	20,407

The remuneration of each of the Directors is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
2023				
Executive directors:				
Mr. Chu Hing Tsung	–	3,000	18	3,018
Mr. Liao Tengjia	–	2,836	61	2,897
Mr. Huang Jiajue	–	4,450	74	4,524
Mr. Liu Jie*	–	5,127	61	5,188
Mr. Chu Muk Chi	–	960	–	960
Ms. Ye Lixia	–	1,516	–	1,516
	–	17,889	214	18,103
Independent non-executive directors:				
Mr. Leung Wo Ping	480	–	–	480
Mr. Wong Chi Keung	480	–	–	480
Dr. Feng Ke	480	–	–	480
	1,440	–	–	1,440
	1,440	17,889	214	19,543

8. DIRECTORS' REMUNERATION *(continued)*

The remuneration of each of the Directors is set out below: *(continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
2022				
Executive directors:				
Mr. Chu Hing Tsung	–	3,000	18	3,018
Mr. Liao Tengjia	–	3,178	69	3,247
Mr. Huang Jiajue	–	4,125	70	4,195
Mr. Liu Jie*	–	5,469	70	5,539
Mr. Chu Muk Chi	–	960	15	975
Ms. Ye Lixia	–	1,993	–	1,993
	–	18,725	242	18,967
Independent non-executive directors:				
Mr. Leung Wo Ping	480	–	–	480
Mr. Wong Chi Keung	480	–	–	480
Dr. Feng Ke	480	–	–	480
	1,440	–	–	1,440
	1,440	18,725	242	20,407

* Mr. Liu Jie is also the chief executive officer of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2022: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the current and prior years were all directors, details of whose remuneration are set out in note 8 above.

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable in Chinese Mainland have been calculated at the rates of tax prevailing in the jurisdictions in which the majority of the Group's subsidiaries operate.

	2023	2022
	HK$'000	HK$'000
Current:		
PRC CIT	**136,555**	173,940
PRC LAT	**(1,330)**	71,293
	135,225	245,233
Deferred (note 29)	**(69,370)**	(175,603)
Total tax charge for the year	**65,855**	69,630

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for Chinese Mainland in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	2023		2022	
	HK$'000	**%**	HK$'000	%
Loss before tax	**(870,315)**		(952,129)	
Tax charge at the statutory income tax rate	**(217,578)**	**25.0**	(238,032)	25.0
Lower tax rate for specific provinces or enacted by local authority	**(108,281)**	**12.4**	(171,005)	18.0
Losses attributable to joint ventures and an associate	**46,157**	**(5.3)**	31,695	(3.3)
Adjustment in respect of deferred tax of previous periods	**2,701**	**(0.3)**	(22,280)	2.3
Income not subject to tax	**(43,565)**	**5.0**	(101,583)	10.7
Expenses not deductible for tax	**45,182**	**(5.2)**	104,325	(11.0)
Tax losses recognised from previous periods	**–**	**–**	(887)	0.1
Tax losses not recognised	**342,237**	**(39.4)**	413,927	(43.5)
PRC LAT	**(1,330)**	**0.2**	71,293	(7.5)
Tax effect on PRC LAT	**332**	**–**	(17,823)	1.9
Tax charge at the Group's effective rate	**65,855**	**(7.6)**	69,630	(7.3)

The share of tax credit attributable to an associate amounting to HK$4,727,000 (2022: HK$15,552,000) was included in "Share of loss of an associate" in the consolidated statement of profit or loss.

11. DIVIDENDS

No dividend in respect of the year ended 31 December 2023 (2022: Nil) was proposed by the board of directors of the Company.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 7,225,632,753 in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2022 in respect of a dilution as the impact of the warrants then outstanding had an anti-dilutive effect on the basic loss per share amount presented. The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023.

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

	2023	2022
Loss attributable to equity holders of the parent (HK$'000)	**(871,010)**	(997,194)
Distribution related to perpetual capital securities (HK$'000)	**(68,000)**	(68,000)
Loss used in the basic and diluted earnings per share calculations (HK$'000)	**(939,010)**	(1,065,194)
Weighted average number of ordinary shares in issue during the year (thousand shares)	**7,225,633**	7,225,633

13. PROPERTY AND EQUIPMENT

	Right-of-use assets			Owned assets				
	Land use rights HK$'000	Office properties HK$'000	Sub-total HK$'000	Motor vehicles HK$'000	Furniture, fittings and equipment HK$'000	Hotel properties HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2023								
At 1 January 2023:								
Cost	50,340	17,464	67,804	13,771	10,679	673,405	697,855	765,659
Accumulated depreciation and impairment	(5,707)	(243)	(5,950)	(12,445)	(7,696)	(450,282)	(470,423)	(476,373)
Net carrying amount	44,633	17,221	61,854	1,326	2,983	223,123	227,432	289,286
At 1 January 2023, net of accumulated depreciation and impairment	44,633	17,221	61,854	1,326	2,983	223,123	227,432	289,286
Additions	–	–	–	178	202	–	380	380
Depreciation provided during the year	(1,276)	(5,821)	(7,097)	(523)	(794)	(11,452)	(12,769)	(19,866)
Disposals	–	–	–	–	(504)	–	(504)	(504)
Exchange realignment	(892)	–	(892)	(16)	(37)	(1,104)	(1,157)	(2,049)
At 31 December 2023, net of accumulated depreciation and impairment	42,465	11,400	53,865	965	1,850	210,567	213,382	267,247
At 31 December 2023:								
Cost	49,621	17,464	67,085	13,949	11,385	663,780	689,114	756,199
Accumulated depreciation and impairment	(7,156)	(6,064)	(13,220)	(12,984)	(9,535)	(453,213)	(475,732)	(488,952)
Net carrying amount	42,465	11,400	53,865	965	1,850	210,567	213,382	267,247

13. PROPERTY AND EQUIPMENT *(continued)*

	Right-of-use assets				Owned assets				
	Land use rights HK$'000	Office properties HK$'000	Motor vehicles HK$'000	Sub-total HK$'000	Motor vehicles HK$'000	Furniture, fittings and equipment HK$'000	Hotel properties HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2022									
At 1 January 2022:									
Cost	52,211	20,420	594	73,225	17,066	11,622	730,486	759,174	832,399
Accumulated depreciation	(4,161)	(13,898)	(297)	(18,356)	(14,386)	(9,232)	(5,807)	(29,425)	(47,781)
Net carrying amount	48,050	6,522	297	54,869	2,680	2,390	724,679	729,749	784,618
At 1 January 2022, net of accumulated depreciation	48,050	6,522	297	54,869	2,680	2,390	724,679	729,749	784,618
Additions	–	–	–	–	–	1,182	–	1,182	1,182
Additions – lease modification	–	17,134	–	17,134	–	–	–	–	17,134
Depreciation provided during the year	(1,756)	(6,435)	(297)	(8,488)	(1,147)	(435)	(33,288)	(34,870)	(43,358)
Impairment	–	–	–	–	–	–	(428,083)	(428,083)	(428,083)
Exchange realignment	(1,661)	–	–	(1,661)	(207)	(154)	(40,185)	(40,546)	(42,207)
At 31 December 2022, net of accumulated depreciation and impairment	44,633	17,221	–	61,854	1,326	2,983	223,123	227,432	289,286
At 31 December 2022:									
Cost	50,340	17,464	–	67,804	13,771	10,679	673,405	697,855	765,659
Accumulated depreciation and impairment	(5,707)	(243)	–	(5,950)	(12,445)	(7,696)	(450,282)	(470,423)	(476,373)
Net carrying amount	44,633	17,221	–	61,854	1,326	2,983	223,123	227,432	289,286

At 31 December 2023, the Group's property and equipment with an aggregate carrying amount of HK$253,032,000 (2022: HK$268,675,000) were pledged to banks to secure certain of the bank and other borrowings granted to the Group (note 27(a)).

13. PROPERTY AND EQUIPMENT *(continued)*

During the year ended 31 December 2022, the Group's performance was affected by the slow-down in the PRC market and general economic environment, impairment related to hotel properties in property and equipment of HK$428,083,000 has been recorded in "Other expenses, net". Hotel operation is determined as a cash-generating unit ("CGU").

For the year ended 31 December 2023, recoverable amount of this CGU has been determined by the fair value less costs of disposal calculation which is measured using discounted cash flow method with a discount rate of 8% (2022: 9%) and terminal yield of 6% (2022: 6%).

14. INVESTMENT PROPERTIES

	2023 **HK$'000**	2022 HK$'000
Carrying amount at 1 January	**3,770,968**	4,537,957
Disposal	**(28,028)**	(5,374)
Transfer to completed properties held for sale	**–**	(199,368)
Net loss from fair value adjustments	**(246,487)**	(184,464)
Exchange realignment	**(52,393)**	(377,783)
Carrying amount at 31 December	**3,444,060**	3,770,968

The Group's investment properties were revalued on 31 December 2023 and 2022 based on valuations performed by Greater China Appraisal Limited, an independent professionally qualified valuer.

At 31 December 2023, certain of the Group's investment properties with an aggregate carrying amount of HK$2,551,968,000 (2022: HK$2,826,346,000) were pledged to banks to secure certain of the bank and other borrowings granted to the Group (note 27(a)).

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

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

At 31 December 2023 and 2022, the fair value measurement of all of the Group's investment properties used significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2022: Nil).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation methodologies and results are held between management and the valuer at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

- evaluated all major inputs to the independent valuation report;
- assessed property valuation movements compared to the prior year's valuation report; and
- held discussions with the independent valuer.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

			Range or weighted average	
	Valuation technique	**Significant unobservable inputs**	**2023**	2022
Office	Term and reversionary method	Term yields	**3.5%–4.0%**	3.5%–4.0%
		Reversion yields	**4.0%–4.5%**	4.0%–4.5%
		Market rents (RMB/sq m/month)	**112–150**	133–154
Retail	Term and reversionary method	Term yields	**3.25%–4.0%**	3.0%–3.75%
		Reversion yields	**3.75%–4.5%**	3.75%–4.25%
		Market rents (RMB/sq m/month)	**41–450**	37–453
	Direct comparison method	Market price (RMB/sq m)	**36,000–92,000**	37,000–94,000
Hotel	Direct comparison method	Market price (RMB/sq m)	**7,349–28,000**	8,418–32,004

The valuations of investment properties were based on either (i) the term and reversionary approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to term yields and reversion yields; or (ii) the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate.

15. INTANGIBLE ASSETS

	Computer software HK$'000
31 December 2023	
Cost at 31 December 2022 and 1 January 2023, net of accumulated amortisation	**7,020**
Amortisation during the year	**(1,180)**
Exchange realignment	**(93)**
At 31 December 2023	**5,747**
At 31 December 2023:	
Cost	**11,734**
Accumulated amortisation	**(5,987)**
Net carrying amount	**5,747**
31 December 2022	
Cost at 31 December 2021 and 1 January 2022, net of accumulated amortisation	9,241
Amortisation during the year	(1,492)
Exchange realignment	(729)
At 31 December 2022	7,020
At 31 December 2022:	
Cost	25,115
Accumulated amortisation	(18,095)
Net carrying amount	7,020

16. LEASES

The Group as a lessee

The Group has lease contracts for land, office properties and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties and motor vehicles generally have lease terms of 3 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are disclosed in note 13 to the financial statements.

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Lease liabilities	
	2023	2022
	HK$'000	HK$'000
Carrying amount at 1 January	**16,900**	6,850
Lease modification	**–**	17,134
Accretion of interest recognised during the year	**1,525**	311
Payments	**(6,749)**	(7,395)
Carrying amount at 31 December	**11,676**	16,900
Analysed into:		
Current portion	**5,800**	5,224
Non-current portion	**5,876**	11,676

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**1,525**	311
Depreciation charge of right-of-use assets	**7,097**	8,488
Expense relating to short-term lease	**13,737**	14,466
Total amount recognised in profit or loss	**22,359**	23,265

(d) The total cash outflow for leases is disclosed in note 33(b) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$161,522,000 (2022: HK$172,450,000).

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**106,781**	157,688
After one year but within two years	**109,900**	116,034
After two years but within three years	**111,248**	54,385
After three years but within four years	**114,913**	43,369
After four years but within five years	**87,607**	39,095
After five years	**176,833**	196,683
	707,282	607,254

17. INVESTMENTS IN JOINT VENTURES

	2023 HK$'000	2022 HK$'000
Share of net assets	**10,942**	11,098

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

	2023 HK$'000	2022 HK$'000
Aggregate carrying amount of the Group's investments in the joint ventures	**10,942**	11,098

18. INVESTMENT IN AN ASSOCIATE

	2023 HK$'000	2022 HK$'000
Share of net assets, listed in Hong Kong	**1,133,791**	1,401,140
Provision for impairment	**(410,295)**	(539,757)
	723,496	861,383

Particulars of the Group's associate are as follows:

Company name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest	Principal activities
Silver Grant International Holdings Group Limited* ("Silver Grant")	Ordinary shares	Hong Kong	29.53% (2022: 29.56%)	Investment holding and property leasing

The Group's shareholding in the associate comprises equity shares held by a wholly-owned subsidiary of the Company.

At 31 December 2023, the Group's investment in an associate with an aggregate carrying amount of HK$723,496,000 (2022: HK$861,383,000) was pledged to secure certain of the bank and other borrowings granted to the Group (note 27(a)).

* The shares of Silver Grant are listed on the Main Board of The Hong Kong Stock Exchange Limited.

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Because the auditors of Silver Grant did not express an opinion on the consolidated financial statements of Silver Grant for the year ended 31 December 2023 due to multiple uncertainties relating to going concern and the auditors of Silver Grant included an audit qualification on the loan receivables and loan interest receivables of Silver Grant with a carrying amount of approximately HK$1,552 million and HK$349 million, respectively, as at 31 December 2023 in their auditor's report in respect of the consolidated financial statements of Silver Grant for the year ended 31 December 2023, there is no reliable and appropriate consolidated financial information of Silver Grant for the year ended 31 December 2023 available to the management of the Group for the purpose of equity accounting and impairment assessment of the Group's investment in Silver Grant.

Impairment testing of investment in an associate

As at 31 December 2023, the market value of the shares of Silver Grant held by the Group was HK$93,916,000 (2022: HK$221,403,000), whereas its carrying amount was HK$723,496,000 (2022: HK$861,383,000). The Group carried out an impairment assessment to determine whether the Group's interest in the associate was impaired. The impairment assessment requires, inter alia, the determination of the recoverable amount of the loan receivables and loan interest receivables of Silver Grant and the recoverable amount of Silver Grant's investment in petrochemical business.

The recoverable amount of Sliver Grant's investment in petrochemical business has been determined based on the value in use. The value in use was determined based on financial budgets covering a five-year period approved by senior management, under which a terminal growth rate of 2% (2022: 2%) beyond the fifth year was adopted. The pre-tax discount rate applied to the cash flow projections is 15.0% (2022: 15.5%). Key assumptions on which management has based its cash flow projections to undertake impairment testing include: (i) sales growth rates and budgeted gross margins on the petrochemical business which are based on expected market development and management experience in the industry; and (ii) pre-tax discount rate which reflects specific risks relating to the underlying business.

Based on the impairment assessment, a reversal of impairment loss of HK$129,462,000 was recognised for the year ended 31 December 2023 and no impairment was needed for the year ended 31 December 2022.

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Financial information of Silver Grant

Silver Grant is considered as a material associate of the Group and is accounted for using the equity method. The following table illustrates the summarised financial information in respect of the Silver Grant adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2023 **HK$'000**	2022 HK$'000
Current assets	**3,232,491**	5,170,860
Non-current assets, excluding goodwill	**4,352,152**	4,659,990
Goodwill on acquisition of an associate	**267,672**	267,672
Current liabilities	**(3,009,119)**	(2,744,512)
Non-current liabilities	**(1,275,575)**	(2,779,757)
Net assets	**3,567,621**	4,574,253
Non-controlling interests	**(366,642)**	(472,116)
Total equity	**3,200,979**	4,102,137
Total equity, excluding goodwill	**2,933,307**	3,834,465
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**29.53%**	29.56%
Group's share of net assets of the associate, excluding goodwill	**866,119**	1,133,468
Goodwill on acquisition	**267,672**	267,672
Impairment	**(410,295)**	(539,757)
Carrying amount of the investment	**723,496**	861,383
Revenue	**96,958**	96,884
Loss for the year	**(956,276)**	(742,658)
Loss attributable to owners of the investee	**(947,409)**	(734,563)
Other comprehensive loss for the year	**(51,803)**	(481,062)
Other comprehensive income/(loss) attributable to owners of the investee	**44,804**	(474,384)
Total comprehensive loss for the year	**(1,008,079)**	(1,223,720)
Total comprehensive loss attributable to owners of the investee	**(902,605)**	(1,208,947)
Market value of the Group's investment as at 31 December	**93,916**	221,403

19. PROPERTIES UNDER DEVELOPMENT

	2023 HK$'000	2022 HK$'000
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recoverable:		
Within one year	**7,230,534**	5,201,745
After one year	**1,395,519**	3,194,358
	8,626,053	8,396,103

At 31 December 2023, certain of the Group's properties under development with an aggregate carrying amount of HK$3,218,203,000 (2022: HK$3,898,663,000) were pledged to secure certain of the bank and other borrowings granted to the Group (note 27(a)).

20. COMPLETED PROPERTIES HELD FOR SALE

At 31 December 2023, certain of the Group's completed properties held for sale with an aggregate carrying amount of HK$2,657,837,000 (2022: HK$2,775,993,000) were pledged to secure certain of the bank and other borrowings granted to the Group (note 27(a)).

21. TRADE RECEIVABLES

	Notes	2023 HK$'000	2022 HK$'000
Receivables from sales of properties	(a)	**1,390**	1,648
Receivables from property investment and hotel operation		**217,599**	214,994
Less: Impairment allowance	(c)	**(2,770)**	(3,336)
Net receivables from property investment and hotel operation	(a)	**214,829**	211,658
Receivables for urban redevelopment projects			
Related parties	37(d)	**15,363,838**	14,463,943
Third parties		**479,621**	482,026
	(b)	**15,843,459**	14,945,969
Less: Impairment allowance	(c)	**(791,941)**	(541,488)
Net receivables for urban redevelopment projects		**15,051,518**	14,404,481
Total		**15,267,737**	14,617,787
Portion classified as non-current assets		**(14,289,043)**	(4,188,597)
Current portion		**978,694**	10,429,190

Notes:

(a) An ageing analysis of the receivables from sales of properties, property investment and hotel operation as at the end of the reporting period, based on the revenue recognition date or invoice date and net of loss allowance, is as follows:

	2023 HK$'000	2022 HK$'000
Current to 180 days	**164,202**	160,413
181 to 365 days	**28,727**	47,613
Over 365 days	**23,290**	5,280
	216,219	213,306

21. TRADE RECEIVABLES *(continued)*

Notes: *(continued)*

(b) The Group has entered into project management agreements with related parties and third parties for urban redevelopment projects. According to the project management agreements, the Group has the contractual right and responsibility (including the funding responsibility) to provide project management services in relation to the urban redevelopment projects. In return, the Group is entitled to a finance component of income arising from a fixed rate of return at an agreed percentage of funds incurred and contributed by the Group under its contractual funding responsibility and a management service income from the performance of the underlying urban redevelopment projects. For the years ended 31 December 2023 and 2022, no management service income arising from the performance of the underlying urban redevelopment projects was recognised as the amount of consideration was subject to constraint.

An ageing analysis of the receivables for urban redevelopment as at the end of the reporting period, based on the incurred date, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**1,182,430**	1,799,535
Over 1 year but within 2 years	**1,848,015**	1,866,911
Over 2 years but within 3 years	**1,793,698**	5,599,480
Over 3 years	**11,019,316**	5,680,043
	15,843,459	14,945,969

(c) The movements in the loss allowance for impairment of receivables are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year	**544,824**	702,952
Impairment losses (note 7)		
New receivables	**1,071**	11,940
Changes in risk parameters	**259,673**	(38,975)
Write-back on settlement	**–**	(76,931)
Amount written off as uncollectible	**(298)**	–
	260,446	(103,966)
Exchange realignment	**(10,559)**	(54,162)
At end of year	**794,711**	544,824

21. TRADE RECEIVABLES *(continued)*

Notes: *(continued)*

(c) *(continued)*

Impairment analysis is performed on the Group's receivables for urban redevelopment projects, property investment and hotel operation at each reporting date by considering the probability of default of the counterparties or comparable companies with published credit ratings. As at 31 December 2023, the probability of default applied ranged from 1.8% to 18.9% (2022: from 3.4% to 7.3%) and the loss given default was estimated from 61.8% to 62.2% (2022: from 61.7% to 63.0%). The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The adjusted loss rate as at 31 December 2023 ranged from 1.6% to 9.9% (2022: from 3.2% to 6.7%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group.

As at 31 December 2023 and 2022, the loss allowance of the receivables from sales of properties was assessed to be minimal since there was no recent history of default and past due amounts.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	**2023** **HK$'000**	2022 HK$'000
Prepaid construction costs and others		**1,006,358**	1,029,655
Prepaid business taxes and other levies		**127,537**	133,128
Project deposits to a contractor	(a)	**240,774**	179,358
Consideration receivable	(b)	**–**	809,117
Cost of obtaining contracts		**20,688**	20,987
		1,395,357	2,172,245
Other receivables			
Related parties	(c), 37(d)	**1,136,770**	1,235,744
Third parties		**203,857**	249,197
		1,340,627	1,484,941
		2,735,984	3,657,186
Less: Impairment allowance	(d)	**(130,647)**	(141,944)
Total		**2,605,337**	3,515,242
Portion classified as non-current assets		**(994,110)**	–
Current portion		**1,611,227**	3,515,242

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

Notes:

(a) Project deposits to a contractor of the Group were unsecured, interest-bearing at 12% per annum and repayable on demand.

(b) The receivable was related to certain properties to be developed with a saleable area of approximately 38,179 sq.m. that will be transferred to the Group upon completion of the urban redevelopment project and formed part of the total consideration on the disposal of 100% equity interest in Guangzhou Yuhong Investment Company Limited (a company engaged in the property redevelopment project in the PRC). Details of the disposal are set out in the Company's announcement and circular dated 22 April 2020 and 24 June 2020, respectively.

Pursuant to a supplemental agreement entered into by the Group in October 2022, the receivable would be settled by a cash settlement of RMB722,761,000. A gain on a settlement arrangement relating to consideration receivable amounting to HK$68,234,000 was recognised during the year ended 31 December 2022. The balance was unsecured and interest-free. During the current year, the balance was fully settled.

(c) As at 31 December 2023, other receivables amounting to HK$1,126,528,000 represented outstanding funds provided to certain related parties for property development projects in the PRC of which the project management service agreements were terminated during the year ended 31 December 2022. The balances are unsecured and interest-free. Pursuant to a supplemental agreement entered into by the Group in December 2023, the balances are repayable by 3 annual instalments up to 31 December 2025.

(d) The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2023 **HK$'000**	2022 HK$'000
At beginning of year	**141,944**	11,237
Impairment losses (note 7)		
New receivables	**–**	139,264
Write-back on settlement	**(53,055)**	(2,708)
Changes in risk parameters	**47,812**	2,938
Amount written off as uncollectible	**(4,780)**	–
	(10,023)	139,494
Exchange realignment	**(1,274)**	(8,787)
At end of year	**130,647**	141,944

Impairment analysis is performed on the Group's prepayments, other receivables and other assets at each reporting date by considering the probability of default of the counterparties or comparable companies with published credit ratings. As at 31 December 2023, the probability of default applied ranged from 6.4% to 12.8% (2022: from 4.3% to 7.3%) and the loss given default was estimated at 61.8% (2022: 61.7%). The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The adjusted loss rate as at 31 December 2023 ranged from 5.0% to 10.5% (2022: ranged from 3.9% to 6.7%). In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss records of the Group.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
Other unlisted investments, at fair value (Note)	**26,340**	26,722
Portion classified as current assets	**(13,242)**	(13,434)
Non-current portion	**13,098**	13,288

Note: As at 31 December 2023, the Group subscribed for certain unlisted PRC investment funds for an aggregate amount of HK$26,340,000 (2022: HK$26,722,000). The investment funds are managed with expected return equal to one-year prevailing savings interest rate quoted by the People's Bank of China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND BANK BALANCES

	Notes	2023 HK$'000	2022 HK$'000
Restricted cash			
Guarantee deposits for construction projects	(a)	**111,149**	158,468
Term deposits pledged for bank borrowings granted to the Group	27(a)(v)	**157,731**	443,754
Deposits held at banks due to litigation		**24,580**	26,091
		293,460	628,313
Cash and cash equivalents		**7,804**	131,259
		301,264	759,572

24. CASH AND BANK BALANCES *(continued)*

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sale proceeds of properties with designated bank accounts as guaranteed deposits for the construction of the related properties. The deposits can only be used for the purchase of construction materials and payments of construction fees for the relevant property projects. The deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

(b) The Group's cash and bank balances are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
RMB	**299,306**	753,780
HK$	**1,153**	5,357
US$	**805**	435
	301,264	759,572

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. CONTRACT LIABILITIES

Contract liabilities represent sales proceeds received from buyers in connection with the Group's pre-sales of properties.

The increase in the balance of contract liabilities was mainly due to the additional pre-sales made during the year.

As at 1 January 2022, contract liabilities amounted to HK$2,386,942,000.

26. TRADE AND OTHER PAYABLES

	Notes	2023 HK$'000	2022 HK$'000
Trade and bills payables	(a)	**3,199,300**	3,249,613
Amounts due to related parties	37(d)	**499,264**	424,617
Amount due to a joint venture	37(d)	**5,517**	5,597
Amount due to ultimate holding company	37(d)	**577,142**	387,709
Other payables and accruals	(b)	**1,338,821**	1,243,856
Other tax payables		**983,477**	838,158
		6,603,521	6,149,550
Portion classified as current liabilities		**(6,020,752)**	(5,742,819)
Non-current portion		**582,769**	406,731

Notes:

(a) An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the due date, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**2,939,858**	3,035,600
Over 1 year	**259,442**	214,013
	3,199,300	3,249,613

The trade payables are non-interest-bearing and unsecured.

Included in trade and bills payables of the Group as at 31 December 2023 were an aggregate amount of HK$56,594,000 (2022: HK$47,381,000) due to Guangzhou Zhuguang Property Management Company Limited, a related company of the Group, for the provision of property management services, which would be settled in payment terms similar to other trade payables (note 37(d)).

Included in trade and bills payables of the Group as at 31 December 2023 were an aggregate amount of HK$8,992,000 (2022: HK$6,649,000) due to Guangdong Zhuguang Group Company Limited, a related company of the Group. These balances are unsecured, interest-free and repayable on demand (note 37(d)).

(b) As at 31 December 2023, other payables amounting to HK$50,907,000 (2022: HK$51,645,000) were amounts due to the non-controlling shareholders of the Group, which are unsecured, interest-free and repayable on demand (note 37(d)).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023		2022	
	Effective interest rate (%)	**HK$'000**	Effective interest rate (%)	HK$'000
Current				
Lease liabilities (note 16(b))		**5,800**		5,224
Bank borrowings – secured	**6.17%–9.67%**	**3,450,702**	3.61%–9.81%	2,005,093
Other borrowings – secured	**5.46%–20.70%**	**3,431,653**	5.80%–16.52%	2,752,378
Other borrowings – unsecured	**12.00%**	**30,000**	12.00%	30,000
2022 Senior Notes	**13.19%–15.07%**	**1,594,055**	13.23%–15.34%	1,588,570
		8,512,210		6,381,265
Non-current				
Lease liabilities (note 16(b))		**5,876**		11,676
Bank borrowings – secured	**6.67%–9.67%**	**4,488,029**	4.98%–7.28%	5,313,130
Other borrowings – secured	**6.61%–9.91%**	**842,682**	5.80%–15.34%	3,613,238
		5,336,587		8,938,044
		13,848,797		15,319,309

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2023 HK$'000	2022 HK$'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	**3,450,702**	2,005,093
In the second year	**1,086,357**	2,740,507
In the third to fifth years, inclusive	**1,764,114**	729,982
Over five years	**1,637,558**	1,842,641
	7,938,731	7,318,223
Other borrowings repayable:		
Within one year or on demand	**3,461,653**	2,782,378
In the second year	**127,015**	2,906,568
In the third to fifth years, inclusive	**715,667**	706,670
	4,304,335	6,395,616
Senior Notes repayable:		
Within one year or on demand	**1,594,055**	1,588,570
Lease liabilities repayable:		
Within one year or on demand	**5,800**	5,224
In the second year	**5,876**	5,800
In the third to fifth years, inclusive	**–**	5,876
	11,676	16,900
	13,848,797	15,319,309

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Certain of the Group's bank and other borrowings are secured or guaranteed by:

(i) pledges over the Group's property and equipment with an aggregate carrying amount at the end of the reporting period of approximately HK$253,032,000 (2022: HK$268,675,000) (note 13);

(ii) pledges over the Group's investment properties with an aggregate carrying amount at the end of the reporting period of approximately HK$2,551,968,000 (2022: HK$2,826,346,000) (note 14);

(iii) pledges over the Group's properties under development with an aggregate carrying amount at the end of the reporting period of approximately HK$3,218,203,000 (2022: HK$3,898,663,000) (note 19);

(iv) pledges over the Group's completed properties held for sale with an aggregate carrying amount at the end of the reporting period of approximately HK$2,657,837,000 (2022: HK$2,775,993,000) (note 20);

(v) pledges over the Group's term deposits with initial terms of over three months with an aggregate carrying amount at the end of the reporting period of approximately HK$157,731,000 (2022: HK$443,754,000) (note 24);

(vi) pledges over the Group's investment in an associate with an aggregate carrying amount at the end of the reporting period of approximately HK$723,496,000 (2022: HK$861,383,000) (note 18);

(vii) pledges over the Company's equity interest executed by the Company's ultimate holding company for borrowings of the Group amounting to HK$38,765,000 (2022: HK$236,930,000) as at the end of the reporting period;

(viii) pledges over the equity interests of certain subsidiaries of the Company for borrowings of the Group amounting to HK$7,887,015,000 (2022: HK$8,076,296,000) as at the end of the reporting period;

(ix) corporate guarantees executed and security provided by the Company's ultimate holding company for the senior notes of the Group amounting to HK$1,594,055,000 (2022: HK$1,588,570,000) as at the end of the reporting period;

(x) corporate guarantees executed by the Company for borrowings of the Group amounting to HK$8,135,283,000 (2022: HK$9,058,848,000) as at the end of the reporting period;

(xi) personal guarantee executed by certain Directors for borrowings of the Group amounting to HK$9,225,527,000 (2022: HK$11,067,225,000) as at the end of the reporting period; and

(xii) pledges and guarantees provided by GD Zhuguang Group (as defined in note 37) for borrowings of the Group amounting to HK$10,695,195,000 (2022: HK$11,656,490,000) as at the end of the reporting period.

(b) On 22 September 2019, the Company issued 3-year secured and guaranteed senior notes (the "2019 Senior Notes") with an aggregate principal amount of US$410,000,000 for settlement of the senior notes by the Company issued in 2016. The Company, at its option, could redeem all or a portion of the 2019 Senior Notes at any time after 12 months from the issue date and from time to time prior to the maturity date at the redemption price plus accrued and unpaid interest up to the redemption date. The Company should, on the date falling 12 months after the issue date, redeem 10% of the then outstanding principal amount, and should, on the date falling 24 months after the issue date, redeem 10% of the then outstanding principal amount. The remaining outstanding principal amount of the 2019 Senior Notes was due on 21 September 2022. The 2019 Senior Notes were denominated in US$ with an interest rate at 11% per annum. As at 31 December 2023, none of the 2019 Senior Notes remained outstanding.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(b) *(continued)*

Concurrent with the issuance of the 2019 Senior Notes, nil-paid warrants (the "2019 Warrants") representing a total amount of exercise moneys of US$61,500,000 (the exchange rate to be used for the purchase of HK$ with US$ shall be HK$7.8 per US$1.0) were granted by the Company to these investors to subscribe for 297,064,651 ordinary shares of the Company at an initial exercise price of HK$1.6148 per ordinary share of the Company, which are subject to certain anti-dilutive adjustments. The 2019 Warrants were exercisable at any time up to 36 months from the issue date of such warrants, and expired on 27 November 2022.

(c) On 22 September 2022, the Company issued 3-year secured guaranteed senior notes the ("2022 Senior Notes") with an aggregate principal amount of US$210,000,000, the net proceeds of which were primarily used to repay the 2019 Senior Notes. In accordance with the terms and conditions of the 2022 Senior Notes, the Company, at its option, may redeem all or a portion of the 2022 Senior Notes at any time after 12 months from the issue date and from time to time prior to the maturity date at the redemption price plus accrued and unpaid interest up to the redemption date. Further, the Company shall, on the date falling 12 months after the issue date, redeem 10% of the aggregate principal amount (the "First Mandatory Redemption Aggregate Principal Amount"), and shall, on the date falling 24 months after the issue date, redeem 20% of the aggregate principal amount. The remaining outstanding principal amount of the 2022 Senior Notes shall originally be due on 21 September 2025. Pursuant to an amendment deed entered into by the Group in March 2024, the repayment of the remaining balance of the First Mandatory Redemption Aggregate Principal Amount of US$18,900,000 was extended to 21 September 2025. The 2022 Senior Notes are denominated in US$ with an interest rate at 12% per annum. As at 31 December 2023, US$207,900,000 of the 2022 Senior Notes remained outstanding.

Rong De has provided pledges and guarantees for the 2022 Senior Notes of HK$1,594,055,000 (2022: HK$1,588,570,000) at 31 December 2023.

(d) As detailed in note 2.1 to the financial statements, the Group's outstanding interest-bearing bank and other borrowings as at 31 December 2023 included borrowings of HK$783 million which have not been repaid according to the scheduled repayment dates. As a result, other secured borrowings of HK$1,297 million with original maturity date of over one year from the reporting date have been reclassified as current liabilities. Up to the date of approval of these financial statements, the Group has not received any demand for immediate repayment for any of the above borrowings.

(e) The Group's bank and other borrowings with carrying amounts of HK$80,441,000 (2022: HK$283,830,000), HK$12,042,608,000 (2022:HK$13,006,296,000) and HK$1,725,748,000 (2022: HK$2,029,183,000) are denominated in HK$, RMB and US$, respectively.

(f) The Group's bank and other borrowings with carrying amounts of HK$6,441,571,000 (2022: HK$6,494,838,000) and HK$7,407,226,000 (2022: HK$8,824,471,000) are carried at floating interest rates and fixed interest rates, respectively.

28. INCOME TAX PAYABLES

	2023 HK$'000	2022 HK$'000
PRC CIT payable	**2,341,742**	2,232,447
PRC LAT payable	**1,183,444**	1,234,681
	3,525,186	3,467,128

29. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2023 HK$'000	2022 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**11,177**	22,241
Deferred tax liabilities recognised in the consolidated statement of financial position	**(2,069,768)**	(2,196,137)
	(2,058,591)	(2,173,896)

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

Deferred tax assets

	Impairment of receivables and deposits HK$'000
At 1 January 2022	5,168
Credited to profit or loss during the year (note 10)	17,907
Exchange realignment	(834)
At 31 December 2022 and 1 January 2023	**22,241**
Charged to profit or loss during the year (note 10)	**(11,484)**
Exchange realignment	**420**
At 31 December 2023	**11,177**

29. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Fair value adjustments of financial assets at fair value through profit or loss HK$'000	Temporary difference on revaluation gains of investment properties HK$'000	Fair value adjustments on business combinations HK$'000	Undistributed profits of PRC subsidiaries HK$'000	Temporary difference on LAT HK$'000	Total HK$'000
At 1 January 2022	308,211	687,777	1,381,862	81,672	863	2,460,385
Credited to profit or loss during the year (note 10)	(8,525)	(134,311)	(14,860)	–	–	(157,696)
Exchange realignment	(22,687)	(53,026)	(28,892)	(1,874)	(73)	(106,552)
At 31 December 2022 and 1 January 2023	**276,999**	**500,440**	**1,338,110**	**79,798**	**790**	**2,196,137**
Credited to profit or loss during the year (note 10)	**–**	**(77,798)**	**(3,056)**	**–**	**–**	**(80,854)**
Exchange realignment	**(3,959)**	**(14,705)**	**(26,470)**	**(370)**	**(11)**	**(45,515)**
At 31 December 2023	**273,040**	**407,937**	**1,308,584**	**79,428**	**779**	**2,069,768**

The Group had unutilised tax losses of approximately HK$5,201,167,000 as at 31 December 2023 (2022: HK$4,405,746,000) for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised for these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 December 2023, deferred tax liability amounted to HK$79,428,000 (2022: HK$79,798,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the Directors, other than the above-mentioned, it is not probable that other subsidiaries will distribute such earnings in the foreseeable future. At 31 December 2023, there were no temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised. At 31 December 2022, the aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately HK$70,954,000.

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

30. SHARE CAPITAL

	2023 HK$'000	2022 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
7,225,632,753 ordinary shares of HK$0.1 each	**722,564**	722,564

There were no movements in the Company's share capital during the current and prior years.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Merger reserve

The merger reserve was set up upon the share swap for the Company to acquire its subsidiaries.

(iii) Contributed surplus

The contributed surplus was credited from the share premium cancellation in prior years. The application of the contributed surplus is governed by the Companies Act of Bermuda.

(iv) Statutory reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(v) Capital reserve

Gain or loss arising from the acquisition of non-controlling interests and from disposal of partial interests of the Group's subsidiaries without loss of control was recognised as capital reserve.

32. PERPETUAL CAPITAL SECURITIES

(i) On 29 October 2018, the Company issued perpetual capital securities with a principal amount of HK$800,000,000 to Rong De, the ultimate holding company of the Company.

The securities confer the holders a right to receive distributions at the applicable distribution rate of 6% per annum from and including 29 October 2018, payable semi-annually on 20 June and 20 December of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole or in part.

(ii) On 30 November 2021, the Company issued perpetual capital securities with a principal amount of HK$250,000,000 to Rong De, the ultimate holding company of the Company.

The securities confer the holders a right to receive distributions at the applicable distribution rate of 8% per annum from and including 30 November 2021, payable semi-annually on 20 June and 20 December of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole or in part.

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

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Amount due to a joint venture included in trade and other payables HK$'000	Amount due to ultimate holding company included in trade and other payables HK$'000	Amounts due to related parties included in trade and other payables HK$'000
At 1 January 2022	19,195,996	6,115	470,397	235,482
Changes from financing cash flows	(2,712,348)	–	(82,688)	216,877
Foreign exchange movement	(1,164,339)	(518)	–	(27,742)
At 31 December 2022 and 1 January 2023	**15,319,309**	**5,597**	**387,709**	**424,617**
Changes from financing cash flows	**(1,459,165)**	**–**	**189,433**	**78,281**
Foreign exchange movement	**(11,347)**	**(80)**	**–**	**(3,634)**
At 31 December 2023	**13,848,797**	**5,517**	**577,142**	**499,264**

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 HK$'000	2022 HK$'000
Within operating activities	**11,993**	14,466
Within financing activities	**6,749**	7,395
	18,742	21,861

34. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	**1,877,249**	2,706,018

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

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

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

The fair value of the guarantees at initial recognition and the expected credit loss allowance are not significant as the Directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 27 to the financial statements.

36. COMMITMENTS

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

	2023 HK$'000	2022 HK$'000
Contracted, but not provided for:		
Properties under development	**471,439**	620,805

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Names	Relationships
Rong De	Ultimate holding company of the Company
Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi)	Major shareholder of Rong De, the chairman of the Company's board of directors (the "Board"), the Company's executive director, and a member of key management personnel of the Company
Mr. Liao Tengjia	Major shareholder of Rong De, deputy chairman of the Board, the Company's executive director and a member of key management personnel of the Company
Mr. Huang Jiajue	Deputy chairman of the Board, the Company's executive director, and a member of key management personnel of the Company
Beijing Zhuguang Property Development Company Limited ("BJ Zhuguang Property")	Mr. Liao Tengjia is considered to have significant influence in this company
Beijing Quan Ying Property Development Company Limited ("BJ Quan Ying")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangdong Fengshun Luhu Hot Spring Resort Co., Ltd. ("GD Fengshun Luhu")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangdong Zhuguang Group Company Limited ("GD Zhuguang Group")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Conghua Zhuguang Investment Company Limited ("GZ Conghua Zhuguang Investment")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Dongzhi Real Estate Development Co., Ltd. ("GZ Dongzhi")	Non-controlling shareholder in Guangzhou Hongyue Investment Co., Ltd, a subsidiary of the Company
Guangzhou Gaopai Real Estate Investment Co., Ltd ("Gaopai Real Estate")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Shiqi Property Development., Ltd ("Shi Qi")	Joint venture of the Group
Guangzhou Yifa Industrial Development Co., Ltd ("Yifa Industrial")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Yingfu Investment Co., Ltd. ("GZ Ying Fu Investment")	Non-controlling shareholder in Zhongshan Zhuguang Property Company Limited
Guangzhou Zhuguang Investment Company Limited ("GZ Zhuguang Investment")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Zhuguang Property Development Company Limited ("GZ Zhuguang Property")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Zhuguang Property Management Company Limited ("GZ Zhuguang Property Management")	Controlled by a close family member of Mr. Chu Hing Tsung
Xianghe Zhuguang Real Estate Company Limited ("XH Zhuguang Real Estate")	Mr. Liao Tengjia is considered to have significant influence in this company

37. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

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

	Notes	**2023 HK$'000**	2022 HK$'000
Finance component of income receivable from GD Zhuguang Group and its subsidiaries	(i)	**1,279,681**	1,705,171
Service income receivable from GD Zhuguang Group and its subsidiaries	(ii)	**64,335**	40,535
Property management service fees payable to GZ Zhuguang Property Management	(ii), (iii)	**18,189**	19,915
Rental expenses payable to GZ Zhuguang Investment	(ii)	**7,637**	8,033

Notes:

(i) The finance component of income was derived from the receivables related to urban redevelopment projects in accordance with the terms of the underlying agreements.

(ii) The above transactions were conducted in accordance with the terms of the underlying agreements.

(iii) The relevant related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(iv) GD Zhuguang Group has provided pledges and guarantees for the Group's bank and other borrowings of HK$10,695,195,000 at 31 December 2023 (2022: HK$11,656,490,000) (note 27(a)).

(v) Rong De has provided pledges and guarantees for the Group's senior notes of HK$1,594,055,000 (2022: HK$1,588,570,000) at 31 December 2023 (note 27(a)).

(vi) During the years ended 31 December 2023 and 2022, the Group's principal place of business in the PRC was provided by GD Zhuguang Group for which no charge was made.

37. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors and the chief executive officer of the Company represent the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

(d) Outstanding balances with related parties:

As at 31 December 2023 and 2022, the Group had the following material balances with related parties:

	Notes	**2023** **HK$'000**	2022 HK$'000
Amounts due from related parties relating to receivables for urban redevelopment projects included in trade receivables			
– GD Zhuguang Group		**3,159,133**	3,088,970
– GZ Zhuguang Property		**7,762,472**	7,120,056
– GZ Conghua Zhuguang Investment		**1,341,454**	1,450,463
– GZ Zhuguang Investment		**3,100,779**	2,804,454
	21	**15,363,838**	14,463,943
Amounts due from related parties included in prepayments, other receivables and other assets			
– BJ Quan Ying		**–**	3,358
– GZ Zhuguang Property Management		**1,054**	1,069
– XH Zhuguang Real Estate		**–**	2,373
– Gaopai Real Estate		**–**	6,717
– BJ Zhuguang Property		**1,126,528**	1,198,836
– Yifa Industrial		**5,335**	18,517
– GD Zhuguang Group		**3,853**	4,874
	22, (i)	**1,136,770**	1,235,744
Amounts due to related parties included in trade and bills payables			
– GD Zhuguang Group	26(a)	**8,992**	6,649
– GZ Zhuguang Property Management	26(a)	**56,594**	47,381
		65,586	54,030

37. RELATED PARTY TRANSACTIONS *(continued)*

(d) Outstanding balances with related parties: *(continued)*

	Notes	2023 HK$'000	2022 HK$'000
Amount due to a joint venture included in trade and other payables			
– Shi Qi	26, (ii)	**5,517**	5,597
Amounts due to related parties included in trade and other payables			
– GD Zhuguang Group		**455,792**	388,074
– GZ Zhuguang Property Management		**43,430**	36,500
– GD Fengshun Luhu		**42**	43
	26, (ii)	**499,264**	424,617
Amounts due to non-controlling shareholders included in trade and other payables			
– GZ Ying Fu Investment		**39,725**	40,301
– GZ Dongzhi		**11,182**	11,344
	26(b), (ii)	**50,907**	51,645
Amounts due to ultimate holding company (Rong De) included in trade and other payables	26, (iii)	**577,142**	387,709
Perpetual capital securities	32	**1,187,753**	1,119,753

Notes:

(i) Amounts due from related parties included in prepayments, other receivables and other assets were derived from the provision of management services, which would be settled in accordance with mutually agreed terms.

(ii) Amounts due to related parties, joint venture and non-controlling shareholders included in trade and other payables are unsecured, interest-free and repayable on demand.

(iii) Amounts due to ultimate holding company included in other payables amounting to HK$406,262,000 (2022: HK$366,686,000) are unsecured, carried interest at 12% per annum and repayable after one year. The remaining balances are unsecured, interest-free and repayable after one year.

38. FINANCIAL INSTRUMENTS BY CATEGORY

Other than unlisted PRC investment funds as disclosed in note 23 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2023 and 2022 were financial assets at amortised cost and financial liabilities at amortised cost, respectively.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2023 and 2022 approximated to their fair values.

Management has assessed that the fair values of trade receivables, deposits, restricted cash, cash and cash equivalents, term deposits, trade and other payables and the current portion of bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

The carrying amounts of the non-current portion of bank and other borrowings and amounts due to ultimate holding company approximate to their fair values. The fair values of the non-current portion of bank and other borrowings and amounts due to ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes of fair value as a result of the Group's own non-performance risk for bank and other borrowings as at 31 December 2023 and 2022 were assessed to be insignificant.

The Group has estimated the fair value of unlisted PRC investment funds by using a discounted cash flow valuation model based on the market interest rate of instruments with similar terms and risks.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

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

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at fair value through profit or loss	**–**	**–**	**26,340**	**26,340**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets				
Financial assets at fair value through profit or loss	–	–	26,722	26,722

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements of financial assets within Level 3 are as follows:

	2023 **HK$'000**	2022 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	**26,722**	1,954,226
Change in fair value during the year	**–**	186,973
Disposal during the year	**–**	(411,018)
Reclassified to other receivables stated at amortised cost	**–**	(1,726,242)
Exchange realignment	**(382)**	22,783
At 31 December	**26,340**	26,722

The details of the valuation technique and the inputs used in the fair value measurement of financial assets at fair value through profit or loss have been disclosed in note 23 to the financial statements.

During the year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities. During the year ended 31 December 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities except for the other receivables at fair value reclassified to other receivables stated at amortised cost.

The Group's principal financial instruments comprise bank and other borrowings, amounts due from/to related parties, and cash and term deposits with initial terms of over three months. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk

The Group's assets are predominantly in the form of investment properties, properties under development and completed properties held for sale in the PRC. In the event of a severe downturn in the property market in the PRC, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than term deposits held at banks and receivables from urban redevelopment projects, the Group does not have significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**(Increase)/ decrease in loss before tax** HK$'000
2023		
RMB	**0.5%**	**(36,978)**
RMB	**(0.5%)**	**36,978**
2022		
RMB	0.5%	(30,802)
RMB	(0.5%)	30,802

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Foreign currency risk

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Chinese Mainland to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of borrowings or capital contributions from the shareholders.

All of the Group's revenue-generating operations are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong, in which bank and other borrowings were denominated either in HK$ or US$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$ exchange rate against RMB and US$, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	Decrease/ (increase) in loss before tax HK$'000
2023		
If HK$ weakens against RMB	**5%**	**(42)**
If HK$ strengthens against RMB	**(5%)**	**42**
If HK$ weakens against US$	**5%**	**(86,248)**
If HK$ strengthens against US$	**(5%)**	**86,248**
2022		
If HK$ weakens against RMB	5%	286
If HK$ strengthens against RMB	(5%)	(286)
If HK$ weakens against US$	5%	(101,212)
If HK$ strengthens against US$	(5%)	101,212

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 34.

At the end of the reporting period, the Group had certain concentrations of credit risk as 96% (2022: 95%) and 99% (2022: 99%) of the Group's trade receivable were due from the Group's largest customer and five largest customers, respectively.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	217,599	–	–	1,390	218,989
Receivables for urban redevelopment projects included in trade receivables					
– Normal*	13,928,641	–	–	–	13,928,641
– Doubtful*	–	1,914,818	–	–	1,914,818
Financial assets included in prepayments, other receivables and other assets					
– Normal*	454,873	–	–	–	454,873
– Doubtful*	–	1,126,528	–	–	1,126,528
Restricted cash					
– Not yet past due	135,729	–	–	–	135,729
Cash and cash equivalents					
– Not yet past due	165,535	–	–	–	165,535
Financial guarantees issued					
– Not yet past due	1,877,249	–	–	–	1,877,249
	16,779,626	3,041,346	–	1,390	19,822,362

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	214,994	–	–	1,648	216,642
Receivables for urban redevelopment projects included in trade receivables					
– Normal*	14,945,969	–	–	–	14,945,969
Financial assets included in prepayments, other receivables and other assets					
– Normal*	2,473,416	–	–	–	2,473,416
Restricted cash					
– Not yet past due	628,313	–	–	–	628,313
Cash and cash equivalents					
– Not yet past due	131,259	–	–	–	131,259
Financial guarantees issued					
– Not yet past due	2,706,018	–	–	–	2,706,018
	21,099,969	–	–	1,648	21,101,617

* The credit quality of receivables for urban redevelopment projects and financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from the pre-sale of properties, committed credit facilities, and short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining an adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing. The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, and accelerating sales with more flexible pricing. The Group will pursue such strategies based on its assessment of relevant future costs and benefits.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Over five years HK$'000	Total HK$'000
2023					
Interest-bearing bank and other borrowings (excluding lease liabilities)	**9,213,204**	**1,580,278**	**2,999,236**	**1,993,263**	**15,785,981**
Lease liabilities	**6,751**	**6,188**	**–**	**–**	**12,939**
Trade and other payables	**6,020,752**	**582,769**	**–**	**–**	**6,603,521**
	15,240,707	**2,169,235**	**2,999,236**	**1,993,263**	**22,402,441**
Financial guarantees issued: Maximum amount guaranteed	**1,877,249**	**–**	**–**	**–**	**1,877,249**
2022					
Interest-bearing bank and other borrowings (excluding lease liabilities)	7,117,545	5,569,117	1,625,305	1,906,775	16,218,742
Lease liabilities	6,751	6,751	6,188	–	19,690
Trade and other payables	5,742,819	21,023	442,000	–	6,205,842
	12,867,115	5,596,891	2,073,493	1,906,775	22,444,274
Financial guarantees issued: Maximum amount guaranteed	2,706,018	–	–	–	2,706,018

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital. Net debt includes total bank and other borrowings less cash and cash equivalents, restricted cash and term deposits with initial terms of over three months. Total capital comprises total equity plus net debt. The Group aims to maintain a healthy and stable gearing ratio.

The gearing ratios as at the end of the reporting periods were as follows:

	2023 **HK$'000**	2022 HK$'000
Interest-bearing bank and other borrowings	**13,848,797**	15,319,309
Less: Cash and cash equivalents	**(7,804)**	(131,259)
Restricted cash	**(293,460)**	(628,313)
Net debt	**13,547,533**	14,559,737
Total equity	**6,308,411**	7,351,518
Total capital	**19,855,944**	21,911,255
Gearing ratio	**68%**	66%

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**11,403**	17,228
Investments in subsidiaries	**580,897**	580,897
Trade receivables	**–**	5,266
Total non-current assets	**592,300**	603,391
CURRENT ASSETS		
Amounts due from subsidiaries	**18,242,149**	18,941,397
Deposits and other receivables	**3,753**	3,753
Cash and cash equivalents	**1,300**	1,156
Total current assets	**18,247,202**	18,946,306
CURRENT LIABILITIES		
Amounts due to subsidiaries	**10,301,552**	9,788,016
Other payables and accruals	**71,756**	44,918
Interest-bearing bank and other borrowings	**1,761,549**	2,064,409
Income tax payables	**1,164**	1,181
Total current liabilities	**12,136,021**	11,898,524
NET CURRENT ASSETS	**6,111,181**	7,047,782
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,703,481**	7,651,173
NON-CURRENT LIABILITIES		
Other payables	**5,627**	19,022
Interest-bearing bank and other borrowings	**412,137**	378,362
Total non-current liabilities	**417,764**	397,384
Net assets	**6,285,717**	7,253,789
EQUITY		
Share capital	**722,564**	722,564
Reserves (note)	**4,375,400**	5,411,472
	5,097,964	6,134,036
Perpetual capital securities	**1,187,753**	1,119,753
Total equity	**6,285,717**	7,253,789

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2022	5,626,160	717,209	664,583	7,007,952
Loss and total comprehensive loss for the year	–	–	(1,596,480)	(1,596,480)
At 31 December 2022 and 1 January 2023	**5,626,160**	**717,209**	**(931,897)**	**5,411,472**
Loss and total comprehensive loss for the year	**–**	**–**	**(1,036,072)**	**(1,036,072)**
At 31 December 2023	**5,626,160**	**717,209**	**(1,967,969)**	**4,375,400**

As at 31 December 2023, the contributed surplus of the Company includes (i) approximately HK$477,805,000 that arose when the Company issued shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of the shares acquired; and (ii) approximately HK$239,404,000 which was credited from the share premium cancellation in the prior years. The application of the contributed surplus is governed by the Companies Act of Bermuda.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2024.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is as follows:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**2,050,576**	2,838,843	2,985,021	6,624,798	4,074,814
Gross profit	**1,448,422**	1,966,695	2,262,611	3,223,940	2,087,261
(Loss)/profit before tax	**(870,315)**	(952,129)	445,860	3,337,557	1,344,797
Income tax expense	**(65,855)**	(69,630)	(336,244)	(1,112,361)	(625,300)
(Loss)/profit for the year	**(936,170)**	(1,021,759)	109,616	2,225,196	719,497
Attributable to:					
Owners of the parent	**(871,010)**	(997,194)	71,018	2,242,404	747,225
Non-controlling interests	**(65,160)**	(24,565)	38,598	(17,208)	(27,728)
	(936,170)	(1,021,759)	109,616	2,225,196	719,497

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**35,882,100**	37,119,082	42,897,797	36,930,194	35,843,685
Total liabilities	**(29,573,689)**	(29,767,564)	(33,821,494)	(27,511,242)	(28,279,591)
Net assets	**6,308,411**	7,351,518	9,076,303	9,418,952	7,564,094
Total equity	**6,308,411**	7,351,518	9,076,303	9,418,952	7,564,094

Investment properties		Attributable beneficial interest to the Group	Total Saleable GFA m^2	Existing use	Lease term
1.	Levels 31–33, 35–39, 40–43 and 45 Royal Mediterranean Hotel No. 518 Tianhe Road Tianhe District Guangzhou Guangdong Province The PRC	100%	18,184	H	Medium lease
2.	Various floors Zhukong International Lot A2-1 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	80%	60,891	C/O	Medium lease
3.	Various units Central Park Lot H3-3 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	539	C/O	Medium lease
4.	Various floors Hua Cheng Yujing Garden No. 770 Hua Cheng Da Dao Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	15,918	C/O	Medium lease

Investment properties		Attributable beneficial interest to the Group	Total Saleable GFA m²	Existing use	Lease term
5.	G235 Yangguang Section Fengshun New Area Fengshun County Meizhou City Guangdong Province The PRC	100%	9,482	C/H	Medium lease
6.	Various retail units Tianhu Yujing Shui Di Village Jiulibu District Wenquan Town Conghua Guangzhou Guangdong Province The PRC	100%	2,001	C	Medium lease
7.	Meizhou Yujing Hotel Chaotang Village Chengdong Town Meixian District Meizhou City Guangdong Province The PRC	100%	7,389	H	Medium lease

Property held as property and equipment		Attributable beneficial interest to the Group	Total Saleable GFA m²	Existing use	Lease term
8.	Guangzhou Vlamhoo Hotel No. 383 Cong Cheng Da Dao Conghua Guangzhou Guangdong Province The PRC	100%	42,331	H	Medium lease

Property development projects		Attributable beneficial interest to the Group	Site area m²	Total GFA m²	Total Saleable GFA m²	Completed and sold properties m²	Completed properties held for sale m²	Under development m²	Completed properties held as investment properties/ property and equipment m²	Existing use	Estimated/ actual date of completion
9.	Zhukong International Lot A2-1, Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	80%	10,449	133,297	109,824	43,824	5,109	–	60,891	C/CP/O	2015
10.	Pearl Yunling Lake Provincial Highway S355 line Jiekou Street Conghua Guangzhou Guangdong Province The PRC	100%	200,083	126,657	110,417	39,703	28,383	–	42,331	R/H/V	2017–2021
11.	Yujing Scenic Garden Provincial Highway G105 line Jiulibu District Jiangpu Town Conghua Guangzhou Guangdong Province The PRC	100%	294,684	892,070	757,633	708,971	48,662	–	–	R/C/CP/S	2014–2020
12.	Tianhu Yujing Shui Di Village Jiulibu District Wenquan Town Conghua Guangzhou Guangdong Province The PRC	100%	55,031	241,556	186,894	139,312	45,581	–	2,001	R/C/CP	2016
13.	Central Park Lot H3-3 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	3,430	36,489	28,909	24,570	3,800	–	539	S/C/CP	2015
14.	Pearl Yijing No.168 Xin Kai Street West Section Xianghe County Langfang City Hebei Province The PRC	100%	45,310	192,441	164,603	153,328	11,275	–	–	R/C/CP	2017–2020
15.	Xincheng Yujing Zhong Su Shang Wei Sunshine Village Tang Nan Town Fengshun County Meizhou City Guangdong Province The PRC	100%	280,836	355,352	310,716	254,765	46,469	–	9,482	R/V/C/CP	2018–2023

Property development projects		Attributable beneficial interest to the Group	Site area m²	Total GFA m²	Total Saleable GFA m²	Completed and sold properties m²	Completed properties held for sale m²	Under development m²	Completed properties held as investment properties/ property and equipment m²	Existing use	Estimated/ actual date of completion
16.	Nansha Scenic Jinzhou Main Street Nansha District Guangzhou The PRC	100%	28,319	103,266	92,544	92,532	12	–	–	R/C/CP	2012–2013
17.	Project Tian Ying Jiang Pu Street Conghua Guangzhou The PRC	100%	22,742	74,502	59,679	52,592	7,087	–	–	R/C/CP	2019
18.	Hua Cheng Yujing Garden No. 770 Hua Cheng Da Dao Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	60,237	144,123	108,675	87,267	5,490	–	15,918	R/C/CP/O	2017–2019
19.	Meizhou Chaotang Project Chaotang Village Chengdong Town Meixian District Meizhou City The PRC	100%	46,793	55,248	34,202	–	–	26,813	7,389	H/V	2021–2023
20.	Yujing Yayuan Guoji Fuyong Nanqu Zhongshan City The PRC	50%	15,745	50,471	38,005	34,624	3,381	–	–	R/C/CP	2020
21.	Zhuguang Financial Town One Huangpu Road East Tianhe District Guangzhou Guangzhou Province The PRC	100%	63,637	516,401	391,245	4,509	74,328	312,408	–	R/C/O/CP	2022–2025

R-Residential C-Commercial CP-Car Park H-Hotel O-Office V-Villa S-Service Apartment