大悅城控股
GRANDJOY

中粮
COFCO

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

Incorporated in Bermuda with limited liability

Stock Code : 207

2023 Annual Report

OUR MISSIONS

Contribute quality green living space and services, lead the trend of a fashionable lifestyle, in order to become a leader among real estate brands in the PRC with the greatest sustainable development potential.

OUR VISIONS

Maximize the benefits of customers, shareholders and staff members wholeheartedly.

CONTENTS

Company Profile

Joy City Property Limited is a large-scale commercial property developer and operator, focusing on the development, operation, sales, leasing and management of complexes and commercial properties in the PRC.

COFCO Corporation, the ultimate controlling shareholder of Joy City Property Limited, is a large state-owned enterprise directly under the administration of the Central Government of China, and has been selected as one of the Fortune Global 500 for 29 consecutive years. COFCO Corporation is one of the first batch of 16 enterprises under the direct management of the Central Government with the approval of the SASAC to engage in the development, investment and management of real estate projects. Joy City is the flagship brand of COFCO Corporation in the commercial property sector.

The Group mainly engages in the development, operation and management of urban complexes under the brand of Joy City. It also engages in the development, sales, investment and management of other property projects. The Group has four business segments, namely investment properties, property development, hotel operations and output management and other services. As of the end of 2023, the Group had expanded into the core cities and their surrounding areas in five major city groups including Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing and middle Yangtze River. Meanwhile, the Group successfully established its presence in 24 cities in the Mainland of China, including Beijing, Shanghai, Guangzhou, Tianjin, Hangzhou, Nanjing, Chengdu, Xi'an, Wuhan, Sanya, Changsha, Suzhou, Xiamen and Nanchang, as well as in Hong Kong. It holds or manages 32 Joy City and Joy Life malls and other commercial projects, and holds premium investment properties at prime locations in first-tier cities, including Beijing COFCO Plaza and Hong Kong COFCO Tower, as well as popular properties held for sale, namely Beijing Chenyue Intl, Xi'An OPUS Yangjing, Suzhou Joy Shishan One and a number of international top-class luxury hotels in operation, including The St. Regis Sanya Yalong Bay Resort, MGM Grand Sanya and Waldorf Astoria Beijing. The Group's property projects are strategically located in central districts of first– or second-tier cities with superior quality as well as good investment value and appreciation potentials.

The Group has always served urban development and the creation of a better life for the people as a city operator and a service provider, shouldered its social responsibilities as an enterprise directly under the central government, and made active contributions to give back to the state and society.

Major Business Structure

Property Development:

1. Beijing Chenyue Intl
2. Beijing Huayuan Center
3. Shanghai Qiantan Ocean One
4. Shanghai Ruihong
5. Shanghai Jing'an Joy City (for sale)
6. Shanghai North Bund Project
7. Shenyang Joy City (for sale)
8. Jinan COFCO Shine City
9. Hangzhou Joy City (for sale)
10. Hangzhou OPUS Mansion
11. Chengdu Tianfu Joy City (for sale)
12. Chengdu Xiangyun Yuefu
13. Chengdu COFCO Joy Mansion One
14. Chengdu Wine Town South Project
15. Xi'An OPUS Yangjing
16. Chongqing Joy City (for sale)
17. Chongqing One Majesty
18. Qingdao Joy Bay
19. Qingdao Jimo Chuangzhi Splendid City
20. Qingdao Joy Park
21. Wuhan Optics Valley Joy City (for sale)
22. Kunming Longshengfu
23. Sanya Joy Center, Sanya Joy Center (Phase I)
24. Suzhou COFCO Joy Mansion
25. Suzhou Joy Shishan One
26. Xiamen Yunxi One
27. Nanchang Joy City (for sale)
28. Nanjing In Joy
29. Nanjing Joy Court
30. Nanjing OPUS Jiuzhang
31. Changzhou Flower Jiangnan

Hotel Operations:

1. Waldorf Astoria Beijing
2. Le Joy Hotel Beijing
3. The St. Regis Sanya Yalong Bay Resort
4. MGM Grand Sanya

Investment Properties:

1. Beijing Xidan Joy City
2. Beijing Chaoyang Joy City
3. Beijing COFCO Plaza
4. Shanghai Jing'an Joy City
5. Tianjin Joy City
6. Shenyang Joy City
7. Yantai Joy City
8. Jinan Joy City
9. Hangzhou Joy City
10. Chengdu Joy City
11. Chengdu Tianfu Joy City
12. Chongqing Joy City
13. Qingdao Jimo Joy Breeze
14. Wuhan Joy City
15. Sanya Joy City
16. Suzhou Joy City
17. Xiamen Joy City
18. Nanchang Joy City
19. Nanjing Joy City
20. Hong Kong COFCO Tower

Output Management and Related Services:

1. Joy City Commercial Management
2. Beijing Jingxi Joy City
3. Beijing Daxing Joy Breeze
4. Beijing LG Twin Towers
5. China Post Insurance Jiu'an Plaza
6. Shanghai Parkside Joy City
7. Guangzhou Huangpu Joy Life
8. Tianjin Heping Joy City
9. Tianjin Xiqing Joy Life
10. Shenyang Financial Center Joy City
11. Chengdu Jinniu Joy City
12. Xi'an Joy City
13. Kunming Joy City
14. Changsha North Star Delta Joy City
15. Wuxi Jiangnan Joy City
16. Shaoxing IFC Joy City
17. Anshan Joy City

Major Events and Awards


KFC

Major Events and Awards

On 29 March, a groundbreaking ceremony was held for the Nanjing Joy City project, construction works moving into an accelerated progress stage.

On 20 May, Hangzhou Joy City was incorporated into the "National Advanced Typical Cases for Carbon Peaking and Carbon Neutrality in Urban and Rural Development" by the Ministry of Housing and Urban-Rural Development of the PRC.

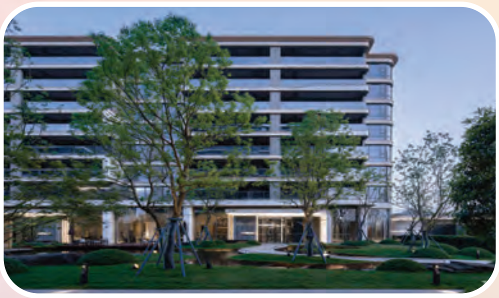
On 26 May, Le Joy Hotel Beijing was awarded the Influential Boutique Hotel Brand of the Year at the 23rd Golden Horse Awards of China.

On 21 June, Xiamen Joy City officially achieved the topping out of the main structure of the building and fully entered the implementation stage of installation and decoration.

On 29 June, Beijing Chaoyang Joy City, Tianjin Joy City, Chengdu Joy City and Wuhan Joy City each received a "2023 CCFA Golden Lily Shopping Mall" Award for Best Practice Case in a different respect.

On 21 August, COFCO Commercial Property Investment Co., Ltd., a subsidiary of the Group, successfully issued the first tranche of 2023 perpetual medium-term notes, with an amount of RMB1.5 billion and launched real estate perpetual products against the trend, reflecting the high recognition of the Company by the capital market.

On 16 November, Chongqing One Majesty and Wuhan Joy City won the Silver Award of the 8th REARD Global Real Estate Design Award in 2023, and Shanghai COFCO Ruihong Ocean One Project won the "Honorable Award by the Review Meeting of Built Community Category of Residential Landscape Community".



On December 10, Beijing LG Twin Towers was awarded the "Top 10 Asset Progress Award of Beijing Urban Regeneration Week 2023" at the China Urban Regeneration Forum.

On 20 December, the parent company of the Group was among the top 10 in the list for "2023 Top 100 Retail Commercial Real Estate Enterprises in Terms of Comprehensive Strengths" by Winshang.com.

On 20 December, five projects including Beijing Xidan Joy City, Shanghai Jing'an Joy City and Tianjin Joy City were awarded the honor of "2023 Top 100 Operation Teams of Shopping Mall Sector in China" by Winshang.com, and five projects including Xiamen Joy City and Sanya Joy City were included in the list of "2023 Top 100 Shopping Malls to be Opened Attracting Brand Owners' Attention", thus the Group's commercial value was recognized by the industry again, and the brand influence was steadily improved.

On 21 December, the energy-saving and low-carbon practice case of "Green Joy City" won the "Social Responsibility Award for People's Enterprise – Annual Case Award", and the Company's continuous exploration in the field of energy-saving operation and green property was recognized by multiple parties.

Financial Highlights

Item	For the year ended 31 December 2023 RMB'000	2022 RMB'000	Change (%)
Revenue	**13,272,094**	20,831,357	-36.3
Including: Rental income from investment properties and related services income	**4,359,321**	3,492,923	24.8
Sales of properties held for sale	**7,705,374**	16,483,682	-53.3
Hotel operations	**969,750**	553,699	75.1
Output management project	**169,489**	167,816	1.0
Other service income	**68,160**	133,237	-48.8
Gross profit	**5,641,491**	6,406,358	-11.9
Profit attributable to owners of the Company	**340,027**	530,773	-35.9
Core net profit attributable to owners of the Company (Note 1)	**991,332**	822,712	20.5
Basic earnings per share (RMB cent)	**2.2**	3.5	-35.9

Item	As of 31 December 2023 RMB'000	2022 RMB'000	Change (%)
Total assets	**143,619,078**	140,003,492	3.0
Equity attributable to owners of the Company	**29,916,364**	29,924,332	–
Net debt to total equity ratio (%) (Note 2)	**44.0**	49.5	-5.5 (Note 3)
Weighted average finance costs	**4.49%**	3.97%	0.52 (Note 3)

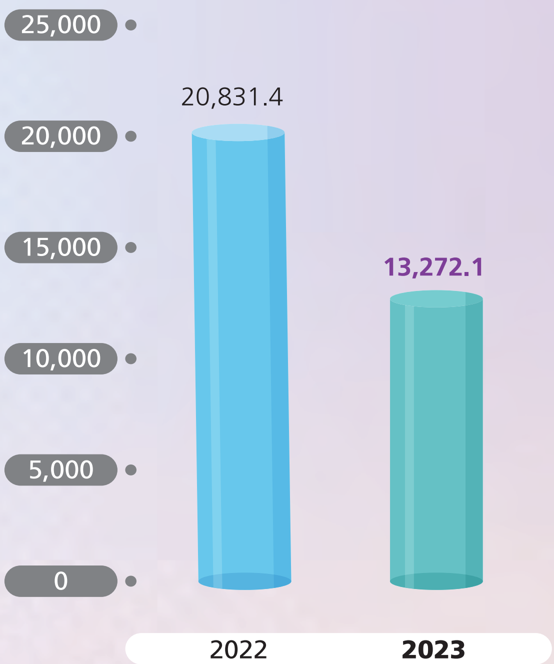
Notes:

1. Core net profit attributable to owners of the Company = profit attributable to owners of the Company – foreign exchange gain/loss – fair value losses/gains after tax of investment property attributable to owners of the Company

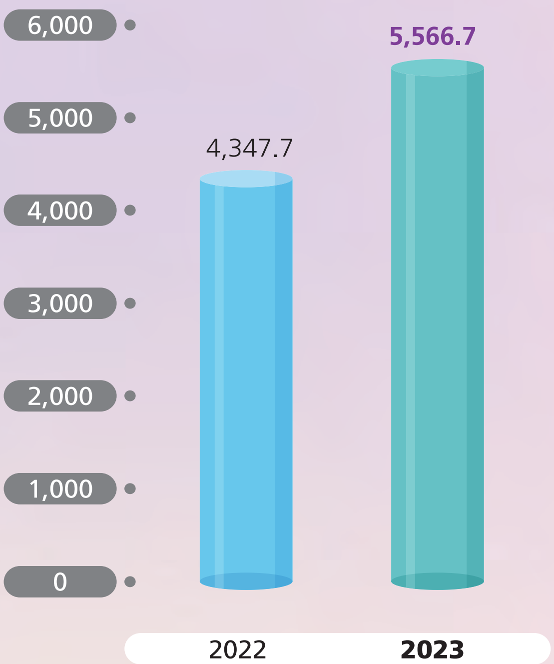
2. Net debt to total equity ratio = (bank borrowings + borrowings from fellow subsidiaries, associates and joint ventures as well as loans from non-controlling interests and borrowings from third parties + corporate bonds – cash and bank balances – restricted bank deposits – pledged deposits)/total equity

3. Change in percentage

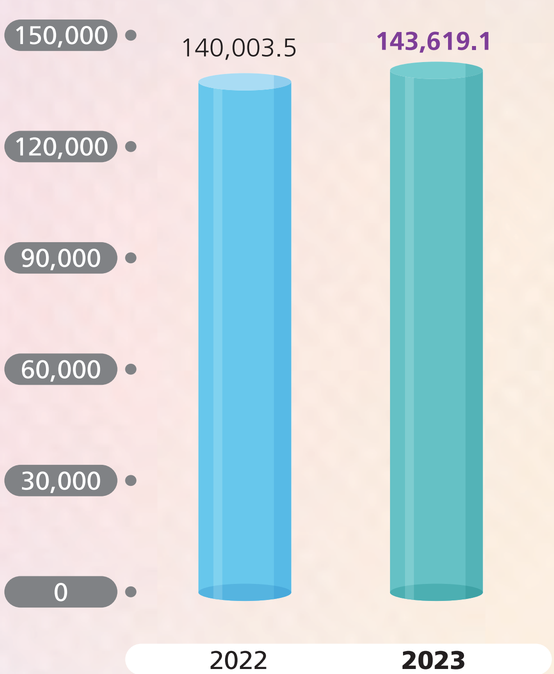
Revenue
RMB: million



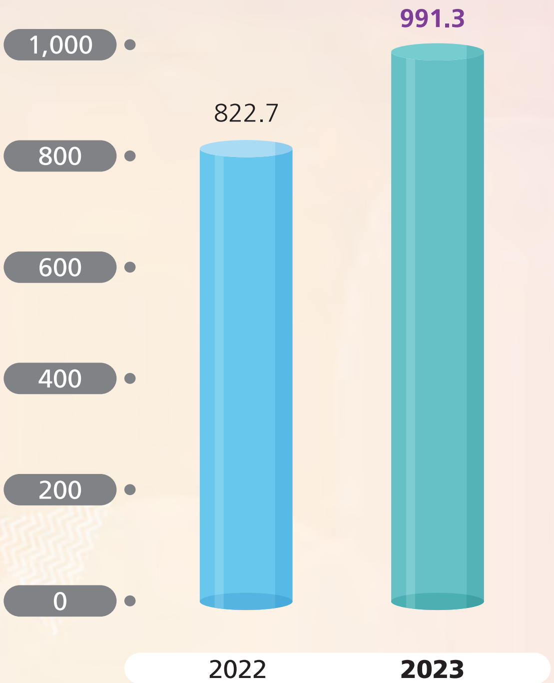
Recurring revenue (Note 4)
RMB: million



Total assets
RMB: million



Core net profit attributable to owners of the Company
RMB: million



Note 4: Recurring revenue = rental income from investment properties and related services income + revenue from hotel operations + revenue from output management projects + revenue from other services

Chairman's Statement

For the purpose of rewarding Shareholders, the Board has recommended the payment of the 2023 Final Dividend of HK0.72 cents per Share and the Special Dividend of HK0.72 cents per Share. The 2023 Final Dividend, together with the Special Dividend, amounted to HK1.44 cents in aggregate per Share. The proposed dividends are subject to the approval at the forthcoming annual general meeting of the Company.

Dear Shareholders,

In 2023, China's economy picked up its upward momentum, steadily promoting the high-quality development. The annual GDP expanded 5.2% year on year, and the main indicators of economic and social development significantly improved over 2022. Economic growth ranked at the forefront of the world's major economies and China remained the largest engine of global economic growth. Against this background, the Group followed a prudent business strategy and adhered to the "dual-wheel and dual-core" development model, and flexibly leveraged on its operational and management experience and expertise to ensure stable performance.

Investment properties – In 2023, local governments actively introduced policies to boost consumption in line with the "Year of Consumption Promotion", and national consumption continued to recover. In particular, contact-type and gathering-type service consumption scenarios such as catering, travel, tourism, culture and entertainment recovered rapidly. The total retail sales of consumer goods for the year amounted to approximately RMB47.15 trillion, representing an increase of 7.2% year on year. During the year, seizing the opportunities presented by consumption recovery, the Group created original activities such as "Hi, It's New Shopping Festival", "Joy City Shopping Festival" and "Joy Joy So Red Festival", which achieved good results. The shopping malls under the Group generated sales of approximately RMB33.0 billion, representing a year-on-year increase of 33%. In addition, the Group continued to strengthen the operation strategies of its office buildings, enhance the brand image, and reshape the "space + service + community" 3C system based on customer needs to effectively improve the operation level.

Property Development – In 2023, the industry was still in the stage of continuous adjustment and wait-and-see sentiment prevailed among prospective homebuyers. Although the policies have continued to be relaxed, the market recovery was not as good as expected. As indicated by the data from the National Bureau of Statistics, in 2023, the gross floor area of commodity housing sold nationwide amounted to approximately 1,120 million sq.m., down 8.5% year on year, while sales amounted to RMB11.7 trillion, a decrease of 6.5% year on year. In order to ensure stable performance, during the year, the Group took multiple measures to boost sales, created Exemplary Projects, enhanced brand influence and held marketing activities to accelerate sales, thus recording approximately RMB18,090 million in contracted sales of property development.

Hotel Operations – Domestic tourism industry recovered strongly, and the tourism data of holidays and festivals such as the Spring Festival, May Day holiday, summer travel, and the Mid-Autumn Festival and the National Day reached new highs. The hotels under the Group capitalized on the opportunities by enhancing their product appeal and intensifying marketing efforts, aiming to expand market share and level up average room rates. During the year, the revenue amounted to approximately RMB970 million.

Output Management and Other Services – The Group adhered to the development strategy of combining asset-light and asset-heavy operations, and tapped into the market opportunities related to existing commercial properties or projects. The Group provided operation and management services for 14 shopping malls output management projects including Tianjin Heping Joy City, Guangzhou Huangpu Joy Life, Tianjin Xiqing Joy Life, Xi' an Joy City, Shaoxing IFC Joy City and Wuxi Jiangnan Joy City and 2 office buildings output management projects, with its brand influence being continually enhanced.

Land Bank – The industry continued to adjust, and real estate enterprises were less confident in purchasing land. The annual property investment nationwide declined by 9.6% year-on-year, while revenue from granting of state-owned land use right decreased by 13.2% year on year. The Group adhered to the investment strategy of selecting the best only, prudently selected investment targets that met its rigorous criteria and exercised strict control over investment risks. During the year, the Group acquired approximately 99,700 sq.m. of land bank in Nanjing and Shanghai.

In terms of financial capital, the Group always maintains a prudent financial policy. The Company fully leveraged on its access to multiple financing platforms at home and abroad and a good relationship with banks, and continuously launched innovative financing products. As at 31 December 2023, the Group's net gearing ratio was 44.0%, representing a decrease of 5.5 percentage points from 49.5% at the beginning of the year. Through maintaining a good relationship with banks, the Company actively broadened financing channels to optimize its financing structure. Despite the US dollars interest rate hikes, the Company's average financing cost stood at 4.49%, which remained at a relatively low level in the industry.

Looking forward to 2024, although confronted with certain difficulties and challenges, the basic trend of China's overall economy picking up its upward momentum remains unchanged. In terms of commercial retail, with the effective implementation of various policies and measures to expand domestic demand and promote consumption, residents' consumption demand will be increased, and shopping malls, hotels and other businesses will continue to benefit. In terms of property development, the whole market is still supported by large realistic demand, but the industry is still in an adjustment period, and it will still take some time for the market to recover. Overall, in 2024, the Group will continue to adhere to "dual-wheel and dual-core" development model to achieve steady progress, continuously enhance product strength, strengthen operation capabilities, promote effective improvement of quality and reasonable growth of quantity, making greater value contributions to the country, society, customers and shareholders.

悦精彩 JOY-FULL OCCASIONS

STEADY PROGRESS WITH PROMISING PROSPECTS AND RESILIENT DEVELOPMENT FOR A WONDERFUL FUTURE WITH JOY

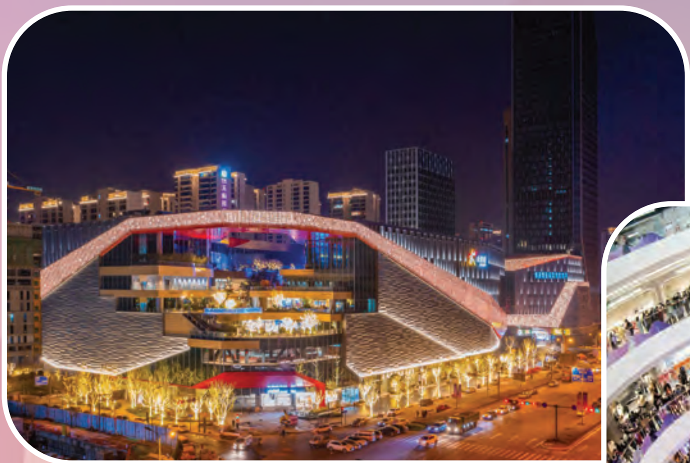
Introduction

Since the launch of the first Joy City in 2007, the Group has been making progress together with the development of cities in China, transforming a city with a "city" and leading hundreds of millions of people to change their lifestyles and consumption patterns. With the essential product creation capabilities, refined operation strength and unique resource endowment, the Group has evolved from an "innovator" to a "leader" in 16 years since the establishment of commercial property. During the year, the Group's commercial property focused on high-quality development, continued to lead the advancement of consumer experience, and promoted the upgrading of a wonderful urban life.

I.

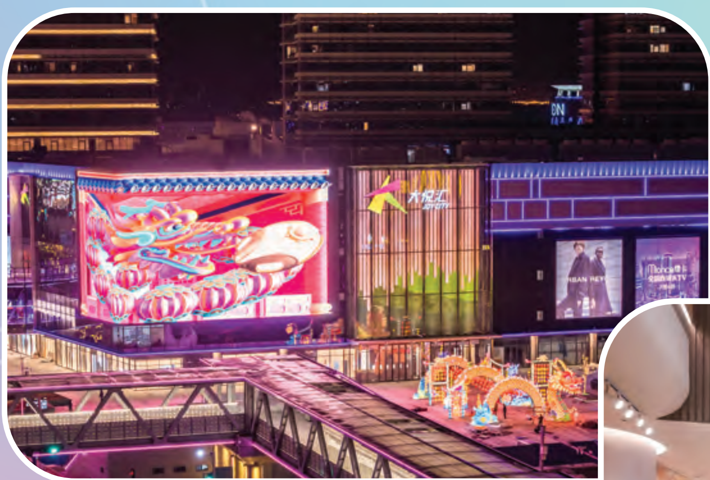
Seeking Great Potentials: Expanding The Layout Based On "Combining Asset-light And Asset-heavy Operations"

The Group's commercial property adhered to the core strategic model of "combining asset-light and asset-heavy operations", continuously exploited its layout and steadily expanded its business, injecting new momentum into urban development. During the year, the Group achieved the grand opening of five commercial projects including Beijing Jingxi Joy City, Wuxi Jiangnan Joy City and Guangzhou Huangpu Joy Life. With its professional and agile operational capabilities, the Group created urban gathering places in cities that leads a new lifestyle of consumers, formed a unique symbol of "urban memory", and became an engine and accelerator that efficiently promoted the transformation and advancement of China's commercial market.



(Chengdu Tianfu Joy City)

On 30 December 2023, Chengdu Tianfu Joy City, the fourth Joy City in Southwest China and the second Joy City in Chengdu of the Group, made its grand debut, recording footfall of over 210,000 on the first day of opening and ranking first among newly opened commercial complexes in Chengdu in the past five years. As the first ultra-large commercial complex opened in the central business district of Tianfu New District and positioned as a "Three-dimensional Living Aesthetic Shopping Park", it is the first shopping mall in Chengdu with 8,000m^3 multi-storey and 180° open design "air garden". In three days after the opening, the total footfall exceeded 500,000, and the total sales exceeded RMB50 million (excluding automobile and bulk consumption), with members contributing 58% of the total sales. With 52 national and urban best-selling brands, it has become a new business card promoting the upgrading of trendy consumption and the renewal of quality life in Tianfu New District.



(Tianjin Xiqing Joy Life)

Tianjin Xiqing Joy Life, the Group's third commercial project in Tianjin and the first Joy Life in North China, officially made its debut on 30 December 2023, recording footfall of over 121,000 and sales of over RMB14,198,000 on the first day. The total number of new members exceeded 45,000, and mall members contributed up to 40% of the sales, continuously bringing fresh power and dynamic content for consumers, cities and industries. Positioned as "gather quality life" with the slogan "Joyful Life, Gathering Passion", the project presented more than 200 brands, 80% of which opened the first batch of stores in the area. The deep integration of multiple sectors created a new lifestyle scenario with resonance for quality families and young customers, and drove refreshing and upgrading of regional consumption.

II.

Moving Towards A Wonderful Future With Joy: Ecological Co-construction For Long-term Win-win

In the new era of consumption, the Group's commercial property adheres to the original intention of serving a wonderful life and continues to lead a wonderful life and regional upgrading based on the scientific operation and management system of "integrated operation, premium membership, full-range service, big data" with refined operation and high-quality services.

(2023 Joy City Brand Promotion Conference of "Seeking great potentials and moving towards a wonderful future with joy")

On 18 August 2023, the Group completed the launch of "Nice Ecosystem of Joy City" through the 2023 Joy City Brand Promotion Conference of "Seeking great potentials and moving towards a wonderful future with joy". In the future, we will actively promote the integration, co-creation and sharing of omni-channel resources, build an "ecosystem" of Joy City which integrates beautiful life scenarios, and create a better urban life.

At the same time, based on the concept precipitation and experience summary in 16 years, we released the 20-word core strategy of "focus, precision, high quality, pragmatic, reshaping, subverting, renewing, upgrading, management, empowerment" for the first time, providing a template for high-quality commercial development. In the future, we will focus on the expansion strategy of "combining asset-light and asset-heavy operations, deepening cultivation in cities", create "trendy culture" and "living culture" scenarios with the most influence and market recognition by focusing on building the dual-line product matrix of "Joy City" and "Joy Life", and continue to create city-level and regional commercial landmarks.

(2023 Joy City Brand Promotion Conference of "Seeking great potentials and moving towards a wonderful future with joy")

In addition, at the conference, the Group released the brand IP image of Joy City – "Joey" to the public for the first time to convey the vision and mission of Joy City and the concept of natural ecology, health and green, sunshine and happiness in a form that is extremely friendly and close to the imagination of a wonderful life. In addition to marking a new upgrade of the brand image of Joy City, its debut also implies that Joy City will continue to innovate and advance through the integration of technology, culture and art, provide consumers with more interesting ideas and creativity, and open a new chapter for a high-quality and wonderful life.

III.

Deliver Attraction: Enhancing Brand Building and Leading Future

During the year, focusing on the medium- and long-term action plan of the Joy City brand of "Enjoy the trendy life you want here (你要的生活，潮這看)", the Group commercially launched the 5th "Hi, It's New Shopping Festival", the 11th "Joy City Shopping Festival" and the 3rd "Joy Joy So Red Festival" and other original IP node activities. Aiming to strengthen the "new" youth attributes of the brand, convey the power of youth and create a trendy cultural zone for young people, the Group also launched the Joy City 2023 National Brand Campaign "Bravo! Young Magic (夠敢才生活)" to maintain a leading position in brand influence, and won the 2023 Brand Influence Award selected by Shanghai United Media Group.

(Joy City 2023 National Brand Campaign)

From 20 September to 28 November 2023, with the theme of "The Braves (我敢青年聯盟)" and the statement of "Bravo! Young Magic", the "Joy City 2023 National Brand Campaign" was launched across the country. Joy City paid attention to the mood core and needs of young people, gained insights into the lifestyle and youth cultural trends, and cooperated with national malls, B-end, C-end and brother brands to create this brand event. During the event, the Group recorded the cumulative exposure of online and offline event with over 200 million times, the exposure of cooperation with RED (小紅書) official IP with over 37 million times, and the topic of "100 Ways of Life I Dare (我敢的100種生活)" with over 2.85 million participants, "The Braves (我敢青年)" type 12 personality interactive test H5 with over 500,000 participants, the exposure of brand attitude TVC with over 500,000 times, the exposure of "Contemporary Youth, Dare to Sit and Dare to Be (當代青年，敢坐敢當)" offline event with over 3 million times, the national tour exhibition "Bravo! Young Magic Life Exhibition (Bravo!我敢青年生活展)" with over 6 million participants, which stimulated the offline interactive experience and deeply resonated with customer groups, inherited and enhanced the expression and attitude appeal of the youth culture in Joy City, conveyed the real voice and energy of youth, and consolidated the positioning of Joy City as the "Youth Gravity Base (青年引力場)".

(A Bustling "Joy City Shopping Festival")

During 16 to 17 September 2023, the 11th "Joy City Shopping Festival" event was held with the theme of "Life of Fashion and Shopping, Just Enjoy It!(潮BUY生活，趣這看！)" to stimulate the vitality of the consumer market through online and offline matrix channels. In terms of online channels, the Group announced its industry-leading move – launching a "Live Commerce" model for TikTok nationwide, and in terms of offline channels, the Group made full use of "Respective Characteristics of Different Cities(千城千色)". During the event, the Group recorded total sales of nearly RMB530 million nationwide, representing a year-on-year increase of approximately 27%, and total footfall of nearly 2.7 million nationwide, representing a year-on-year increase of approximately 40%, which fully unleashed the vitality of the local consumer market.

(A Glimpse of "Joy Joy So Red Festival")

During 28 December 2023 to 7 January 2024, the Group's commercial New Year celebration theme event, the 3rd "Joy Joy So Red Festival", was held nationwide. With the theme of "Enjoy a wonderful and trendy life here(美好生活，潮這看)", this event combined with the national project anniversary celebrations, Christmas Day and New Year's Day and other activities to gain both brand reputation and operating performance. During the event, the Group recorded sales of nearly RMB1,460 million nationwide, representing a year-on-year increase of approximately 36%, and total footfall of nearly 12.94 million nationwide, representing a year-on-year increase of approximately 44%, which ignited the enthusiasm of consumption in winter and effectively boosted the traditional commerce.

Conclusion

In 2023, adhering to the commercial capabilities of steady progress, deep cultivation of cities and resilient development, the Group precisely grasped the commercial market and consumption trends, recording a sales amount of RMB33.0 billion, total footfall of 290 million, and new members of 3.28 million. In the future, the Group's commercial property division will continue to shoulder its social responsibility as an enterprise directly under the central government, practise the business philosophy of "creating joy and happiness to people nearby will attract guests from afar" and the brand concept of "trendy life culture leader", so as to inject new vitality into urban life and drive the high-quality development of commercial real estate in the context of the new era of consumption.

Management Discussion and Analysis

Market Review

In 2023, in response to the complicated domestic and international situation, the central and local governments stuck to the general principle of seeking progress in a stable manner, furthered all-round reform and opening-up, tightened macro regulation and control, focused on expanding domestic demand, optimized structure, boosted confidence, and prevented and resolved risks, thus steadily improving supply demand, and solidly promoting high-quality development. China's overall economy picked up its upward momentum and China's GDP hit approximately RMB126 trillion in 2023, up 5.2% year on year. The market sales recovered rapidly, and the service consumption sector grew rapidly. The total retail sales of consumer goods achieved approximately RMB47.1 trillion in 2023, representing an increase of 7.2% as compared with the previous year.

In 2023, the real estate market industry was still in a period of adjustment. During the year, the investment in real estate development continued to be under pressure, and the investment in real estate development nationwide amounted to approximately RMB11.1 trillion, down 9.6% year on year; and the sales of commercial housing amounted to approximately RMB11.7 trillion, down 6.5% year on year. Real estate prices were in a weak trend, with the price index of newly built commercial housing in 70 large and medium-sized cities nationwide falling by 0.9% year on year in December 2023.

In terms of commercial real estate, in 2023, the central and local governments continued to make efforts to expand domestic demand and promote consumption, the consumer market recovered comfortably, and the economic conditions of service industry recovered steadily. Some high-quality retail commercial projects achieved growth in both footfall and turnover, and the demand for office building leasing was released. In 2023, approximately 380 commercial projects (including existing renovation properties; each with a commercial GFA of 20,000 sq.m. or above) were put into operation nationwide. In recent years, the diversification and complexity of the consumer market and consumption environment have given rise to an increasing number of "niche consumption" categories; the consumption concept of young consumers is changing to adapt to the new changes of the times, and catering to the new consumption trends has become an important issue that the China's shopping centers industry will face in the present and future in the long term. Currently, shopping centers are not only the daily consumption places for consumers, but also the window to reflect the city's "good life", and an important space to lead the consumption upgrading of districts and regions.

Business Review

During the year, the Group gave full play to its strengths to ensure stable development of its four business segments, namely investment properties, property development, hotel operations, and output management and other services.

Investment Properties

The Group's shopping malls continued to strengthen their operations, pursue innovative development to enhance the Group's operating strength and brand influence, which has achieved satisfactory results. During the year, the Group garnered more than 210 major industry awards and honors such as the "New Economy • Momentum – Annual Brand Influence Award 2023", "Top 10 China Real Estate Commercial Management Enterprises in terms of Comprehensive Strengths 2023", the sixth place of "Top 100 Retail Commercial Real Estate Enterprises in terms of Comprehensive Strengths 2023", "Influential Urban Renewal Operators 2023" and "China Real Estate Commercial Management 'Young Power' Track Benchmarking Product Line Award 2023", demonstrating its commercial strength and brand influence. During the year, the Group's shopping mall business recorded sales of approximately RMB33.0 billion, representing a year-on-year increase of 33%, and rental income of approximately RMB3.0 billion, representing a year-on-year increase of 39%.

In terms of office building business, the Group adhered to the orientation of customer needs, reshaping the "space + service + community" 3C system, and continuously building a closed loop of office building ecosystem. During the year, Beijing COFCO Plaza improved tenant satisfaction rate to 95% and the rent collection rate reached 99.9% through providing comprehensive services and diversified community activities, and was honored as one of the "Top 100 Enterprises in Beijing Dongcheng District" in 2022 by the Beijing Dongcheng District Development and Reform Commission. Hong Kong COFCO Tower has improved the quality image of the building through partial renovation of the building, significantly increased the tenant retention rate and satisfaction rate, and the rent collection rate reached 99.7%. During the year, the office building business achieved rental income of approximately RMB0.51 billion.

Property Development

Facing the downward pressure on the industry, the Group continued to strengthen marketing campaigns to ensure stable performance. On the one hand, adhering to the concept of building Exemplary Projects, the Group has built a number of regional and urban benchmark projects. On the other hand, the Group continued to deepen the brand power building of properties for sales by launching an array of marketing and promotion activities such as "JoyFans Festival" and "Hey! Joy House Festival", and actively explored marketing innovation to make consecutive breakthroughs in new media marketing. During the year, the Group recorded approximately RMB18,090 million in contracted sales of property development. Among them, residential properties such as Xiamen Yunxi One Majesty and Sanya Joy Center were the best sellers in their respective cities or segments. At the same time, commercial and office properties such as Hangzhou Joy City T1 Office Building and Wuhan Optics Valley Joy City T2 Office Building were successfully sold.

Hotel Operations

The hotels under the Group deeply explored their business potential, innovated the operation model to improve the overall hotel performance. In 2023, the revenue from hotel operations amounted to approximately RMB970 million, representing an increase of 75% as compared with 2022 and an increase of 15% as compared with 2019. During the year, the Group's hotels notched a number of awards: MGM Grand Sanya was honored "The Best BANG! Awards – Fashionable Recreation Hotel of the Year"; St. Regis Sanya Yalong Bay Resort was awarded "2023 Best Destination Hotel of Asia Wedding Ceremony"; Waldorf Astoria Beijing won the "Target – 2023 Luxury Hotel", and Zijin Mansion, the Chinese Restaurant of Waldorf Astoria Beijing, was rated as one-star restaurant in the Michelin Guide for four consecutive years; Le Joy Hotel Beijing was granted the "23rd Golden Horse Awards of China-the Influential Boutique Hotel Brand of the Year".

Output Management and Other Services

The Group adhered to the development strategy of combining asset-light and asset-heavy operations. We gave full play to the brand influence of "Joy City" and provided operation and management services for shopping mall projects such as Tianjin Heping Joy City, Xi' an Joy City, Changsha North Star Delta Joy City, Guangzhou Huangpu Joy Life and Tianjin Xiqing Joy Life, with its brand influence being continually enhanced. During the year, the Group delivered stellar performance in shopping mall output management projects with total sales of approximately RMB8.3 billion. At the same time, the Company also provided operation and management services for two new office building projects, namely, Beijing LG Twin Towers and China Post Insurance Jiu'an Plaza.

Land Bank

In respect of land bank, the Group adhered to the principle of selecting the best only in terms of investment development, prudentially selecting investment targets that met its rigorous criteria and exercising strict control over investment risks. The Group acquired 99,700 sq.m. of land bank in Nanjing and Shanghai through the open market, mergers and acquisitions during the year.

Name of land parcel	Location	Site area (sq.m.)	Floor area (sq.m.)	Project type	Actual shareholding percentage
The lot of land NO.2023G07 situated in Jiangning District, Nanjing	Jiangning District, Nanjing	25,333	53,198	Residential	100%
The lot of land hk367-01 situated at North Bund Street, Hongkou District, Shanghai	Hongkou District, Shanghai	23,849	46,506	Residential	100%

Financial Review

Overall Performance Review

For the year ended 31 December 2023, the Group's revenue was RMB13,272.1 million (2022: RMB20,831.4 million). Overall gross profit margin was approximately 43%, representing an increase of 12 percentage points as compared with 31% for the previous year, mainly due to the increase in total income from investment properties as a percentage of revenue, which boosted the overall gross profit margin.

The Group recorded profit for the year of approximately RMB1,419.6 million (2022: RMB1,100.6 million), representing a year-on-year increase of 29.0%, which was due to the good operating conditions of the investment properties and the gain on disposal of subsidiaries. In particular, the profit attributable to owners of the Company amounted to approximately RMB340.0 million, representing a year-on-year decrease of 35.9%. Excluding the after-tax fair value gain on investment properties and the effect of exchange rate changes, the core net profit attributable to owners of the Company for the year was RMB991.3 million, representing a year-on-year increase of 20.5%.

Business Review on Investment Properties

During the year, consumer market and physical commercial customer traffic recovered steadily, and the total rental income from investment properties and related services income was approximately RMB4,359.3 million, representing an increase of 24.8% as compared with RMB3,492.9 million in the previous year. The gross profit margin of the investment properties was 77.1%, representing an increase of 2.6 percentage points from 74.5% in the previous year. Shopping malls, office buildings and other income accounted for 83%, 12% and 5%, respectively.

The Group's shopping malls recorded sales of approximately RMB33.0 billion, representing a year-on-year increase of 33%, and rental income of RMB2,997.7 million, representing an increase of 38.9% as compared with RMB2,157.6 million in the previous year.

Adhering to the customer-oriented approach, the office building business continued to build a closed loop of office building ecosystem, and the rental income during the year was approximately RMB513.3 million, representing a year-on-year increase of 1.4%.

The table below sets forth the rental income and occupancy rate of the major investment properties of the Group in 2023:

Project	City	Use	Rental income (RMB million)	Occupancy rate (%)
Xidan Joy City Shopping Mall	Beijing	Retail	**607.0**	**98**
Chaoyang Joy City Shopping Mall	Beijing	Retail	**665.0**	**97**
Tianjin Joy City Shopping Mall	Tianjin	Retail	**461.4**	**97**
Shanghai Jing'an Joy City Shopping Mall	Shanghai	Retail	**201.2**	**95**
Shenyang Joy City Shopping Mall	Shenyang	Retail	**256.7**	**98**
Yantai Joy City Shopping Mall	Yantai	Retail	**76.7**	**97**
Chengdu Joy City Shopping Mall	Chengdu	Retail	**322.7**	**98**
Hangzhou Joy City Shopping Mall	Hangzhou	Retail	**152.5**	**97**
Suzhou Joy City Shopping Mall	Suzhou	Retail	**137.1**	**98**
Chongqing Joy City Shopping Mall	Chongqing	Retail	**15.8**	**90**
Wuhan Joy City Shopping Mall	Wuhan	Retail	**101.5**	**97**
Xidan Joy City Offices	Beijing	Office	**39.5**	**85**
COFCO Plaza Offices	Beijing	Office and Retail	**277.8**	**91**
Hong Kong COFCO Tower	Hong Kong	Office and Retail	**58.2**	**84**
COFCO • Landmark Tower*	Beijing	Office and Retail	**137.9**	**86**
Fraser Suites Top Glory Shanghai*	Shanghai	Serviced apartment	**124.4**	**91**
Total			**3,635.4**	

* As of the end of 2023, the disposals of the entire equity interests of COFCO • Landmark Tower and Fraser Suites Top Glory Shanghai held by the Group's subsidiaries were completed.

Management Discussion and Analysis

The table below sets forth the rental income and occupancy rate of the major investment properties of the Group in 2022:

Project	City	Use	Rental income (RMB million)	Occupancy rate (%)
Xidan Joy City Shopping Mall	Beijing	Retail	572.9	95
Chaoyang Joy City Shopping Mall	Beijing	Retail	487.0	99
Tianjin Joy City Shopping Mall	Tianjin	Retail	295.8	97
Shanghai Jing'an Joy City Shopping Mall	Shanghai	Retail	118.8	91
Shenyang Joy City Shopping Mall	Shenyang	Retail	154.8	91
Yantai Joy City Shopping Mall	Yantai	Retail	57.0	89
Chengdu Joy City Shopping Mall	Chengdu	Retail	185.6	95
Hangzhou Joy City Shopping Mall	Hangzhou	Retail	122.8	95
Suzhou Joy Breeze Shopping Mall	Suzhou	Retail	76.8	94
Chongqing Joy City Shopping Mall	Chongqing	Retail	15.0	81
Wuhan Joy City Shopping Mall	Wuhan	Retail	71.1	91
Xidan Joy City Offices	Beijing	Office	33.4	85
COFCO Plaza Offices	Beijing	Office and Retail	267.9	90
Hong Kong COFCO Tower	Hong Kong	Office and Retail	55.5	78
COFCO • Landmark Tower	Beijing	Office and Retail	149.4	89
Fraser Suites Top Glory Shang-hai	Shanghai	Serviced apartment	130.4	91
Total			2,794.2	

Business Review on Property Development

During the year, the Group's operating revenue from the property development segment was RMB7,705.4 million, representing a decrease of 53.3% from RMB16,483.7 million in the previous year. The settlement area of properties delivered was 425,428 sq.m., representing a decrease of approximately 40.7% as compared to the previous year. The unit settlement price was RMB17,217/sq.m., representing a decrease of 25.0% as compared to the previous year. Due to the changes in structure of the properties delivered, the gross profit margin of the property development segment for the year increased by 2 percentage points year-on-year to 24%.

The Group's contracted sales for the year decreased by 36.7% year on year to approximately RMB18,086.0 million amid a broad downturn in the housing market. Contracted sales area was 724,628.6 sq.m., representing a year-on-year decrease of 9.5%; and the average unit selling price was RMB24,959 per sq.m., representing a year-on-year decrease of 30.0%.

In 2023, the contracted sales amount and contracted sales area of each region achieved by the Group are as follows:

Region	**Contracted sales**		**Contracted sales area**	
	2023 (RMB million)	2022 (RMB million)	**2023 (sq.m.)**	2022 (sq.m.)
Shanghai	**3,375.1**	12,812.0	**96,229.3**	244,811.4
Hainan	**1,734.5**	565.3	**58,775.2**	22,022.7
Southwest China	**2,697.8**	2,580.8	**127,470.3**	130,617.6
Zhejiang	**563.7**	2,384.2	**21,223.9**	52,259.3
Nanjing	**3,254.1**	4,360.2	**169,002.8**	176,617.8
Central China	**484.0**	575.6	**46,102.1**	45,141.7
Southern China	**1,245.5**	2,527.0	**27,641.6**	56,289.6
Beijing	**2,671.2**	2,662.0	**68,864.6**	61,965.6
Northeast China	**75.2**	90.9	**8,902.8**	11,220.9
Northwest China	**1,984.9**	–	**100,416.0**	–
Total	**18,086.0**	28,558.0	**724,628.6**	800,946.4

Business Review on Hotel Operations

In 2023, the hotel operations recorded operating revenue of approximately RMB969.8 million, representing a year-on-year increase of 75.1%; and the average occupancy rate was 75%, representing a year-on-year increase of 25 percentage points.

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group in 2023:

Project	**City**	**Use**	**Average occupancy rate (%)**	**RevPAR (RMB)**	**Average room rate (RMB)**
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	**68**	**1,446**	**2,131**
MGM Grand Sanya	Sanya	Resort	**83**	**1,330**	**1,595**
Cactus Resort Sanya by Gloria	Sanya	Resort	**47**	**125**	**270**
Waldorf Astoria Beijing	Beijing	Business Inn	**70**	**1,727**	**2,458**
Le Joy Hotel Beijing	Beijing	Hotel	**91**	**632**	**693**

The table below sets forth the average occupancy rate, RevPAR and average room rate of the major hotels of the Group in 2022:

Project	City	Use	Average occupancy rate (%)	RevPAR (RMB)	Average room rate (RMB)
The St. Regis Sanya Yalong Bay Resort	Sanya	Resort	40	802	2,016
MGM Grand Sanya	Sanya	Resort	58	757	1,298
Cactus Resort Sanya by Gloria	Sanya	Resort	37	108	293
Waldorf Astoria Beijing	Beijing	Business Inn	31	717	2,334
Le Joy Hotel Beijing	Beijing	Hotel	79	448	569

Review on Output Management Business

The Group fully leveraged the appeal and operation capability of "Joy City" as a brand. During the year, the total revenue from output management was approximately RMB169.5 million.

Other gains and losses, net

For the year ended 31 December 2023, the Group recorded approximately a gain of RMB867.1 million under other gains and losses, representing an increase of gain of RMB1,179.1 million as compared with a loss of RMB312.0 million in the previous year, mainly due to the gains on disposal of subsidiaries of RMB1,644.9 million during the year.

Impairment losses under expected credit loss model, net of reversal

For the year ended 31 December 2023, the Group's impairment losses under expected credit loss model amounted to approximately RMB974.3 million (2022: RMB102.4 million) mainly due to the impairment losses recognised on loans to associates and amounts due from non-controlling interests.

Taxation

Income tax expense comprises PRC corporate income tax, land appreciation tax and Hong Kong profits tax. The Group's tax expenses was RMB2,243.4 million (2022: RMB1,499.9 million).

Management Discussion and Analysis

Financial Position

Interest-bearing borrowings and net debt to total equity ratio

Item	As of 31 December	
	2023	2022
	(RMB'000)	(RMB'000)
Bank borrowings (current and non-current)	**25,549,907**	24,342,372
Corporate bonds	**4,084,553**	3,979,921
Borrowings from fellow subsidiaries, associates, joint ventures, non-controlling shareholders and third parties (current and non-current)	**14,661,091**	17,444,196
Total interest-bearing borrowings*	**44,295,551**	45,766,489
Less: Cash and bank balances	**19,432,196**	16,895,367
Restricted and pledged bank deposits	**48,594**	90,294
Net debt	**24,814,761**	28,780,828
Total equity	**56,437,328**	58,089,278
Net debt to total equity ratio**	**44.0%**	49.5%

*: Total interest-bearing borrowings include bank borrowings, loans from fellow subsidiaries, associates, joint ventures, non-controlling shareholders and third parties, and corporate bonds.

**: The net debt to total equity ratio is calculated as net debt divided by total equity, in which the net debt is calculated as total interest-bearing borrowings less cash and bank balances, restricted and pledged bank deposits.

As at 31 December 2023, the total amount of interest-bearing borrowings amounted to approximately RMB44,295.6 million, representing a decrease of 3.2% as compared with RMB45,766.5 million as at 31 December 2022. The net debt to total equity ratio was approximately 44.0%, representing a decrease of 5.5 percentage points from 49.5% in the previous year. Among the interest-bearing borrowings, approximately 75.7% were denominated in RMB while approximately 24.3% were denominated in HKD and USD.

In the interest-bearing borrowings, approximately RMB19,215.6 million were with fixed interest rates ranging from 3.06% per annum to 7.47% per annum, and the other borrowings carried interest at floating rates. As of 31 December 2023, the proportion of fixed interest borrowings was 43% (31 December 2022: 44%) of the total interest-bearing borrowings.

The Group is committed to optimizing its capital structure and reducing financing costs. COFCO Commercial Property Investment Co., Ltd., a non-wholly owned subsidiary of the Company, issued unsecured corporate bonds on the Shenzhen Stock Exchange in April 2023, comprising RMB1,000 million with a term of 3 + 2 years and a coupon rate of 3.34%. The entity also issued perpetual medium-term notes of RMB1,500 million with a term of 2 + N years and a coupon rate of 3.45%. The Company seized the opportunities in the financing market and obtained financing at a lower cost to facilitate the development of the Group.

In 2023, the Company maintained good relationships with banks and actively broadened financing channels to optimize its financing structure. Despite the US dollars interest rate hikes, the Company's average financing cost stood at 4.49%, which remained at a relatively low level in the industry.

Bank Borrowings

Bank borrowings amounted to RMB25,549.9 million as at 31 December 2023, representing a year on year increase of 5.0%, of which the bank borrowings carrying floating rates accounted for 98%.

Analysis on the Group's bank borrowings is as follows:

Item	As of 31 December	
	2023	2022
	(RMB'000)	(RMB'000)
Carrying amount repayable:		
Within one year	**7,202,336**	4,935,955
In the second year	**3,912,803**	5,153,957
In the third to fifth year (inclusive)	**12,547,678**	12,640,806
Over five years	**1,887,090**	1,611,654
Total	**25,549,907**	24,342,372

Bank borrowings of approximately RMB7,202.3 million are repayable within one year and are shown as current liabilities. All the Group's borrowings are denominated in RMB, HKD and USD. There is no material seasonal impact on the Group's needs for borrowings.

As at 31 December 2023, the Group had banking facilities of RMB54,063 million, of which unused facilities amounted to RMB28,514 million, all denominated in RMB, HKD and USD, indicating that Group had adequate access to financing and sufficient credit facilities.

Contingent Liabilities

As at 31 December 2023, details of the Group's contingent liabilities and non-compliance issues are set out in Note 38 to the consolidated financial statements. The Directors of the Company believe that, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Group is less likely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Interest Rate Risk

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group's policies are to reduce the interest rates by negotiating the terms of the interest-bearing borrowings, and explore direct financing at low interest rates such as the issuance of corporate bonds to replace the borrowings at high interest rates. For variable-rate borrowings, the Group maintains a reasonable proportion and tries to reduce the risk of interest fluctuation with interest rate swap of a certain proportion.

Foreign Exchange Risk

The daily transaction currency for the principal business operations of the Group is Renminbi. Save for certain bank deposits, bank and other borrowings denominated in foreign currencies, the Group is not exposed to any material risk directly arising from the volatility of exchange rate. The Group will pay close attention to the change of financial environment. As for the exchange rate risk caused by the fluctuation of RMB exchange rate, the Group locks such risks through forward and other tools in due course.

EMPLOYEES AND REMUNERATION POLICIES

The Group attaches great importance to the selection, employment, training and retainment of talents. While sticking to equal employment and optimizing its remuneration and incentive mechanisms, the Group diversifies recruitment channels and protects rights and interests of employees. Thus the Group is able to attract and establish a lean, competent and highly efficient staff team, promote the common development of enterprise and employees, and provide talent support for the Group's strategic goals. As of 31 December 2023, the Group had 3,638 employees in total.

Aiming to maintain the "high efficiency and competitive incentives", the Group has established a sound remuneration and incentive system. The Group has also built a harmonious and consistent labor relationship with its staff by providing competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity plan.

Upholding the training concept of "learning for application", the Group systematically planned and coordinated the layout, focused on the development of talents and reserved talents at all levels of key positions, focused on the improvement of business capabilities, established a tiered and classified talent training system, and created a sufficient quantity and quality of talent supply chain for the Group, so as to support the achievement of strategic goals. At present, the Group has established the core training projects including "Core Team Training Camp", Golden Helmsman", "Golden Seed", "Class 3040", "Sword Casting Plan", "New Joy Training Camp", "Future Star Training Camp", "Joy Seminar" and so on. It explores the internal courses of the Group, and revitalizes internal training resources by establishing a professional and systematic internal training lecturer team and improving online learning systems.

In addition, the Group has built a value-based and development-oriented dual-career path development system for management and professionalism by integrating the features of the industry and the relevant positions. Through internal recruitment, rotation training and basic training of young beginners and other forms, the Group facilitates internal talents exchange and the talent transfer and promotion, which provides a clear development path for employees.

The employees of the Group's subsidiaries which operate in the mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. Further, the Group's principal retirement benefits scheme available to its Hong Kong employees, namely the Mandatory Provident Fund, is also a defined contribution scheme which is administered by independent trustees. The Group is required to contribute to the Mandatory Provident Fund based on a certain percentage of the employees' salaries. The contributions made by the Group to the defined contribution schemes above are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective defined contribution schemes. The only obligation of the Group with respect to such defined contribution schemes is to make the specified contributions. There was no forfeited contributions under the defined contribution schemes above. Accordingly, there was no forfeited contribution used by the Group or available for the Group to reduce its existing level of contributions during the year.

The Group strictly complies with the management policies under the relevant international and national standards, rules and regulations, or those of the places where it operates in respect of child labor or forced labor prevention. We have developed necessary procedures of information collection and approval of recruitment of staff to ensure labor standards are implemented and executed. We employ our employees in accordance with laws, prevent employment discrimination, and eradicate the use of child labor and forced labor; whereas we provide those such as the disabled, ethnic minorities and veterans with employment opportunities and achieve "equal pay for equal work for both men and women". During the year, there was no violation by the Group of international or national standards, rules and regulations, or those of the places where the operations of the Group were located in respect of child labor and forced labor.

Outlook

Looking forward to 2024, with the improvement of consumers' pursuit of scene and sense of experience, more shopping malls will go deep into "experience, circle and social interaction" and create a rich variety of business categories. Marketing innovation has become a "booster" for the in-depth operation of shopping malls. The shopping malls hold various activities and exhibitions, use various marketing innovations means and methods to create new consumption spaces, and interact with consumers in the virtual and real world, effectively improving the spatial value of "novelty", "good-looking" and "fun" of shopping malls, thereby attracting consumers' attention and participation, and further transforming these measures into operating results. In the future, the Group will continue to pursue its positioning as "a service provider of urban operation and better life", take meeting consumer needs as the basic point, and take the leading trends and creating consumption scenarios as the development point, capitalize on the opportunities arising in the industry, consolidate resources in various areas and further optimise operating capacity, so as to achieve favorable operating results.

Directors and Senior Management

The following sets out the profile of the Directors and senior management of the Company as at the date of this Annual Report:

DIRECTORS

Mr. CHEN Lang	*Chairman and Non-executive Director*
Mr. YAO Changlin	*Executive Director*
Mr. LIU Yun	*Non-executive Director*
Mr. ZHU Laibin	*Non-executive Director*
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	*Independent Non-executive Director*
Mr. LAM Kin Ming, Lawrence	*Independent Non-executive Director*
Mr. CHAN Fan Shing	*Independent Non-executive Director*

Mr. CHEN Lang, aged 58, was appointed as the Chairman of the Board and a Non-executive Director, the chairman of the Nomination Committee and an authorized representative of the Company under Rule 3.05 of the Listing Rules with effect from 30 September 2022.

Mr. CHEN joined COFCO Corporation in April 2019 and is currently a director and chairman of Grandjoy Holdings Group (stock code: 000031), a company listed on the Shenzhen Stock Exchange and a non-executive director and chairman of the board of China Mengniu Dairy Company Limited (stock code: 2319), a company listed on the main board of the Stock Exchange. Prior to joining COFCO Corporation, Mr. CHEN had served as an Executive Vice President of China Resources (Holdings) Company Limited until April 2019. At the same time, he served as the chairman and general manager of China Resources Development & Investment Co., Ltd., the chairman of China Resources Vanguard Co., Ltd., the chairman of China Resources Snow Breweries (China) Investment Co., Ltd., the chairman of China Resources Ng Fung Co., Ltd., and the chairman of China Resources C'estbon Beverage (China) Investment Co., Ltd., and vice-chairman and chief executive officer of China Resources Logic Limited (now renamed as China Resources Gas Group Limited). Mr. CHEN was a vice chairman of the board of directors and a member of strategy committee of Shanxi Xinghuacun Fen Wine Factory Co., Limited（山西杏花村汾酒廠股份有限公司）, a company listed on the Shanghai Stock Exchange, until June 2019; an executive director and the chairman of the board of directors of China Resources Beer (Holdings) Company Limited (stock code: 291), a company listed on the main board of the Stock Exchange, until July 2019, and a non-executive director and chairman of the board of China Foods Limited (stock code: 506), a company listed on the main board of the Stock Exchange, until September 2022.

Mr. CHEN holds a Master's degree in Business Administration.

Mr. YAO Changlin, aged 56, was appointed as the executive Director, the general manager of the Company, and a member of each of Remuneration Committee and the Executive Committee, with effect from 11 December 2023. Mr. YAO was a deputy general manager of the Company from December 2013 to December 2023. He is also a director of several subsidiaries of the Company.

Mr. YAO has been appointed the general manager of Grandjoy Holdings Group (stock code: 000031), a company listed on the Shenzhen Stock Exchange and a controlling shareholder of the Company with effect from 11 December 2023. He has been a director of Grandjoy Holdings Group since August 2021 and the general legal counsel and chief compliance officer since August 2023. Mr. YAO was a deputy general manager of Grandjoy Holdings Group from April 2019 to December 2023. Mr. YAO joined COFCO Group since March 1993, he had successively served as a finance officer of finance department of China Feed Group (中國飼料集團), a finance officer, assistant manager, manager of finance department and manager of capital development department of China Grain Trading Company (中國糧貿公司), head of finance department, assistant to general manager of Zhonggu Group (中谷集團) and the general manager of Zhonggu Sanya Trading Company (中谷三亞貿易公司), the deputy general manager of COFCO (Hainan) Investment Development Co., Ltd., (中糧(海南)投資發展有限公司), the deputy general manager, the executive deputy general manager of Sanya Yalong Bay Investment Co., Ltd., (三亞亞龍灣投資有限公司) and the general manager of the hotel business department of COFCO Corporation. All of the aforementioned companies are subsidiaries of the COFCO Corporation. Mr. YAO has been with the COFCO Group for over 30 years and has extensive experience in property investment, business management, accounting, legal and compliance matters.

Mr. YAO holds a Bachelor degree in Economics from Anhui University of Finance and Economics in the PRC and an Executive Master of Business Administration degree from Cheung Kong Graduate School of Business in the PRC.

Mr. LIU Yun, aged 53, was appointed as a Non-executive Director with effect from 17 March 2021.

Mr. LIU joined COFCO Corporation in August 1993 and had served in various positions, including a staff of president office, a sales of advertising exhibition company, a staff, a deputy manager, manager (publicity and education section) and manager (party organization section) of party committee office, the head, an editor in-chief of "COFCO Today" and a deputy general manager of public relations department, a deputy general manager of office secretary department, a general manager of public relations department, a deputy director and a director of general office. He has been a secretary of the board (level of the department principal) and a general manager of the general office of COFCO Corporation since January 2018. He has concurrently served as the deputy dean of COFCO Academy since June 2019, as a chief privacy officer since August 2019 and as a director of Chinatex Corporation since December 2019. He is a director of Grandjoy Holdings Group (stock code: 000031), a company listed on the Shenzhen Stock Exchange, since March 2021.

Mr. LIU graduated from Department of Journalism, Renmin University of China with a Bachelor of Laws degree in July 1993.

Directors and Senior Management

Mr. ZHU Laibin, aged 52, was appointed as a Non-executive Director with effect from 30 March 2020.

Mr. ZHU joined COFCO Corporation in August 1993 and currently serves as the chief auditor and the head of the audit department of COFCO Corporation. Prior to his current role, Mr. ZHU held various positions within the COFCO Group, including a clerk in COFCO Packaging Industrial and Trading Company (中糧包裝實業貿易公司), a clerk of accounting department, head of the finance department, an assistant to general manager of the strategic planning department, a deputy general manager of the strategy management department, a general manager of the strategy management department, a general manager of the general office for the board in COFCO Corporation, a deputy controller of finance department and general manager of operation management department in COFCO Corporation, chief accountant of COFCO Trading Company Limited (中糧貿易有限公司) and the financial controller of finance department of COFCO Corporation. He served as a supervisor and has been a director of Grandjoy Holdings Group Co., Ltd. (stock code: 000031), a company listed on the Shenzhen Stock Exchange, from May 2014 to June 2016 and since March 2020, respectively. He was a director of COFCO Sugar Holding Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600737)) from March 2020 to April 2023.

Mr. ZHU graduated from Hangzhou Business College with a Bachelor's degree in Economics in July 1993. He also graduated from the University of Science and Technology Beijing and the University of Texas at Arlington with a Master's degree in Business Administration in August 2007. Mr. Zhu is a Certified Public Accountant in the PRC.

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, aged 76, was appointed as an Independent Non-executive Director with effect from 2 August 1995. He is also the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee.

The table below sets out Mr. LAU's directorships in a number of companies listed on the Main Board of the Stock Exchange:

Name of the listed companies	Stock code	Position
Glorious Sun Enterprises Limited	00393	independent non-executive director
Yuexiu Transport Infrastructure Limited	01052	independent non-executive director
Yuexiu Property Company Limited	00123	independent non-executive director

Mr. LAU is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Cinda Financial Holdings Co., Limited, Sun Hon Investment and Finance Limited, Wydoff Limited, Wytex Limited, Helicoin Limited, Wyman Investments Limited, Trillions Profit Nominee & Secretarial Services Limited and Polex Limited. He served as the chairman of the Central and Western District Board from 1988 to 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee from 1988 to 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (from 1997 to 1998, he was a member of the Provisional Legislative Council). He has served as a Standing Committee member of the 10th, 11th, and 12th National Committee of the Chinese People's Political Consultative Conference.

Mr. LAU obtained a Bachelor of Laws Degree from University of London in 1969. He is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. He is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries.

Mr. LAM Kin Ming, Lawrence, aged 68, was appointed as an Independent Non-executive Director with effect from 21 September 2004. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. LAM was the senior vice president of the Enterprise Solutions Commercial Group of HKT Trust and HKT Limited (stock code: 6823), a company listed on the main board of the Stock Exchange and a member of the PCCW group.

Mr. LAM graduated from the University of Toronto with a Bachelor's degree in Commerce in September 1978.

Mr. CHAN Fan Shing, aged 47, was appointed as an Independent Non-executive Director with effect from 10 February 2020. He is also a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. CHAN has extensive experience in auditing, accounting and financial management. Mr. CHAN has been an independent non-executive director of Gaush Meditech Limited (stock code: 2407) since November 2022, a company listed on the main board of the Stock Exchange. In addition, Mr. CHAN was an independent non-executive director of Trigiant Group Limited (stock code: 1300) ("**TGL**") from September 2018 to January 2024, and as an executive director of Tycoon Group Holdings Limited (stock code: 3390) ("**TGHL**") from October 2018 to August 2020 and a director of Tycoon Asia Pacific Group Limited. Both TGL and TGHL are companies listed on the main board of the Stock Exchange. From September 2009 to March 2016, Mr. CHAN held the positions of the company secretary, financial controller and authorized representative at CPMC Holdings Limited (stock code: 906) ("**CPMC**"), the shares of which are listed on the main board of the Stock Exchange. Prior to joining CPMC, Mr. CHAN has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms.

Mr. CHAN obtained a Bachelor's degree in Business Accounting from University of Glamorgan (currently known as University of South Wales), United Kingdom in June 1999 and a Master's degree in Professional Accounting from The Hong Kong Polytechnic University in October 2008. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia, and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada.

Directors and Senior Management

HONORARY ADVISOR

Mr. WU Kwok Cheung, *MH*, aged 91, was appointed as an honorary advisor of the Company with effect from 10 February 2020. He was an Independent Non-executive Director from August 2006 to February 2020.

Mr. WU served as a member of the Governance Committee of United Christian Hospital from April 2004 to March 2013. He has over 30 years of experience in management and administration.

SENIOR MANAGEMENT

Mr. WU Lipeng, aged 44, was appointed as the chief financial officer of the Company with effect from 28 July 2021. Mr. WU is also a director of several subsidiaries of the Company.

Mr. WU joined COFCO Corporation since 2002 and had served as, amongst others, the assistant to general manager of finance department of COFCO (Hong Kong) Limited, the general manager assistant and the deputy general manager of finance department (accounting management) and the general manager of finance department (taxation and assets management) of COFCO Corporation, and the deputy director of finance department and the general manager of capital management department of COFCO Corporation. Mr. WU served as the vice chairman of the Supervisory Board of Grandjoy Holdings Group (formerly known as COFCO Property (Group) Co., Ltd.) since October 2017. He has served as a supervisor of Chinatex Corporation Limited and a director of COFCO Finance Company Limited since December 2017.

Mr. WU graduated from Central University of Finance and Economics majoring in accounting with a bachelor's degree in management and later obtained a master's degree in business administration from University of South Australia. He is also a senior accountant in China, certified tax accountant and certified management accountant in the United States (CMA).

Mr. GUO Fengrui, aged 55, was appointed as the deputy general manager of the Company with effect from 26 April 2019. Mr. GUO is also a director of several subsidiaries of the Company.

Mr. GUO had been the manager, general manager assistant and deputy general manager of the planning department at Beijing Huayuan Real Estate Co., Ltd(北京市華遠房地產股份有限公司)from July 1992 to December 2001. He was the deputy managing director at China Resources Land (Beijing) Co., Ltd(華潤置地(北京)股份有限公司)from December 2001 to February 2015. Mr. Guo has served as the general manager of the operation management department, the assistant to general manager of COFCO Land Limited(中糧置地有限公司)since February 2015 and the general manager assistant of Grandjoy Holdings Group since April 2019.

Mr. GUO is a senior economist who holds a master's degree in technical economics and a doctoral degree in business management from Renmin University of China(中國人民大學).

Corporate Governance Report

The Board of Directors is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2023.

The Company is dedicated to upholding a robust corporate governance framework that prioritizes the principles of transparency, accountability, and independence. This commitment is aimed at safeguarding the interests of the Shareholders and enhancing the overall performance of the Group. The Board of Directors regularly monitors, evaluates, and enhances the Company's corporate governance practices to ensure compliance with relevant rules, regulations, codes, and standards.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted all code provisions in the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance. Throughout the year ended 31 December 2023, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

CORPORATE VISION, MISSION AND CULTURE

The Board guides management by defining vision, mission, values, and strategy. It ensures alignment with the corporate culture of the Group. The Company's vision is to maximize benefits for customers, Shareholders, and staff. It is dedicated to contributing quality green living spaces and leading a fashionable lifestyle. The goal is to become a leader among real estate brands in the PRC with greatest sustainable development potential. The Group follows a prudent business approach and adhered to the "dual-wheel and dual-core" development model, leveraging operational and management experience for stable performance.

Under the Board's leadership, the Company instils and reinforces its vision, missions, strategy, and culture in all employees. These are integrated into day-to-day operations. The Company is committed to lawful, ethical, and responsible business practices. Channels are in place to communicate desired culture and behaviours to employees. The intra-group platform serves as a key channel for communicating corporate policies, company news, and staff events. It helps to promote and embrace our core values. The Group also regularly arranges staff training on leadership, compliance, industry knowledge, and personal capabilities. This develops essential skills to embed our core values across the business.

Information on the Company's performance and the basis on which the Company generates value over the longer term and the strategy for delivering the above vision and missions are set out in the Chairman's Statement and the Management Discussion and Analysis sections of this Annual Report and the ESG Report 2023.

Corporate Governance Report

BOARD OF DIRECTORS

The Composition

The Board currently comprises seven members, with one Executive Director, three Non-executive Directors and three Independent Non-executive Directors:

Executive Director:

Mr. YAO Changlin

Non-executive Directors:

Mr. CHEN Lang *(Chairman)*
Mr. LIU Yun
Mr. ZHU Laibin

Independent Non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

The Board composition has undergone the following changes since the last corporate governance report:

1. Mr. YAO Changlin was appointed as the Executive Director and the general manager of the Company (the "**General Manager**"), succeeding Mr. CAO Ronggen who resigned from his position as an Executive Director and the General Manager, effective from 11 December 2023; and

2. Mr. MA Dewei resigned as a Non-executive Director, effective from 27 March 2024.

The names of the Directors serving during the year 2023 and up to the date of this Annual Report can be found in the Directors' Report within this Annual Report. For the biographical information of the current Directors, please refer to the section headed "Directors and Senior Management" in this Annual Report. An updated list of Directors identifying their roles and functions is maintained on the websites of the Company and the Stock Exchange.

Information about the Board diversity policy (the "**Board Diversity Policy**") and the nomination policy (the "**Nomination Policy**") of the Company along with the results of the review of the Board composition, diversity and independence, and the nomination of Board candidate during 2023 are set out in the Nomination Committee section below.

To the best of the knowledge of the Company, there is no financial, business, family or other material or relevant relationship between Board members or between the Chairman and chief executive.

Corporate Governance Report

Roles and Responsibilities

The Board possesses a balanced combination of skills, experience, and diverse perspectives that are suitable for the Company's business requirements. Directors make decisions objectively, always acting in the best interests of the Company. The Directors, individually and collectively, recognizes their duties and obligations to Shareholders and their accountability for the Company's management and operations.

To ensure that Directors allocate sufficient time to the Company's affairs, they have disclosed to the Company their positions and responsibilities in Hong Kong or overseas listed public companies or organizations, as well as other significant commitments. This disclosure includes the identification of the public companies and organizations involved and an estimation of the time dedicated to these roles. Furthermore, Directors are reminded to promptly notify the Company of any changes to this information. Additionally, each Director is required to confirm this information to the Company twice a year. Detailed information about the Directors, including their directorships held in listed public companies within the past three years, can be found in the "Directors and Senior Management" section of this Annual Report.

The Board is the ultimate decision-making body of the Company except for matters requiring the approval of the Shareholders in accordance with the Companies Act 1981 (as amended) of Bermuda, the Bye-laws, the Listing Rules or other applicable laws and regulations. The Board, led by the Chairman, is collectively responsible for the management and operations of the Company. The Board determines which functions are reserved to the Board and which are delegated to senior management.

Important matters are reserved to the Board for its decision, including but not Limited to provide leadership and oversee the management, long term objectives and strategies, extension of the Group's activities into new business areas, appointments to the Board and the Board committees, annual budgets, the effectiveness and adequacy of the Company's internal control and risk management system, material acquisitions and disposals, material connected transactions, material banking facilities, announcements of interim and final results and payment of dividends and reviewing and planning all other important matters for the Company.

The Board also has the following corporate governance duties of the Company:

(a) to develop and review the Company's policies and practices on corporate governance;

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

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

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

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board delegates appropriate aspects of its management and administrative functions to the Executive Director/the General Manager or Board committees. Day-to-day businesses of the Company are delegated to the management team which works under the leadership and supervision of the Executive Director/the General Manager. For effective oversight and leadership, it gives clear directions as to the powers of senior management, in particular, with respect to the circumstances where senior management must report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. These arrangements are reviewed periodically to ensure that they remain appropriate to the needs of the Company.

The Company has purchased and maintained appropriate insurance cover in respect of potential legal actions against the directors and officers of the Group.

Corporate Governance Report

Chairman and General Manager

The Chairman holds the responsibility of directing the Group's strategic business planning and providing leadership to the Board to ensure that it acts in the best interests of the Group. Additionally, the Chairman oversees the effective functioning of the Board and the application of sound corporate governance practices and procedures. The Chairman also seeks to ensure that all Directors are adequately briefed on matters discussed during Board meetings.

The General Manager is responsible for managing the businesses and day-to-day development and operational performance of the Group. The General Manager attends to the formulation and successful implementation of Group policies and strategic plans, assuming full accountability to the Board for all Group operations.

The position of the Chairman has been held by Mr. CHEN Lang since September 2022, and Mr. YAO Changlin took on the position of the General Manager since December 2023 following the resignation of Mr. CAO Ronggen as the General Manager. The Chairman and the General Manager are held by separate individuals to ensure an effective segregation of duties.

Non-executive Directors

The Non-executive Directors, including the Independent Non-executive Directors, are experienced professionals from diverse backgrounds. They bring their expertise and knowledge to provide independent judgment on the development, performance, and risk management of the Company.

During the year and up to the date of this Annual Report, the Company has three Independent Non-Executive Directors, representing more than one-third of the Board, and at least one of them has appropriate qualifications or accounting or related financial management expertise. The Company has received confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules from all Independent Non-Executive Directors, for the financial year 2023. The Company considers them independent according to the Listing Rules.

During the year, the Chairman held annual meeting with the Independent Non-executive Directors without the presence of other Directors in accordance with the Corporate Governance Code.

The Board has implemented mechanisms to ensure the availability of independent views and input. It maintains a balanced composition of Executive Directors, Non-executive Directors, and Independent Non-executive Directors, with a majority of Non-executive Directors (including Independent Non-executive Directors) and no less than one-third Independent Non-executive Directors to preserve the Board's independence. The Audit Committee and Remuneration Committee are both chaired by Independent Non-Executive Directors. While the majority of members in the Remuneration Committee and Nomination Committee are Independent Non-Executive Directors, the Audit Committee consists solely of Independent Non-Executive Directors. The Company has established various channels for Independent Non-executive Directors to express their opinions and ensures sufficient time for Board and Committee meetings, allowing Directors to express their thoughts and considerations. The Independent Non-executive Directors meet with the Chairman annually, excluding the presence of other Directors. This arrangement promotes the expression of independent views and facilitates open and constructive dialogue. Directors have the right to seek independent professional advice at the Company's expense to fulfil their duties effectively. The Board has reviewed the above mechanisms and their implementation for the year 2023 and considered them to be effective.

Corporate Governance Report

Appointment and Term of Appointment of Directors

The Board is empowered under the Bye-laws to appoint any person as a Director, from time to time and at any time, either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. In accordance with the Bye-laws, any Director appointed by the Board to fill a casual vacancy and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company ("**AGM**") and shall then be eligible for re-election. Furthermore, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years (the "**Re-election Requirements**").

Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision. Each Director (including Non-executive and Independent Non-executive Directors) was appointed by a letter of appointment or service contract setting out the key terms and conditions of his/her appointment. The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

All current Directors have signed formal appointment letters or service contracts with the Company with respect to their directorship with the Company. The term of office of each Director is three years, subject to Re-election Requirements in accordance with the Bye-laws.

Board Meetings

The Board meets from time to time and at least four times a year to discuss and consider the affairs of the Company. Regular Board meetings are scheduled in advance to give the Directors an opportunity to attend. Directors can attend Board meetings either in person or by electronic means of communication. During the year, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to consider the declaration of dividends, to consider and approve the change of the Executive Director and the General Manager; and approved the delegation of specific powers and authority to the Executive, to discuss significant issues and approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the section headed "Attendance Record at Board, Board Committees and Shareholders Meetings in 2023" below. Throughout the year, the Directors also consider and approve matters and transactions by way of written resolutions, which are circulated to Directors together with relevant materials.

The company secretary of the Company (the "**Company Secretary**") assists the Chairman in preparing agenda and notice for each meeting. Draft agenda for each regular Board meeting is circulated to all Directors to enable them to include all other matters into the agenda. Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and Board committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board or Board committee meetings. The Company Secretary is responsible for taking and keeping minutes of all Board and Board committee meetings.

Efforts are made to ensure that queries of the Directors are dealt with promptly. Directors at all times have full and timely access to information of the Group, including Board papers and related materials. A financial summary outlining the Group's financial position and performance and containing the actual and budgeted results from different operations, is sent to Directors each month for their review. Each Director has independent access to the management team for information on the Group and unrestricted access to the services of the Company Secretary on corporate governance matters and board procedures and they can ask for further information or retain independent professional advisors whenever deemed necessary by them at the expense of the Company.

Corporate Governance Report

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by telephone conference, electronic or other communications equipment will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolutions. In accordance with the Bye-laws, such Director/Directors who is/are considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

Attendance Record at Board, Board Committees and Shareholders Meetings in 2023

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Number of Meetings	4	3	3	2	4
Directors					
Executive Directors					
Mr. YAO Changlin *(Appointed on 11 December 2023)*	1/1		0/0		0/0
Mr. CAO Ronggen *(Resigned on 11 December 2023)*	3/3	2/2	3/3		4/4
Non-executive Directors					
Mr. CHEN Lang *(Chairman)*	4/4			2/2	4/4
Mr. MA Dewei *(Resigned on 27 March 2024)*	4/4				4/4
Mr. LIU Yun	4/4				4/4
Mr. ZHU Laibin	4/4				4/4
Independent Non-executive Directors					
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	3/4	3/3	3/3	2/2	4/4
Mr. LAM Kin Ming, Lawrence	4/4	3/3	3/3	2/2	4/4
Mr. CHAN Fan Shing	4/4	3/3	3/3	2/2	4/4

Induction and Development

Upon appointment to the Board, each Director would be provided an induction package containing the applicable statutory and regulatory obligations of a director of a listed company, and he or she would receive a briefing on his or her responsibilities under the declaration and undertaking with regard to Directors from an external lawyer of the Company. A new Director is also provided with a Director's handbook which sets out, among other items, information of the Group's businesses, the Bye-laws, the terms of references of the Board committees, corporate governance policies of the Company and financial reporting standards and the duties and responsibilities of Directors under the Listing Rules. Director's handbook is updated from time to time to align with the amendments (if any) to the relevant rules and regulations. Mr. YAO Changlin, appointed as the Executive Director during the year, obtained legal advice referred to in Rule 3.09D of the Listing Rules on 14 December 2023. He has confirmed his understanding of his obligations as a Director.

Corporate Governance Report

All Directors are encouraged to participate in continuous professional development activities to develop and refresh their knowledge and skills. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, the external lawyer of the Company is invited to give seminars to the Directors and the senior management to update their skills and knowledge regularly. A summary of training received by the Directors for the year 2023 according to the records provided by the Directors is as follows:

Name of Directors	Seminars/ e-trainings/reading materials on the Group's businesses/ directors' duties/financial reporting/risk management	Seminars/ e-trainings/reading materials on the legal and regulatory/ corporate governance/ sustainability practices
Executive Directors		
Mr. YAO Changlin *(Appointed on 11 December 2023)*	✓	✓
Mr. CAO Ronggen *(Resigned on 11 December 2023)*	✓	✓
Non-executive Directors		
Mr. CHEN Lang *(Chairman)*	✓	✓
Mr. MA Dewei *(Resigned on 27 March 2024)*	✓	✓
Mr. LIU Yun	✓	✓
Mr. ZHU Laibin	✓	✓
Independent Non-executive Directors		
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	✓	✓
Mr. LAM Kin Ming, Lawrence	✓	✓
Mr. CHAN Fan Shing	✓	✓

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct for dealings in the securities of the Company by its Directors (the "**Securities Dealings Code**") that is based on the Model Code. The terms of the Securities Dealings Code are no less exacting than the required standards set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Securities Dealings Code throughout the year ended 31 December 2023.

The Company has also adopted a code (the "**Employees Trading Code**") for securities transactions by relevant employees of the Group (the "**Relevant Employees**") based on the Model Code concerning dealings by Relevant Employees in the securities of the Company. Relevant Employees who are likely to be in possession of unpublished inside information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company.

Before the Group's interim and annual results are announced, notifications will be sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods.

Corporate Governance Report

BOARD COMMITTEES

The Board has established and delegated specific roles and responsibilities to respective Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee. These Committees are each established with specific written terms of reference which deal clearly with their respective authority and responsibilities, and they are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors. It is chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, and the other members are Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing. Mr. CAO Ronggen, an Executive Director resigned with effect from 11 December 2023, was also a member until his resignation. None of the Audit Committee members is a partner or former partner of the external auditor of the Group.

The Audit Committee reports directly to the Board. The Audit Committee is mainly assists the Board in fulfilling its duties by reviewing and supervising the Company's financial reporting, significant financial reporting judgments, external auditor issues, internal audit function, risk management and internal control systems. It also develops and reviews the Company's policies and systems on anti-corruption and whistleblowing. The Audit Committee takes on additional responsibilities delegated by the Board as needed.

The Audit Committee is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary. The specific terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee convenes as needed to fulfil its responsibilities and meets at least twice per financial year of the Company. During the year, the Audit Committee held three meetings. It had reviewed, together with senior management and the external auditor, the annual results for the year ended 31 December 2022 and the interim results for the six months ended 30 June 2023, approved relevant financial reports, assessed accounting principles and practices, ensured statutory compliance, addressed financial reporting matters, reviewed risk management and internal controls reports, assessed the effectiveness of the risk management and internal control systems and reviewed compliance confirmation of the Deed of Non-competition executed by COFCO Corporation in favour of the Company. The Audit Committee also reviewed the Company's internal audit function, including the internal audit plan, all reports from internal audit department and progress in resolving any matters identified in them during the year. It examined the adequacy of resources, qualifications, and training of accounting and internal audit staff, as well as matters related to external auditor, such as fees, engagement, and independence. Furthermore, the Audit Committee reviewed and considered the continuing connected transactions of the Company, as well as the 2023 audit plan prepared by the external auditor of the Group.

Subsequent to the financial year end, the Audit Committee reviewed at a meeting in March 2024 among other matters, the annual results for the year ended 31 December 2023, the draft annual results announcement, the draft Annual Report 2023, the draft ESG Report 2023, the effectiveness of the Group's risk management and internal control systems, the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company for the year 2024 and considered the major and continuing connected transactions, with recommendations to the Board for approval.

The attendance record of each member of the Audit Committee is shown under the section headed "Attendance Record at Board, Board Committees and Shareholders Meetings in 2023".

Corporate Governance Report

Remuneration Committee

The Remuneration Committee currently comprises four members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP* (an Independent Non-executive Director), and the other members are Mr. YAO Changlin (an Executive Director and appointed to the Remuneration Committee on 11 December 2023 following the resignation of Mr. CAO Ronggen as an Executive Director and his cessation as a member of the Remuneration Committee), Mr. LAM Kin Ming, Lawrence (an Independent Non-executive Director) and Mr. CHAN Fan Shing (an Independent Non-executive Director).

The Remuneration Committee reports directly to the Board. The Remuneration Committee is mainly responsible for providing recommendations to the Board regarding the Company's policy and structure for all Directors and senior management remuneration. This includes establishing a transparent procedure for developing the remuneration policy. The Remuneration Committee also provides recommendations on the remuneration packages of individual executive Directors and senior management, considering benefits, pensions, and compensation payments. Additionally, the Remuneration Committee reviews the remuneration of non-executive Directors, considering factors such as salaries at comparable companies, time commitment, responsibilities, and employment conditions within the Group. The Remuneration Committee also reviews and approves matters relating to share schemes under Chapter 17 of the Listing Rules (if any) and conforming to requirements, directions, regulations prescribed by the Board, the Company's constitution, or legislation.

The Remuneration Committee is provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Board has adopted a Policy on Remuneration of Full Time Directors and Management Team to provide guidance on the determination of remuneration of Executive Directors and management team, with reference to the Company's performance and profitability, industry remuneration benchmarks and prevailing market conditions. Remuneration should be performance-based and, coupled with an incentive system, competitive to attract and retain talented employees.

The Board has adopted the model, pursuant to which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual Executive Directors, Non-executive Directors and senior management (if any).

Three meetings were held this year. The Remuneration Committee reviewed and assessed the remuneration policy for Directors and senior management, reviewed the terms of reference for the Remuneration Committee, considered and granted approval for the performance-based remuneration package of the executive Director. Furthermore, the Remuneration Committee approved the remuneration package for YAO Changlin, the newly appointed Executive Director. It is important to note that no Director had any involvement in determining their own remuneration.

The emoluments paid to each Director for the 2023 financial year are shown in note 14 to the consolidated financial statements of this Annual Report. The remuneration paid to members of the management team for the 2023 financial year is disclosed in note 15 to the consolidated financial statements of this Annual Report.

The attendance record of each member of Remuneration Committee is shown under the section headed "Attendance Record at Board, Board Committees and Shareholders Meetings in 2023".

Subsequent to the financial year end, the Remuneration Committee reviewed at a meeting in March 2024 the remuneration policy of Directors and senior management, Directors' fee and remuneration for the Directors, the remuneration package of the Executive Director and the terms of reference of the Remuneration Committee, with recommendations to the Board for approval.

Corporate Governance Report

Nomination Committee

The Nomination Committee currently comprises four members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. CHEN Lang (a Non-executive Director and the Chairman of the Board), and the other members are Mr. LAU Hon Chuen, Ambrose, *GBS, JP* (an Independent Non-executive Director), Mr. LAM Kin Ming, Lawrence (an Independent Non-executive Director) and Mr. CHAN Fan Shing (an Independent Non-executive Director).

The Nomination Committee reports directly to the Board. The main responsibilities of the Nomination Committee are to review the structure, size and composition, the balance of skills, knowledge, experience and diversity of the Board against its needs and make recommendation on the composition of the Board to complement the Company's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules and reviews the Director Nomination Policy and the Board Diversity Policy annually and its terms of reference periodically and makes recommendation on any proposed revisions to the Board.

The Nomination Committee is provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

Two meetings were held this year. The Nomination Committee reviewed the Board's structure, size, and composition in accordance with the Listing Rules, the Diversity Policy, and the Nomination Policy. They considered that the Board has a diverse mix of members with a good balance of skills and experience for the Group's business needs. The Nomination Committee recommended appointing at least one female member by the end of the financial year 2024. They also assessed the independence of the Independent Non-executive Directors and the adequacy of Directors' time allocation for their duties. The Nomination Committee identified and resolved to recommend the re-election of all the retiring Directors for re-election at the 2023 AGM and recommended Mr. YAO Changlin's appointment as an Executive Director.

Subsequent to the financial year end, the Nomination Committee reviewed at a meeting in March 2024 the structure, size, composition and diversity of the Board, the independence of the Independent Non-executive Directors, the adequacy of Director's time allocation for their duties, the proposal for re-election of Directors at the coming 2024 AGM, the implementation and effectiveness of the Board Diversity Policy, the Nomination Policy and its terms of reference.

The attendance record of each member of Nomination Committee is shown under the section headed "Attendance Record at Board, Board Committees and Shareholders Meetings in 2023".

Nomination Policy

The Board has adopted the Nomination Policy sets out the selection criteria and nomination procedures when considering candidates to be appointed as Directors and re-appointment of existing Directors. When selecting and recommending members to the Board, the Nomination Committee considers various factors. These include succession planning, the business needs of the company, required skills and qualifications, adherence to the Board Diversity Policy and compliance with the Listing Rules. When assessing a candidate's suitability, the Nomination Committee considers their integrity, gender, age, and cultural background, as well as relevant skills and qualifications, experience in property or retail industries and the related business of the Group, time commitment, independence (for independent non-executive Directors), and potential contribution to the business and performance of the Company. In the case of identifying candidate(s) to be appointed as Director, the Nomination Committee shall hold a meeting to consider the candidate(s) identified or selected pursuant to the nomination criteria and make recommendation to the Board if appropriate. The Board shall deliberate and decide on the appointment based upon the recommendation of the Nomination Committee. In the case of re-appointment or re-election of existing Director, the Nomination Committee shall review the overall contribution and service of the retiring Director to the Company and determine whether the retiring Director continues to meet the nomination criteria set out in the Nomination Policy, and if appropriate, recommend the retiring Director to the Board for consideration and recommendation to Shareholders for the proposed re-election of Director at a general meeting. A circular containing information about the proposed re-election of Director(s), including their names, biographies, qualifications, independence (for independent non-executive Directors), proposed remuneration, and other relevant details, should be sent to Shareholders. The latest version of the Nomination Policy is available on the website of the Company.

Corporate Governance Report

Board Diversity

The Company recognizes the importance of diversity among its Board members. In order to maintain its competitive advantage and achieve a sustainable and balanced development, the Company recognises the benefits of having a diverse Board. The Board adopted the Board Diversity Policy sets out the approach to achieve diversity of the Board members. Under the Board Diversity Policy, the selection of candidates for Board appointments should consider various objective factors, such as gender, age, cultural and educational background, work or professional experience, skills, knowledge, the Company's business model and specific needs, strategy and objectives, as well as any other relevant and applicable factors the Board may consider from time to time. Board appointments will be based on merit and the contribution that the chosen candidate(s) will bring to the Board. The Nomination Committee monitors the implementation of the Board Diversity Policy and reviews the same on annual basis. The latest version of the Board Diversity Policy is available on the website of the Company.

During the year, the Board Diversity Policy was reviewed to ensure its continued effectiveness and confirmed that the current composition of the Board reflects diverse mix of educational background, professional knowledge, industry experience and length of service. The Board also has a balanced composition of executive and non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgement and that each of the Non-executive Directors and Independent Non-executive Directors brings his own relevant expertise to the Board.

As at the date of this Annual Report, the Board comprises members of single gender. However, the Board has accepted the recommendation from the Nomination Committee to appoint at least one female member to the Board as soon as possible, once suitable candidate(s) are identified. This appointment should be made no later than the end of the financial year 2024. To achieve gender diversity, the Company will utilize various channels for identifying suitable candidates. These channels include referrals from Directors, Shareholders, management, advisors, and external executive search firms. By leveraging these multiple channels, we aim to ensure a comprehensive and inclusive search process for identifying qualified female candidates.

The Company is committed to maintaining a gender balance in the workforce with a target of keeping the female ratio at not less than 40%. As at 31 December 2023, we maintained a 44:56 ratio of women to men in the workforce (including senior management). The Group considered that its workforce was sufficiently diverse in terms of gender taking into account the business and operational needs. To maintain gender diversity in the workforce, the Group has implemented effective recruitment and selection practices that ensure a diverse range of candidates are considered. Additionally, the Group has established a talent training system and a robust talent supply chain to provide career development guidance and promotion opportunities for a broad and diverse pool of employees. As an equal opportunity employer, the Group recognizes the value of gender diversity in fostering a diverse and inclusive working environment. Therefore, when making hiring decisions, the Group considers all relevant factors without discrimination, ensuring equal opportunity for all candidates. Details of the Group's gender diversity in the workforce are disclosed in the 2023 ESG Report.

Executive Committee

The Executive Committee was established in 2014 to oversee the Company's daily operations, risk management, internal controls, and corporate governance. Mr. YAO Changlin is currently the only member of the Executive Committee, serving as the Executive Director. He was appointed to the Executive Committee on 11 December 2023, following the resignation of Mr. CAO Ronggen as an Executive Director and his cessation as a member of the Executive Committee. The powers and authority of the Executive Committee are outlined in its terms of reference, which can be found on the website of the Company.

According to terms of reference of the Executive Committee, it should consist of all the executive Directors. However, since 30 September 2022, the Company has only had one executive Director, which falls short of the required number of committee members. As a result, the Board has temporarily assumed the powers and authority of the Executive Committee.

Corporate Governance Report

Company Secretary

The Company Secretary is an employee of the Company. The role of the Company Secretary is to facilitate effective communication among Directors and ensure compliance with board policies and procedures. The Company Secretary reports to the Chairman and/or General Manager on matters related to corporate governance and assist in the induction and professional development of Directors. In addition, the Company Secretary serves as the secretary to all Board committees. The appointment and removal of the Company Secretary require approval from the Board.

Ms. Sonya HAU, the Company Secretary, has complied with the requirement of taking no less than 15 hours of the relevant professional training under Rule 3.29 of the Listing Rules during the year 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

With reference to the guidelines relating the risk management and internal control published by the SASAC of the PRC and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, the Group has established risk management and internal control systems to systematically identify, assess, and manage various risks in its business activities. These system aim to safeguard assets from unauthorized use or disposition, maintain proper accounting records for reliable financial information, ensure compliance with laws, rules and regulations, and enhance operational efficiency and effectiveness while reducing strategic uncertainty. It's important to note that while these systems provide reasonable assurance against material misstatement or loss, they are designed to manage, not eliminate, the risks associated with the Group's business activities.

Risk Management and Internal Control governance

The Group is committed to fostering a risk-aware environment that places a strong emphasis on control. The distribution of responsibility for risk management and internal control is a shared endeavor across all levels of the organization.

The Board acknowledges its responsibility for risk management and internal control systems, as well as for reviewing their effectiveness. It takes overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the strategic objectives of the Group, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and overseeing the systems on an ongoing basis. The Audit Committee assists the Board in leading the management and monitoring, overseeing and reviewing the risk management and internal control systems through the internal audit department, and reporting and making recommendations to the Board.

The management of the Company holds responsibility for day-to-day risk management across all departments and subsidiaries. Assisting them in designing and implementing risk management practices is the strategic/risk management department. Their role includes supervising, monitoring, and centralizing the Group's risk management efforts. Each business and functional unit, as well as individuals, serve as risk owners. They regularly identify, assess, monitor, and report risks.

In the Group, all business/functional units and individuals have a role to play in risk management and internal control systems. These roles are defined using the three lines of defence model, which takes into account the Group's business and functional structures.

"Three Lines" of Defence Model

The first line of defence is our business and functional units, which are responsible for managing the risks they own. Each business and functional unit has the duty to manage its own risks in the course of daily operations. Their role involves establishing risk management measures to identify, measure, mitigate, and monitor internal risks. This includes designing and implementing control procedures to address identified risks. Responsibilities also include completing a risk assessment template and submitting assessment results to the strategic/risk management department twice annually. Additionally, the role also requires implementing risk action plans advised by the strategic/risk management department, internal audit department, or the Audit Committee to address significant operational risks.

Corporate Governance Report

The second line of defence is our strategic/risk management department, which reports directly to the senior management of the Company. The primary responsibilities of the strategic/risk management department include reviewing the risk assessment results submitted by each business unit, providing training, support and guidance to them, and proposing risk action plans for implementation. They also report their progress to the senior management of the Company and suggest improvements to the risk management and internal control systems for consideration by the senior management of the Company and/or the relevant business units.

The third line of defence is our internal audit function, which conducts audits to assess the effectiveness of risk management and internal control systems. They report their findings to the Audit Committee, providing independent and objective assurance on system functionality. The internal audit department also recommends improvements to the risk management and internal control systems for review by the Audit Committee, the strategic/risk management department, and relevant business units.

Internal Audit Function

An internal audit department has been established to conduct audits within the Group. It performs systematic and ongoing risk-based audits for all business units and functions in the Group, including material risks related to ESG. They analyzes and appraises the adequacy and effectiveness of the Group's risk management and internal control systems independently. They have unrestricted access to all areas of the Group's businesses and can communicate directly with any level of management, including the Chairman of the Board and the chairman of the Audit Committee. The internal audit department reports major audit findings and recommendations directly to the Audit Committee and the Board on a half-yearly basis. They also track and follow up on the implementation of agreed actions in response to identified audit issues, providing regular status reports to the Audit Committee.

Policies and Guidelines

Policy on Disclosure of Inside Information

The Company has adopted a policy on disclosure of Inside Information (the "**Inside Information Policy**") which contains the principles and procedures for handling and dissemination of price-sensitive information with reference to the requirements and principles set out in the Listing Rules and Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission. All Directors and employees are bound by the Inside Information Policy to safeguard confidential information.

Anti-Corruption Policy

The anti-corruption policy of the Company sets out that the Directors and all employees of the Group are obliged to comply with applicable anti-corruption laws, regulations and codes of declaration of interests to ensure that the reputation of the Group is not undermined by any fraud, disloyalty or corruption and to demonstrate the Group's zero tolerance to corruption. The Company also encourages and expects its business partners/external parties having business dealings with the Group including suppliers, contractors and clients to abide by the principles of this policy.

The policy references principles embodied in the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and all other applicable laws, rules and regulations relating to bribery or corruption of applicable jurisdictions in other countries or regions in which such directors or employees do business to prevent them from engaging in any form of bribery or corruption, money laundering and terrorist fund-raising to set a tone-at-top on anti-fraud commitment and relevant reporting channels.

Whistleblowing Policy

The Company has established a Whistleblowing Policy that applies to all employees and independent third parties who deal with the Group. This policy enables individuals to directly report any serious concerns regarding suspected fraud, corruption, malpractice, misconduct, or irregularities within the Group. Reports can be made to either the Audit Committee or the Board. Reported cases will be internally investigated by the Board or the Audit Committee. If delegated by them, the Company Secretary, internal audit department, human resources department, or other departments of the Company will conduct confidential and timely investigations. The findings of these investigations will be reported to both the Audit Committee and the Board.

Corporate Governance Report

Review of Risk Management and Internal Control Systems Effectiveness

In 2023, the internal audit department prepared an annual audit plan based on risk-based principles and internal guidelines. The plan aimed to achieve full coverage of internal control assessments within three years. Pursuant to the approved annual internal audit plan endorsed by the Audit Committee, the internal audit department evaluated internal controls for the year, which included 252 sub-processes in major business units, covering investment management, operational management, and construction projects management. Special audits were conducted upon request from the Audit Committee or senior management. After completing the audits, internal audit reports were prepared and presented to the management and the Audit Committee. Control defects were communicated to subsidiaries/functional units with recommendations for immediate rectification, and monthly follow-ups were conducted for unresolved issues. Performance indicators were used to reinforce the importance of rectification and facilitate effective changes across regional subsidiaries/functional units.

The internal audit department assessed significant risks by various channels, including survey questionnaires, scenario analysis, discussions, as well as utilizing the internal major operational risk reporting system and risk classification monitoring indicators. This assessment involved evaluating, scoring, and rating risks based on their likelihood and impact. Four major risks were identified and monitored, including liquidity risk, exchange rate risk, rental rate improvement risk, and rent collection rate risk.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of these measures as part of their statutory audits. Any applicable recommendations from the external auditor were considered for adoption, leading to enhancements in the risk management and internal controls.

A comprehensive review of the Group's internal control system was performed, covering all material controls including financial, operational, compliance, and risk management controls. The internal audit department presented their reports to the Audit Committee for review and distribution to the Board in March and August 2023 and March 2024. The reports highlighted audit findings, development progress, and the effectiveness of risk management and internal control systems. This included the scope and quality of management's ongoing monitoring of risks (including ESG risks), as well as the work and effectiveness of internal audit department. The reports also addressed changes in significant risks (including ESG risks), since the previous review, and the Group's ability to respond to changes in its business and the external environment. Additionally, the extent and frequency of communication regarding monitoring results were also included. The reports also examined any significant control failings or weaknesses identified during the period and their potential impact on the Company's financial performance and the effectiveness of the Company's processes related to financial reporting and statutory and regulatory compliance. Recommendations and follow-up procedures were also included. The reports assisted the Audit Committee and the Board in evaluating the Group's risk management and internal control systems throughout the year. Additionally, the Company's management provided the Board with confirmation of the effectiveness of the risk management and internal control systems.

The Board, through the Audit Committee, has conducted biannual reviews of the Group's risk management and internal control systems. These reviews encompassed risk and financial accounting and reporting, operational efficiency, compliance with laws and regulations, and risk management functions. They also evaluated resource allocation, staff qualifications and experience, training programs, and budgeting for accounting, financial reporting, internal audit functions, and other corporate functions related to the Group's ESG performance and reporting. Based on the review, the Board concluded that the Group's risk management and internal control systems are effective, adequate, and compliant with the Corporate Governance Code provisions throughout the year and up to the date of this Annual Report.

Corporate Governance Report

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The independence of the external auditor is crucial to the Audit Committee, the Board and Shareholders. On an annual basis, SHINEWING (HK) CPA Limited ("**SHINEWING**") confirms its status to the Audit Committee as an independent accountant in accordance with the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants. SHINEWING also affirms that there are no known factors that could compromise its independence. The Audit Committee reviews annually the independent of SHINEWING and evaluates the fees paid for both audit and non-audit services, including the nature of the non-audit work, during their meetings.

SHINEWING has confirmed that it has been, for the year ended 31 December 2023, independent of the Group. SHINEWING has acknowledged its reporting responsibilities in the independent Auditor's Report on the audited consolidated financial statements for the year ended 31 December 2023. The reporting responsibilities of SHINEWING are stated in the Independent Auditor's Report of this Annual Report.

During the year ended 31 December 2023, the remuneration paid or to be payable to the auditor SHINEWING for audit services and non-audit services were RMB2,250,000 and RMB2,930,000, respectively. Non-audit services fees were mainly for review of the interim report, issuing debt statement, continuing connected transactions and other professional services.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management provides each Director a monthly financial reporting update with balanced and understandable assessment of the performance, financial position and prospects of the Group every month to facilitate the Board as a whole and each Director to discharge their duties under the Listing Rules.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year. The Directors consider that the financial statements have been prepared in accordance with the generally accepted accounting principles in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. After appropriate enquires, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to operate as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The Board is aware of the applicable requirements under the Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures, and authorises their publication as and when required. The interim and annual results of the Company are published in a timely manner within two months and three months respectively after the end of the relevant periods.

Corporate Governance Report

SHAREHOLDERS

Shareholder Rights

Procedures for Shareholders to Convene a SGM

Pursuant to bye-law 58 of the Bye-laws and section 74 of the Companies Act 1981 of Bermuda, Shareholders holding not less than one-tenth (10%) of the total voting rights of the Company at the date of deposit of the requisition are entitled, by written requisition to the Board or the Company Secretary, to request the Board to call a SGM (the "**SGM Requisitionists**"). Such written requisition must state the purposes of the proposed SGM, and must be signed by the SGM Requisitionists and deposited at the registered office of the Company. It may consist of several documents in like form, each signed by one or more SGM Requisitionists.

If the Board does not proceed duly to convene a SGM within twenty-one (21) days from the date of the deposit of the requisition, the SGM Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM provided that it is held within three (3) months from the date of deposit of the requisition. The SGM Requisitionists shall convene such SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by the Board, pursuant to section 74(4) of the Companies Act 1981 of Bermuda.

Putting Forward a Proposal by Shareholder(s) at General Meetings

(a) A Shareholder or Shareholders holding not less than 5% of the total voting rights of the Company on the date of the requisition or (b) not less than one hundred (100) Shareholders acting together, may submit a written request putting forward a proposal (which may properly be put to a general meeting) for consideration at a general meeting. Such written request must be signed by the requisitionists, and may consist of several documents in like form, each signed by one or more requisitionists. After that, it must be deposited at the registered office of the Company, together with a sum reasonably sufficient to meet the Company's expenses in giving effect thereto, not less than six (6) weeks before the general meeting (in case of a requisition requiring notice of a resolution) or not less than one (1) week before the general meeting (in case of any other requisition). If such written request is confirmed to be proper and in order, necessary arrangement will be made to put such written request to the general meeting.

Procedures for Nomination and Election of Director by Shareholders

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a retiring Director (the "**Candidate**") for election as a Director at a general meeting, such Shareholder is required to lodge the following documents (which shall be addressed to the Company Secretary) at the head office (33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong) or the Registration Office (Tricor Progressive Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) within the Notice Period (as defined below):

(a) a written notice signed by a Shareholder duly qualified to attend and vote at a general meeting, stating the intention to propose the Candidate for election; and

(b) a written notice signed by the Candidate of his/her willingness to be elected, which includes the information of the Candidate as required to be disclosed pursuant to rule 13.51(2) of the Listing Rules and the Candidate's consent to the publication of such information (collectively referred to as the "**Notices for Director's Election**").

"Notice Period" means at least seven (7) days prior to the date of such general meeting appointed for considering such election of Director. However, if the Notices for Director's Election are submitted after the dispatch of the notice of such general meeting appointed for considering such election of Director, then the Notice Period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Corporate Governance Report

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company for the attention of the Company Secretary or e-mail to 207cosec@cofco.com.

Shareholder Engagement and Communications

The Board recognizes the importance of balanced, clear and timely communications with Shareholders and the general investing public (where appropriate) to enable them to keep abreast of the Group's business affairs and development. The Board has taken various steps to maintain ongoing and regular dialogues with Shareholders and the general investing public, including:

Dividend Policy and Dividend Information

The Company has adopted a dividend policy (the "**Dividend Policy**"). According to the Dividend Policy, the Company intends to declare dividends to Shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's distributable profits generated during the year, the liquidity of cash flow, and the retained profits for future development. While sharing the profit with Shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group's strategy for development. The payment of dividend is also subject to any restrictions under the laws of Bermuda, the laws of Hong Kong and the Bye-laws. The Dividend Policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions. Dividend information of the Company during the year is set out in the Directors' Report of this Annual Report.

Shareholder Communication Policy

The Board has established a Shareholder Communication Policy setting out the framework to facilitate effective communication between the Company and its Shareholders. This policy aims to empower Shareholders to actively engage with the Company and exercise their rights in an informed manner.

The Shareholder Communication Policy ensures that both Shareholders and the general investing public, where applicable, have equal and timely access to information about the Group. It also provides opportunities for Shareholders to actively interact with the Company.

Communication with Shareholders

The Shareholder Communication Policy outlines various communication channels, including the Company's Corporate Communication, which encompasses financial and other reporting, announcements, circulars, notices, and regulatory disclosures in compliance with relevant regulations. Additionally, the policy includes disclosures on the Company's website, as well as engagement with the investment community through activities such as press meetings, result briefings, road shows with analysts and investors, and shareholders meetings. These channels enable both individual and institutional shareholders to communicate with the Company and provide feedback as needed.

Corporate Governance Report

Communication with the Company

In addition to the ongoing and regular dialogue with Shareholders and the general investing public as described above, there are multiple avenues for Shareholders to communicate their views on matters affecting the Company and where the Company will solicit and get feedback from Shareholders.

Board or management of the Company through the Company Secretary	Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be addressed to the Company Secretary by mail to Joy City Property Limited, 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, or by email to 207cosec@cofco.com.
Investor Relations	Institutional investors and analysts can contact the Group Investor Relations of the Company by mail to Joy City Property Limited, 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong or by email to 207ir@cofco.com.
Share Registrar	Shareholders should direct any questions about their registered shareholdings by mail to the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Progressive Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to is-enquiries@hk.tricorglobal.com, who has been appointed by the Company to assist Shareholders with share registration and related matters.
Whistleblowing	The Company provides a mechanism for employees and those who deal with the Group to report to the Company any suspected misconduct or malpractice through confidential reporting channels. The Whistleblowing Policy of the Company sets out the available channels and procedures for anonymous reporting of improprieties. Every report shall be made in writing by post to Joy City Property Limited, 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, for the attention of the Chairman of the Board or the Chairman of the Audit Committee. The Chairman of the Board or the Chairman of the Audit Committee shall then review the report, determine the course of action to pursue, with power to delegate, with respect to the report.

Review of the Implementation and Effectiveness of the Shareholder Communication Policy

During the year, the Company has arranged the followings in accordance with the Shareholder Communication Policy and the Bye-laws:

– published the annual reports, interim reports, circulars, announcements, notices and other regulatory disclosures in compliance with the applicable regulatory requirements in a timely manner with the websites of the Stock Exchange and the Company;

– information on the Company, including communication to Shareholders are maintained in website of the Company;

– updated, adopted and published key corporate governance policies on the website of the Company;

– all Shareholders are given opportunities to meet the Directors, senior management and/or auditor and to raise questions at our AGM on 7 June 2023 and SGMs on 7 June 2023 and 10 November 2023;

Corporate Governance Report

– all Shareholders are provided contact details and are welcome at all times to give feedback to and communicate with the Directors or management through the Company Secretary, Investor Relations, Share Registrar of the Company and Whistleblowing reporting; and

– all Shareholders are provided information on how to convene SGM and procedures and sufficient contact details for putting forward proposals at Shareholders meetings.

With the above measures in place, the Shareholder Communication Policy are considered to have been effectively implemented during the year.

CONSTITUTIONAL DOCUMENTS

During 2023, the Bye-laws were amended and the Amended and Restated Bye-laws were adopted by the Shareholders at the AGM held on 7 June 2023. The amendments were made, among others, to (a) bring the Bye-laws in line with the relevant requirements of the Listing Rules (including the core shareholder protection standards set out in the Listing Rules) and the applicable laws of Bermuda; (b) allow the Company to hold hybrid and electronic meetings of its Shareholders; and (c) introduce corresponding and house-keeping amendments. For details, please refer to the circular of the Company dated 5 May 2023, as well as the announcements of the Company dated 31 March 2023 and 7 June 2023. A consolidated version of the constitutional documents of the Company can be found on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintain communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including annual reports, announcements and company website. After formal announcement of its results in accordance with the Listing Rules, the Company will arrange for meetings during which the management will answer questions from investors. The Company shall meet overseas investors and facilitate communication with them through analysts' conference and roadshows.

In 2023, the Company held the following major investors relationship activities:

Month	**Investor/Activity**	**Type/Place**
April	Annual Investors Conference	Online
June	Annual General Meeting	Physical/Hong Kong
September	Interim Results Investor Conference	Online
November	Citi 2023 China Investor Conference	Online

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

This Corporate Governance Report takes into account the changes that occurred between the end of 2023 and the date of it's approval.

Directors' Report

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2023, which were approved by the Board on 28 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The Group is primarily engaged in property development, operation, sale, leasing and management of mixed-use complexes and other commercial properties such as shopping centres, hotels, offices, serviced apartments and resort and tourist properties. The principal businesses of the Group are divided into four major areas, namely investment properties, property development, hotel operations and output management and other services.

Details and analysis of the main business segments of the Group during the year are set out in the sections of Company Profile, Major Business Structure, Chairman's Statement and note 5 to the consolidated financial statements. A list of the principal activities of the Company's principal subsidiaries, associates and joint ventures as at 31 December 2023 and their particulars are set out in notes 50, 20 and 21 to the consolidated financial statements respectively of this Annual Report.

BUSINESS REVIEW

A fair review of the Group's business as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including indication of likely future development in the Group's business, an analysis of the Group's performance during the year and the particulars of important events affecting the Group that have occurred since the end of the year can be found in the sections of Chairman's Statement, Financial Highlights, Management Discussion and Analysis, Five Years Financial Summary and this section of this Annual Report. Principal risks and uncertainties faced by the Group and details about the financial risk management are set out in Management Discussion and Analysis, Corporate Governance Report, note 43 to the consolidated financial statements of this Annual Report and the ESG Report 2023. Save as disclosed hereunder, further discussion and analysis about the Group's environmental policies and performance, compliance with laws and regulations and the Company's relationship with its stakeholders can be found in the relevant sections of the ESG Report 2023.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board recognizes the importance of balancing business development and environmental protection. It takes responsibility for ESG governance, monitors sustainability trends, addresses key issues and drives sustainable development. By staying true to the Company's core values of integrity, professionalism, teamwork, and innovation, the Company actively embraces its role as a responsible state-owned enterprise. It implements green practices, expands the concept of being a "Green Joy City" and enhances the energy-saving management system. Its aim is to create a positive and lasting impact on society while ensuring transparency and accountability in its operations. In 2023, the Company made significant progress in aligning with the national strategy of promoting carbon peaking and carbon neutrality. It acted in a unified and coordinated manner, taking on its ESG responsibilities, and achieved excellent performance. Additionally, the Company actively engages in public welfare undertakings, organizing various initiatives to promote societal well-being. Leveraging its resource advantages, it aims to foster social harmony and contribute to sustainable development. Detailed discussion and analysis of the Group's environmental policies and performance and work done during the year can be found in the relevant sections of the ESG Report 2023.

STAKEHOLDER RELATIONS

The Group recognizes that the support of stakeholders in the Group is essential. Our major groups of stakeholders include governments and regulators, employees, investors, Shareholders/investors, consumers, suppliers and business partners and community. In 2023, the Group continued its ongoing efforts to engage with its stakeholders through various communication channels to deliver the latest information on our business development and operations in a timely manner, and to understand and respond to their expectations and demands, so as to help us objectively review the issues that need to be addressed and resolved and promote long-term development of the Company. We continued to strengthen the quality and effectiveness of information disclosure and compliance with applicable laws and regulations, with the purpose of establishing mutual trust and win-win relationships. Further discussion and analysis of the Company's key relationships with stakeholders and the communication policy with Shareholders, please refer to the Corporate Governance Report of this Annual Report and the ESG Report 2023.

Directors' Report

COMPLIANCE WITH LAWS AND REGULATIONS

As at the date of this Annual Report, the respective progress of the remedial measures taken by the Group in respect of non-compliances relating to the Group or its property projects as disclosed in the Company's circulars dated 30 November 2013 and 5 November 2014, which may be remedied remained substantially the same as described in the Company's annual report published on 29 April 2015.

The Group is committed to ensuring its businesses are operated in compliance with the rules, laws and regulations in Hong Kong, the PRC and other relevant jurisdictions in which the Company and its subsidiaries operate. The Group has in place compliance procedures to monitor and ensure the continuous compliance with laws and regulations. For the year ended 31 December 2023, so far as the Company is aware, the Group has complied with relevant laws and regulations that have significant impacts on the Group in all material aspects, including, in particular, the Companies Act of Bermuda, the Listing Rules, the Takeovers Codes, the Companies Ordinance, the SFO as well as laws and regulations concerning employment, occupational health and safety or labour standards, product responsibility, anti-corruption and environmental protection.

RESULTS AND DIVIDEND

The Group's results for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 82 to 83 of this Annual Report.

The Board recommended the declaration of the 2023 Final Dividend of HK0.72 cents (2022: HK1.2 cents) per Share and the Special Dividend of HK0.72 cents (2022: Nil) per Share. The 2023 Final Dividend, together with the Special Dividend (the "**Dividends**"), amounts to HK1.44 cents in aggregate per Share. If approved by Shareholders at the 2024 AGM, the Dividends will be payable in cash, to Shareholders whose names appear on the register of members of the Company on Friday, 21 June 2024, being the record date for determining the entitlement of Shareholders to the proposed Dividends. Dividend warrants are expected to be despatched to Shareholders on Thursday, 4 July 2024.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2023 is set out on page 76 of this Annual Report.

BANK BORROWINGS

Details of movements in the Group's bank borrowings during the year ended 31 December 2023 are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2023 are set out in note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in the Company's and the Group's reserves during the year are set out in note 51 and note 36 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

Directors' Report

DISTRIBUTABLE RESERVES

As at 31 December 2023, the reserves available for distribution of the Company amounted to RMB9,625,956,000. As at 31 December 2023, the Company's share premium in the amount of RMB17,993,202,000 (as at 31 December 2022: RMB17,993,202,000) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The sales to major customers and purchases from major suppliers by the Group for the year are as follows:

	Percentage of total turnover for the year ended 31 December 2023 (%)
Top five customers	6.71
Largest customer	2.89

	Percentage of total purchases for the year ended 31 December 2023 (%)
Top five suppliers	25.77
Largest supplier	7.02

To the best knowledge and belief of the Directors, none of the Directors, their close associates or any Shareholders who owned more than 5% of the number of Shares in issue had any interests in the five largest customers or suppliers at any time during the year ended 31 December 2023.

Directors' Report

DIRECTORS

The Directors during the year ended 31 December 2023 and up to the date of this Annual Report are as follows:

Executive Directors:

Mr. YAO Changlin	*(Appointed on 11 December 2023)*
Mr. CAO Ronggen	*(Resigned on 11 December 2023)*

Non-executive Directors:

Mr. CHEN Lang *(Chairman)*	
Mr. MA Dewei	*(Resigned on 27 March 2024)*
Mr. LIU Yun	
Mr. ZHU Laibin	

Independent Non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

The following changes to the Board composition were effected during 2023 and prior to the date of this report:

1. Mr. YAO Changlin was appointed as the Executive Director and the General Manager, succeeding Mr. CAO Ronggen who resigned from his position as an Executive Director and the General Manager, effective from 11 December 2023; and

2. Mr. MA Dewei resigned as a Non-executive Director, effective from 27 March 2024.

Mr. CAO Ronggen and Mr. MA Dewei have both confirmed have no disagreement with the Board and nothing relating to their resignation that needed to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. YAO Changlin will hold office until the 2024 AGM pursuant to bye-law 83(2) of the Bye-laws and, being eligible, will offer himself for re-election at the 2024 AGM. Mr. LIU Yun, Mr. ZHU Laibin, Mr. LAU Hon Chuen, Ambrose and Mr. CHAN Fan Shing will retire by rotation at the 2024 AGM pursuant to bye-laws 84(1) and 84(2) of the Bye-laws and, being eligible, will offer themselves for re-election. Details regarding the re-election are set out in the circular to Shareholders accompanying the notice of the 2024 AGM.

The Non-executive Directors and Independent Non-executive Directors are appointed with specific terms. The Company has received written confirmation from all Independent Non-executive Directors affirming their independence under Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Director(s), as notified to the Company, subsequent to the date of the 2023 Interim Report or the date of announcement on appointment of Director(s) are set out below:

Name of Director	**Details of Change**
Mr. CHAN Fan Shing	Ceased to be an in independent non-executive director of Trigiant Group Limited (stock code: 1300), a company listed on the main board of the Stock Exchange with effect from 1 January 2024

Each Director's updated profile is set out in the section headed "Directors and Senior Management" of this Annual Report.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2024 AGM has any service contract with any member of the Group that is not determinable by the Group within one year without compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during or at the end of the year ended 31 December 2023.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board is authorized by the Shareholders to fix the Directors' remuneration at general meetings. The Directors' emoluments are determined by the Board based on the recommendation by the Remuneration Committee with reference to their job complexity, workload, responsibilities and the Company's remuneration policy.

The Directors' remuneration for the year ended 31 December 2023 is set out in note 14 to the consolidated financial statements.

Details of the emoluments paid to the senior management In 2023 by bands are as follows:

Emolument Band	Number of Individuals
Below RMB1,000,000	0
RMB1,000,000 to RMB1,499,999	0
RMB1,500,000 to RMB1,999,999	2
RMB2,000,000 to RMB2,499,999	1
RMB2,500,000 to RMB2,999,999	0

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

PERMITTED INDEMNITY PROVISION

The Bye-laws provide that the Directors and officers are entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of the duties of their office or otherwise in relation thereto.

The Company has arranged Directors & Officers liability insurance for the Directors and officers of the Company and its subsidiaries, which was in effect throughout the year and remained in effect up to the date of this Annual Report.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Aggregate long position(s) in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Directors/ Chief Executive	Company/Name of associated corporations	Capacity	Number of issued ordinary shares held (Note 1)	Approximate percentage of the issued share capital
Mr. YAO Changlin	The Company	Beneficial owner	2,345,442	0.02% (Note 2)
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	0.00% (Note 2)
Mr. CHAN Fan Shing	The Company	Beneficial owner	136,758	0.00% (Note 2)

Notes:

1. Long positions in the shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.

2. The percentages (rounded to 2 decimal places) were calculated based on the total number of Shares in issue as at 31 December 2023, i.e. 14,231,124,858 Shares.

Save as disclosed herein, as at 31 December 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, at no time during the year ended or as at 31 December 2023 was the Company or any of the Company's subsidiaries or holding companies or any subsidiary of any of the Company's holding companies a party to any arrangement to enable the Directors or their respective associates to acquire benefits by an acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as it is known to the Directors, as at 31 December 2023, the following persons (not being a Director or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Aggregate long position(s) in the Shares and underlying shares of the Company

Name of substantial Shareholders	Class of Shares	Number of Shares held	Approximate percentage of the issued share capital (Note 1)
COFCO Corporation	Shares	9,501,359,644 (L) (Note 2)	66.76%
	CPS	1,095,300,778 (L) (Note 3)	100%
COFCO (HK)	Shares	9,501,359,644 (L) (Note 2)	66.76%
	CPS	1,095,300,778 (L) (Note 3)	100%
Vibrant Oak	Shares	9,133,667,644 (L) (Note 2)	64.18%
Grandjoy Holdings Group	Shares	9,133,667,644 (L) (Note 2)	64.18%
Achieve Bloom	Shares	367,692,000 (L) (Note 2)	2.58%
	CPS	1,095,300,778 (L) (Note 3)	100%
Citigroup Inc.	Shares	853,491,376 (L)	5.99%
		488,555 (S)	0.00%
		853,001,376 (P)	5.99%
GIC Private Limited	Shares	843,020,000 (L) (Note 4)	5.92%

Notes:

1. The percentages (rounded to 2 decimal places) of the Shares were calculated based on the total number of Shares in issue as at 31 December 2023, i.e. 14,231,124,858 Shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 Shares. The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at 31 December 2023.

2. Vibrant Oak, through its non-wholly owned subsidiary, Grandjoy Holdings Group, was deemed to be interested in 9,133,667,644 Shares as at 31 December 2023. COFCO (HK), through its wholly-owned subsidiaries, Achieve Bloom and Vibrant Oak, and through its non-wholly owned subsidiary, Grandjoy Holdings Group, was deemed to be interested in 9,501,359,644 Shares as at 31 December 2023. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 9,501,359,644 Shares as at 31 December 2023.

3. COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 1,095,300,778 CPS as at 31 December 2023. COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 1,095,300,778 CPS as at 31 December 2023.

4. GIC Private Limited held 843,020,000 Shares as investment manager as at 31 December 2023.

L. Indicates a long position.
S. Indicates a short position.
P. Indicates a lending pool.

Save as disclosed herein, as at 31 December 2023, no other person (other than the Directors and chief executives of the Company) had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, 25% of the Company's total issued Shares (excluding the CPS) was held by the public as at the date of this Annual Report.

CONNECTED TRANSACTIONS (INCLUDING CONTINUING CONNECTED TRANSACTIONS)

Overview

Hereunder is the information in relation to connected transactions and continuing connected transactions that existed during the year ended 31 December 2023 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules, mainly comprising of transactions between the Company and the COFCO Group (which for the purpose of this section, includes the associates of COFCO Corporation).

The Connected Persons

COFCO Corporation is indirectly holding 66.76% of the issued share capital of the Company as at 31 December 2023 and is the controlling shareholder of the Company. COFCO Corporation, together with other members of the COFCO Group and their respective associates, will continue to be the Company's connected persons under Chapter 14A of the Listing Rules. COFCO Corporation is a state-owned enterprise incorporated in the PRC under the purview of SASAC. COFCO Corporation is engaged in a wide range of businesses through its subsidiaries including property development and management in the PRC and overseas, agricultural commodities trading, agricultural products cultivation and processing, processing of animal byproducts, food and beverages, dairy products and packaging materials, hotel management and provision of logistics and financial services in the PRC.

I. Connected Transaction

Extension of Financial Assistance

On 23 December 2022, Shanghai Yueyao Development Co., Ltd.*（上海悅耀置業發展有限公司）(“**Shanghai Yueyao**”), a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company and Shanghai Qiantan International Commercial Area Investment Group Co., Ltd*（上海前灘國際商務區投資（集團）有限公司）(“**Shanghai Qiantan**”), a company incorporated in the PRC and a substantial shareholder of Shanghai Yueyao, entered into a loan agreement (the “**2022 Loan Agreement**”) in respect of the extension of the Loan (as defined below). Pursuant to which, Shanghai Yueyao has agreed to provide unsecured revolving loan facilities in the aggregate amount of not more than RMB1,100,000,000 (the “**Loan**”) to Shanghai Qiantan. The Loan period of the 2022 Loan Agreement is from 27 December 2022 to 26 December 2023. Save for the Loan Period, the terms and conditions of the 2022 Loan Agreement are mainly based on the loan agreement entered into between Shanghai Yueyao and Shanghai Qiantan on 16 December 2021. Shanghai Qiantan may draw down and repay in whole or in part the Loan in accordance with the terms and conditions of the 2022 Loan Agreement during the Loan Period, provided that the aggregate amount drawn down under the Loan at any time during the Loan Period does not exceed RMB1,100,000,000. Details are set out in the announcement and the circular of the Company dated 23 December 2022 and 17 February 2023, respectively. Interest income will be generated from the Loan based on the outstanding principal amounts of the Loan, which will contribute to the income of the Group. Shanghai Yueyao is an indirect non wholly-owned subsidiary of the Company. Shanghai Qiantan holds 50% equity interest in Shanghai Yueyao and accordingly is its substantial shareholder. Therefore, Shanghai Qiantan is a connected person at the subsidiary level of the Company.

The Loan was fully repaid before the Loan Agreement expired. Consequently, as of 31 December 2023, the Loan did not constitute a connected transaction subject to disclosure requirement(s) under the Listing Rules.

Directors' Report

II. Continuing Connected Transactions

Set out below is a summary of the continuing connected transactions of the Company during the year ended 31 December 2023 (collectively, the "**Continuing Connected Transactions**"):

(a) Leasing of properties to the COFCO Group

(b) Provision of hotel and property management services by the COFCO Group to the Group

(c) Sourcing of staple supplies, catering services and other ancillary services from the COFCO Group

(d) Financial Services

Details of Continuing Connected Transactions

(a) Leasing of properties to the COFCO Group

As at 31 December 2023, certain members of the Group entered into various lease agreements for the leasing of commercial premises to COFCO Group. These leased properties are generally occupied by relevant members of the COFCO Group as their headquarters, offices, sales offices or for other commercial uses.

The Company considers that the leasing of the commercial premises to the COFCO Group is conducted in the Company's ordinary and usual course of business based on the commercial needs of the Company and the COFCO Group. To better regulate the arrangements, the Company entered into the Master Lease Agreement on 29 November 2013, followed by four supplemental agreements on 3 November 2014, 21 December 2016, 30 December 2019 and 21 November 2022, respectively, to further extend its term to 31 December 2025, with COFCO Corporation to govern the terms of the lease arrangements between the Company and the COFCO Group.

The 2023 Annual Caps and the actual amounts for the rent and management fees payable under the Master Lease Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2023) (RMB'000)	Actual Amounts (financial year ended 31 December 2023) (RMB'000)
245,000	136,913

Pursuant to the Master Lease Agreement, the rent and management fees payable by the COFCO Group are subject to the general pricing terms as set out in the paragraph headed "Common terms of the Master Agreements" below, and are to be agreed between the relevant members of the Group and the COFCO Group having regard to the quality and nature of the relevant property, its location, neighborhood area and ancillary infrastructure facilities, and based on the rents payable under leases in the same building as those with tenants which are independent third parties and the prevailing market rents for similar premises in the vicinity of the relevant property.

(b) **Provision of hotel and property management services by the COFCO Group to the Group**

During the year, certain members of the COFCO Group have also provided hotel and property management services to the hotel projects and property projects developed by the Group, which include but are not limited to the following:

Relevant member of the COFCO Group	Relevant member of the Group	Hotel and property management services provided to the Group
Grandjoy Holdings Group Property Management Co., Ltd.,* (大悅城控股集團物業服務有限公司) ("**Grandjoy Property Management**") Tianjin Joy City Branch	Joy City (Tianjin) Co., Ltd.* (大悅城（天津）有限公司)	Provision of property management services for Tianjin Nankai Joy City
Grandjoy Property Management Beijing Branch	Beijing Kunting Asset Management Company Limited* (北京昆庭資產管理有限公司)	Provision of property management services for Beijing COFCO • Landmark Tower
Grandjoy Property Management Beijing Xidan Branch	Xidan Joy City Co., Ltd.* (西單大悅城有限公司)	Provision of property management services for Xidan Joy City
Grandjoy Property Management Jinan Branch	Jinan Joy City Co., Ltd.* (濟南大悅城產業發展有限公司)	Provision of property management services for Jinan COFCO Shine City
Grandjoy Property Management Qingdao Branch	Qingdao Joy City Property Development Co., Ltd.* (青島大悅城房產開發有限公司)	Provision of property management services for Qingdao Gold Sand • COFCO Shine City
Grandjoy Property Management Chongqing Branch	Chongqing Zeyue Co., Ltd.* (重慶澤悅實業有限公司)	Provision of property management services for Chongqing COFCO • Central Park Shine City
Grandjoy Property Management Shenyang Branch	Shenyang Joy City Real Estate Development Co., Ltd.* (瀋陽大悅城房產開發有限公司)	Provision of property management services for Shenyang Joy City

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies concerned.*

The hotel and property management services provided by the COFCO Group to the Group include the following:

(a) hotel management services, including operating and managing restaurants, shops, recreational facilities and other facilities in the hotel premises, marketing services, catering services, setting and implementing policies and standards for use of hotel rooms, maintaining common area and public facilities, as well as other general property management services; and

Directors' Report

(b) property management services, including maintenance, repair and management of building, cleaning services, security services, fire and safety services, environmental conservation, customer services, staff recruitment and training, preparing budgets, collecting rent from tenants and managing the leasing arrangements with tenants.

The Annual Caps and the actual amounts for the service fees for the hotel and property management services payable by the Company pursuant to the Master Property Management Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2023) (RMB'000)	Actual amounts (financial year ended 31 December 2023) (RMB'000)
120,000	60,020

The Company considers that the Group will receive stable hotel and property management services with better quality from the COFCO Group. To better regulate the arrangements, the Company and COFCO Corporation entered into the Master Property Management Agreement on 29 November 2013, followed by four supplemental agreements on 3 November 2014, 21 December 2016, 30 December 2019 and 21 November 2022, respectively, to further extend its term to 31 December 2025, to govern the terms of the provision of hotel and property management services.

Pursuant to the Master Property Management Agreement, the service fees for the hotel and property management services are subject to the general pricing terms as set out in the paragraph headed "Common terms of Master Agreements" below. Detailed terms of the hotel and property management services received by the Group from the COFCO Group and the pricing terms shall be set out in the specific property management service contracts to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Property Management Agreement.

The consideration to be paid by the members of the Group pursuant to the Master Property Management Agreement shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and scope of the services to be provided, the costs of providing such services and the market rate for similar services offered by other independent third party suppliers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time.

(c) Sourcing of staple supplies, catering services and other ancillary services from the COFCO Group

During the year, the Group has been sourcing certain staple supplies from the COFCO Group, including agricultural products, food, beverage, wine and confectionery, packaging materials and daily supplies such as oil, rice, sugar and tea, mainly used in the Group's ordinary business operations, the catering services provided in the hotels and other commercial properties operated by the Group and as the Group's staff benefits and corporate gifts to its customers and business partners. The COFCO Group also provides conference room facilities, accommodation, car parking lots and catering services to the Group for its general corporate uses, corporate events and promotional activities.

The Company considers that it will be beneficial to the Group to continue to source staple supplies and catering services from the COFCO Group as it will allow the Group to benefit from bulk purchase discounts and ensure a stable and reliable staple supply and provision of services which is crucial for its property and hotel business. To better regulate the arrangements, the Company entered into the Master Sourcing Agreement on 29 November 2013 with COFCO Corporation for the supply of staple supplies and catering services by the COFCO Group to the Group, followed by four supplemental agreements on 3 November 2014, 21 December 2016, 30 December 2019 and 21 November 2022, respectively, to further extend its term to 31 December 2025.

Directors' Report

The Annual Caps and the actual amounts for the purchase amounts for staple supplies and catering services payable by the Company pursuant to the Master Sourcing Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2023) (RMB'000)	Actual amounts (financial year ended 31 December 2023) (RMB'000)
28,000	12,187

Pursuant to the Master Sourcing Agreement, the prices for the staple supplies and catering services are subject to the general pricing terms as set out in the paragraph headed "Common Terms of the Master Agreements" below, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the quantity and quality of the supplies and services, the market prices for the staple supplies and catering services, the prices offered by other independent third party suppliers and the procurement or manufacturing costs of the relevant members of the COFCO Group, or based on a prescribed fee schedule or purchase price as agreed between the relevant parties from time to time. Detailed terms of the provision of staple supplies and catering services and the pricing terms will be set out in the specific service contracts or confirmation orders to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Sourcing Agreement.

Common Terms of the Master Agreements

Each of the Master Agreements is a framework agreement comprising the general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of Non-Exempt Continuing Connected Transaction contemplated thereunder. The common terms of the Master Agreements are set out below:

Term:	Each Master Agreement was approved by the Independent Shareholders at the SGM dated 18 December 2013, and has become effective from 19 December 2013 to 31 December 2016, and extended and supplemented by four supplemental agreements to further extend its term to 31 December 2025, which can be renewed on terms to be agreed upon between the Company and COFCO Corporation subject to compliance with the applicable provisions of the Listing Rules.
Framework agreement:	The Master Agreements are framework agreements which contain general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of transaction contemplated thereunder. Members of the Group and the COFCO Group may from time to time enter into specific agreements in respect of the leases, services and/or products to be provided or received by the Group, provided that the terms of such detailed agreements are not inconsistent with the terms of the relevant Master Agreement. The actual services and/or products to be provided or received by the Group are subject to such detailed agreements entered into between the relevant members of the Group and the COFCO Group from time to time during the terms of the Master Agreements.
Pricing basis:	The purchase amounts, rent and service fees payable under each of the Master Agreements by the Group or the COFCO Group (as the case may be) are to be agreed and determined on an arm's length basis between the relevant members of the Group and the COFCO Group from time to time, which shall be comparable to, or no less favourable to the Group than, the fair market rents or market prices for similar products and services offered by independent third parties to the Group or by the Group to independent third parties.

Directors' Report

The relevant member of the Group shall, before it enters into specific agreements in respect of the leases, services and/or products pursuant to the Master Agreements,

(a) when the price is the sole determining factor: (i) obtain quotations from not less than two independent third party suppliers of the same or similar products and/or services required by the Group; or (ii) request COFCO Group to provide it with not less than two records of same or similar products and/or services offered by it to other customers, and in such case the purchase amounts rent and service fees payable by the Group and other relevant conditions under the Master Agreements shall not be less favourable from the Group's perspective than those quotations or records (as the case may be); or

(b) when the price is one of the determining factors, conduct negotiations and, if necessary, obtain relevant quotation and/or pricing record to determine the overall terms of the transaction on an arm's length basis.

Termination: The Master Agreements may be terminated by either party giving the other party a written notice not less than 30 days before the intended date of termination.

(d) Financial Services

On 17 July 2020, the Company, COFCO Finance (a subsidiary of COFCO Corporation) and Joy City Commercial Management (Tianjin) Co., Ltd. (the "**Management Company**"), an indirect wholly-owned subsidiary of the Company, entered into the 2020 Financial Services Agreement, pursuant to which COFCO Finance agreed to provide financial services, including depository services and the entrustment loan services to the Management Company and the Group. The 2020 Financial Services Agreement shall remain in force for a term of three years from 31 August 2020 (i.e. the effective date of the agreement upon approval of the independent Shareholders of the relevant special general meeting).

On 31 March 2023, the Company, COFCO Finance and the Management Company entered into the 2023 Financial Services Agreements, based on the terms and conditions of the 2020 Financial Services Agreement to make arrangements in advance for the extension of the depository services and the entrustment loan services provided by COFCO Finance to the Group. The 2023 Financial Services Agreements shall remain in force for a term of three years from 7 June 2023 (i.e. the effective date of the agreement upon approval of the independent Shareholders of the relevant special general meeting).

COFCO Finance is a subsidiary of COFCO Corporation, an indirect controlling shareholder of the Company. Therefore, COFCO Finance is a connected person of the Company under the Listing Rules. The depository services and the entrustment loan services under the 2023 Financial Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

COFCO Finance is a non-banking financial institution subject to regulations by the PBOC and CBIRC, and is authorised to provide various kinds of financial services to the Group, including deposit taking and entrustment loan services. The main reasons for and benefits of the Arrangements are as follows: (i) the use of COFCO Finance as a vehicle through which the funds of the Group, including the Management Company, would allow a more efficient deployment of funds between subsidiaries of the Company; (ii) the Arrangements would allow the greater utilisation of available funds, utilise the collected funds to repay the external commercial loans of the subsidiaries of the Company and optimise the efficiency of the Group's funds; (iii) the Arrangements would promote liquidity among the Group, including the Management Company, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks; (iv) the Arrangements would save financial costs, thereby increasing the profitability of the Group and benefitting the Shareholders, including the minority Shareholders; (v) the Arrangements would allow a prompt and accurate monitoring and regulation of the application of funds of the Group including the Management Company; (vi) COFCO Finance was established in 2002 with a complete corporate structure, and its internal control mechanism is standardised. Since its incorporation, COFCO Finance's operation has been stable, financial performance has been excellent and no violation of any rules has occurred; (vii) COFCO Finance has well established operating networks with eight major domestic banks, namely the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchants Bank, Bank of Communications, China CITIC Bank and Agricultural Development Bank of China and such network has become the necessary and efficient channel of collecting the funds of the subsidiaries of the Company; (viii) COFCO Finance has comparatively strong financing ability through credit lines of not less than RMB7.5 billion arranged with such domestic banks; (ix) the Company believes that COFCO Finance may provide more diversified and flexible financial services to the Group compared with a single or a small number of third party commercial banks; and (x) the Company believes that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC.

In respect of the depository services, the interest rates on RMB deposits placed by the subsidiaries of the Group and the Management Company at COFCO Finance will be determined with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms. Pursuant to the 2020 Financial Services Agreement, the maximum daily balance of deposits (including the corresponding interests accrued thereon) to be placed and maintained by the Group with COFCO Finance shall not exceed RMB1,500 million (equivalent to approximately HK$1,663 million) on any day throughout the term of the 2020 Financial Services Agreement, which constitutes the annual caps for relevant financial years during the term of the 2020 Financial Services Agreement. Pursuant to the 2023 Financial Services Agreements, the maximum daily balance of deposits (including the corresponding interests accrued thereon) to be placed and maintained by the Group with COFCO Finance shall not exceed RMB2,500 million (equivalent to approximately HK$2,856 million) on any day throughout the term of the 2023 Financial Services Agreements, which constitutes the annual caps for relevant financial years during the term of the 2023 Financial Services Agreements.

In respect of the entrustment loan services, COFCO Finance will charge handling fees for the entrustment loan services provided to the Group. These fees are either equal to or more favorable than those charged by other independent financial institutions offering similar services. Pursuant to the 2020 Financial Services Agreement, the handling fees payable by the Group to COFCO Finance shall not exceed RMB5 million (equivalent to approximately HK$5.54 million) annually throughout the duration of the 2020 Financial Services Agreement. Pursuant to the 2023 Financial Services Agreements, the handling fees payable by the Group to COFCO Finance shall not exceed RMB3 million (equivalent to approximately HK$3.4 million) annually throughout the duration of the 2023 Financial Services Agreements.

Directors' Report

For the year ended 31 December 2023, the actual maximum amount of daily deposit balance (including the interests accrued thereon) was approximately RMB2,463,997,000, while the annual handling fees charged by COFCO Finance for providing the entrusted loans to the Management Company was approximately RMB1,873,000.

Details of 2020 Financial Services Agreement were disclosed in the announcements of the Company dated 17 July 2020 and 31 August 2020 and the circular of the Company dated 10 August 2020. Details of 2023 Financial Services Agreements were disclosed in the announcements of the Company dated 31 March 2023 and 7 June 2023 and the circular of the Company dated 17 May 2023.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors have reviewed the Continuing Connected Transactions and confirmed that all the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to their respective agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to rule 14A.56 of the Listing Rules, the Board engaged SHINEWING (HK) CPA Limited, the Company's auditor, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions in accordance with rule 14A.56 of the Listing Rules. Based on the work performed, the auditor has confirmed in its letter to the Board that nothing has come to its attention which causes it to believe that:

a. the Continuing Connected Transactions have not been approved by the Board;

b. the Continuing Connected Transactions were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

c. the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

d. the aggregate amount of the Continuing Connected Transactions have exceeded the annual cap as set by the Company.

CONTRACT(S) OF SIGNIFICANCE

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this annual report which is or may be material:

(a) the equity transfer agreement dated 27 September 2023 entered into by Jetway Developments Limited (as vendor) and Shanghai Yongpeng Shiye Limited*（上海邕鵬實業有限公司）(as purchaser), an Independent Third Party, in relation to the disposal of the entire equity interest of Shanghai Top Glory Real Estate Development Co., Ltd.*（上海鵬利置業發展有限公司）at the total consideration of RMB4,142,392,338.41. For details, please refer to the circular of the Company dated 25 October 2023, as well as the announcements of the Company dated 28 July 2023, 27 September 2023 and 10 November 2023; and

(b) the equity transfer agreement dated 28 September 2023 entered into by Xidan Joy City Co., Ltd.*（西單大悅城有限公司）(as vendor) and China Post Life Insurance Company Limited（中郵人壽保險股份有限公司）(as purchaser), an Independent Third Party, in relation to the sale and purchase of the entire equity interest of Beijing Kunting Asset Management Company Limited*（北京昆庭資產管理有限公司）and related shareholder's loan at the total consideration of RMB4,255,847,036.76. For details, please refer to the circular of the Company dated 25 October 2023, as well as the announcements of the Company dated 31 August 2023, 28 September 2023 and 10 November 2023.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER OF THE COMPANY

The following disclosures are made in compliance with the disclosure requirements under Rule 13.21 of the Listing Rules.

– On 18 January 2018, the Company entered into a facility letter with Bank of China (Hong Kong) Limited in respect of (i) a term loan up to HKD700,000,000 or its equivalent amount in USD; (ii) a revolving loan up to HKD300,000,000 or its equivalent amount in USD; and (iii) a treasury credit limit of HKD60,000,000 (the "**Treasury Credit Limit**"). The term loan shall be repaid in full on the date falling three years from the date of first drawdown while the revolving loan shall be repaid or reborrowed at the end of each interest period or shall be repaid in full on demand. The term loan had been expired upon the maturity. On 4 December 2019, the Company entered into a facility letter for extension of the Treasury Credit Limit from HK$60,000,000 to HK$100,000,000. On 9 December 2020, the Company further entered into a supplemental facility letter with the bank for further extension of the Treasury Credit Limit from HK$100,000,000 to HK$400,000,000. Maximum tenor of each transaction under the Treasury Credit Limit shall not exceed five years. Details are set out in the announcements of the Company dated 18 January 2018, 4 December 2019 and 9 December 2020, respectively.

– On 24 October 2019, Bapton, an indirect wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into facility agreement with certain banks in respect of a term loan facility in an aggregate of US$800,000,000 (the "**2019 Bapton Facility**"), which divided into two tranches, Tranche A and Tranche B, in the respective amounts of US$400,000,000 and US$400,000,000. The final maturity date of the Tranche A shall be the date falling 36 months from the date of the facility agreement and tranche B shall be the date falling 60 months from the date of the facility agreement. The Tranche A loan facility had been expired upon the maturity. Details of the 2019 Bapton Facility are set out in the announcement of the Company dated 24 October 2019.

– On 4 December 2019, the Company entered into a facility letter with a bank whereby the banking facility of a revolving loan up to HKD400,000,000 or its equivalent amount in USD (the "**2019 Revolving Loan**"). The 2019 Revolving Loan shall be repaid or re-borrowed at the end of each interest period or shall be repaid in full on demand. Details of the 2019 Revolving Loan are set out in the announcement of the Company dated 4 December 2019.

Directors' Report

- On 17 September 2021, the Company entered into a facility agreement with certain banks in respect of a US$600,000,000 equivalent multiple tranche term loan facility (the "**2021 Facility**"). The 2021 Facility has three tranches, Tranche A, Tranche B and Tranche C, in the respective amounts of US$100,000,000, US$200,000,000 and a US$300,000,000 or their equivalent amount in HKD. The final maturity date of the Tranche A and Tranche B shall be the date falling 36 months from the date of the facility agreement, and the Tranche C shall be the date falling 60 months from the date of the facility agreement. Details the 2021 Facility are set out in the announcement of the Company dated 17 September 2021.

- On 17 October 2022, Bapton, an indirect wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into a facility agreement with a group of financial institutions as lenders in respect of a multi tranche term loan facility of US$423,000,000 (the "**2022 Bapton Facility**"). The 2022 Bapton Facility has three tranches, Tranche A, Tranche B and Tranche C, in the respective amounts US$173,000,000, US$150,000,000 and a US$100,000,000. Tranche A has a tenor of 36 months commencing from the date of the facility agreement, and Tranche B and Tranche C each has a tenor of 60 months from the date of the facility agreement. Details of the 2022 Bapton Facility are set out in the announcement of the Company dated 17 October 2022.

- On 21 March 2023, the Company as borrower entered into a facility agreement with certain banks as lenders and a bank as the coordinator and agent whereby a three-year term loan facility of US$127,000,000 or its equivalent amount in HKD (the "**US$127M Facility**") would be made available by the lenders to the Company in up to four draw-downs. Details of the US$127M Facility are set out in the announcement of the Company dated 21 March 2023.

- On 2 June 2023, the Company entered into a facility letter with a bank in respect of an uncommitted revolving loan facility of up to US$54,000,000 or its equivalent amount in HKD (the "**US$54M Facility**"). The maturity of the US$54M Facility will be the date falling 12 months from the date of the facility letter. Details of the US$54M Facility are set out in the announcement of the Company dated 2 June 2023.

- On 28 November 2023, the Company entered into a facility letter with a bank inspect of a revolving loan facility of up to RMB200,000,000 or its equivalent amount in HKD or USD (the "**RMB200M Facility**"). The maturity of the RMB200M Facility will be the date falling 12 months from the date of the facility letter. Details of the RMB200M Facility are set out in the announcement of the Company dated 28 November 2023.

Pursuant to the provision of the above facility agreements/letters, if COFCO Corporation, (a) ceases to be, directly or indirectly, the single largest Shareholder and loses the controlling power/the management controlling position of the Company, and/or (b) ceases to be majority owned or otherwise controlled by the SASAC of the PRC or China Central Government, then, each of the above would constitute an event of default upon which all or part of the each of the above facilities, together with accrued interest, and all other amounts accrued or outstanding shall be immediately due and payable.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2023.

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

On 19 December 2013, the Acquisition was completed and upon completion, the Company issued 1,095,300,778 CPS to Achieve Bloom as part of settlement of the consideration for the Acquisition. Currently, the Company has two classes of shares, being the ordinary shares and the CPS.

The major terms of the CPS are as follows:

Nominal value:	Non-redeemable convertible preference shares of HK$0.10 each created as a new class of shares in the share capital of the Company.
Conversion ratio:	The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share.
Conversion rights:	Holders of the CPS will have the right to convert all or such number of CPS into Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
Redemption:	The CPS shall be non-redeemable by the Company or their holders.
Dividend and distribution entitlement:	Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the Shareholders on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, windingup or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).
Voting rights:	The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.
Transferability:	The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction.
Ranking:	Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares. The Conversion Shares will be issued as fully paid and rank pari passu in all respects with the Shares in issue as at the date of conversion.

Directors' Report

Adjustment:	If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).
Listing:	No listing has been sought for the CPS on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2023.

NON-COMPETITION UNDERTAKING

Pursuant to the Non-Competition Undertaking, COFCO Corporation has undertaken in favour of the Company for itself and on behalf of its subsidiaries during the term of the Non-Competition Undertaking, COFCO Corporation shall not, and shall procure that none of its subsidiaries (excluding Grandjoy Holdings Group and its subsidiaries) shall, directly or indirectly, whether as principal or agent, and whether undertaken solely or jointly and whether through intermediate holding companies or otherwise, carry on, engage, invest, participate or otherwise be interested in any business or company which is directly or indirectly engaged in the Restricted Business in competition with the Group in the PRC and Hong Kong. After review of all relevant information on 31 December 2023, the Independent Board Committee considered that COFCO Corporation had complied with the Non-Competition Undertaking for the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report of this Annual Report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in note 48 to the consolidated financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year amounted to RMB2,200,000 (2022: RMB2,364,000).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of Shares.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as disclosed in respect of CPS above and in note 35 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2023 or subsisted at the end of the year.

EVENTS AFTER THE END OF THE YEAR UNDER REVIEW

Save as disclosed in the Company's announcement of annual results for the year ended 31 December 2023 dated 28 March 2024 and this Annual Report, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders after 31 December 2023 and up to the date of this report.

AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report of this Annual Report.

AUDITOR

SHINEWING (HK) CPA Limited is the auditor of the Company and to hold office until the conclusion of the 2024 AGM. SHINEWING (HK) CPA Limited shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company will be proposed for approval by Shareholders at the 2024 AGM.

ON BEHALF OF THE BOARD

CHEN Lang
Chairman

28 March 2024

Five Years Financial Summary

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consolidated results revenue	**13,272,094**	20,831,357	12,313,297	14,109,832	10,337,768
Profit for the year attributable to owners of the Company	**340,027**	530,773	591,666	1,104,533	1,635,906

	As at 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consolidated assets and liabilities					
Total assets	**143,619,078**	140,003,492	131,020,391	124,167,334	110,977,370
Total liabilities	**87,181,750**	81,914,214	73,000,971	70,572,441	61,139,477
Total equity	**56,437,328**	58,089,278	58,019,420	53,594,893	49,837,893
Equity attributable to owners of the Company	**29,916,364**	29,924,332	29,858,111	29,447,710	29,035,061

Independent Auditor's Report

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF JOY CITY PROPERTY LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Joy City Property Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 82 to 215, 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 profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the valuation process is based on the estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value of the Group's investment properties. Management has determined the fair value of the Group's investment properties at 31 December 2023 with the assistance of an independent external valuer. Details of the investment properties are set out in Note 16 to the consolidated financial statements.	Our procedures in relation to management's valuation of investment properties included: • Understanding and evaluating the management's assessment process. • Evaluating the competence, capabilities and objectivity of the external valuer engaged by the management. • Obtaining a copy of valuation report prepared by the external valuer and discussing with the external valuer together with our internal valuation specialists to understand the basis of determination of valuation. • Challenging the external valuer the methodologies and judgments used in valuing the investment properties with the assistance of our internal valuation specialists and obtaining the market evidence that the external valuer used to support the key inputs. • Assessing the adequacy of the disclosures of the fair value measurement of investment properties including the fair value measurement hierarchy, the valuation technique and significant unobservable inputs in the consolidated financial statements.
Revenue from sales of properties	
We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year. Details of revenue from sales of properties are set out in Note 5 to the consolidated financial statements.	Our procedures in relation to revenue from sales of properties included: • Understanding, documenting and testing key internal control over revenue recognition on sales of properties. • Selecting property sales transactions on a sampling basis and; • Reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer; • Obtaining evidence regarding the property delivery and title transfer; and • Reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements of properties sold.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	NOTES	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000
Revenue	5	**13,272,094**	20,831,357
Cost of sales and services rendered	10	**(7,630,603)**	(14,424,999)
Gross profit		**5,641,491**	6,406,358
Other income	6	**454,529**	340,982
Other gains and losses, net	7	**867,086**	(311,977)
Impairment losses under expected credit loss model, net of reversal	8	**(974,289)**	(102,410)
Distribution and selling costs		**(861,985)**	(851,314)
Administrative expenses		**(911,327)**	(865,073)
Fair value gain/(loss) on:			
Investment properties	16	**85,473**	(782,608)
Financial liabilities at fair value through profit or loss		**–**	(9,628)
Finance costs	9	**(1,558,090)**	(1,251,797)
Share of profits/(losses) of associates	20	**87,858**	(40,226)
Share of profits of joint ventures	21	**832,268**	68,164
Profit before tax	10	**3,663,014**	2,600,471
Income tax expense	11	**(2,243,388)**	(1,499,893)
Profit for the year		**1,419,626**	1,100,578
Profit for the year attributable to:			
Owners of the Company		**340,027**	530,773
Holders of perpetual capital instruments		**294,326**	334,593
Non-controlling interests	49	**785,273**	235,212
		1,419,626	1,100,578
Basic and diluted earnings per share	13	**RMB2.2 cents**	RMB3.5 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	**1,419,626**	1,100,578
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	**(102,077)**	(596,491)
Fair value (loss)/gain on hedging instruments for cash flow hedges	**(43,360)**	308,415
Other comprehensive expense for the year net of income tax	**(145,437)**	(288,076)
Total comprehensive income for the year	**1,274,189**	812,502
Total comprehensive income for the year attributable to:		
Owners of the Company	**194,590**	233,145
Holders of perpetual capital instruments	**294,326**	334,593
Non-controlling interests	**785,273**	244,764
	1,274,189	812,502

Consolidated Statement of Financial Position

As At 31 December 2023

	NOTES	At 31 December 2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Investment properties	16	**56,949,328**	63,155,846
Property, plant and equipment	17	**2,893,040**	3,088,938
Right-of-use assets	18	**1,465,333**	1,530,879
Intangible assets	19	**106,919**	109,946
Interests in associates	20	**1,461,151**	750,483
Interests in joint ventures	21	**6,675,550**	6,323,625
Loans to associates	23	**663,875**	2,432,941
Loans to non-controlling interests	23	**751,740**	147,000
Amounts due from non-controlling interests	27	**11,573**	–
Financial assets at fair value through profit or loss		**510**	510
Goodwill		**184,297**	184,297
Deposits	26	**158,329**	158,575
Deferred tax assets	22	**337,445**	314,755
Hedging instruments		**–**	241,852
		71,659,090	78,439,647
CURRENT ASSETS			
Inventories		**14,006**	14,666
Properties held for sale	24 (a)	**5,152,062**	4,615,638
Properties under development for sale	24 (b)	**38,915,341**	33,417,306
Accounts receivable	25	**114,448**	117,615
Contract costs		**266,239**	85,518
Deposits, prepayments and other receivables	26	**3,734,972**	2,886,192
Amounts due from fellow subsidiaries	27	**24,940**	25,613
Amounts due from non-controlling interests	27	**26,162**	51,574
Amounts due from joint ventures	27	**542,596**	38,079
Amounts due from associates	27	**906,228**	743,737
Loans to associates	23	**1,752,028**	1,015,816
Loans to non-controlling interests	23	**278,211**	995,000
Tax recoverable		**557,482**	414,307
Hedging instruments		**131,177**	157,123
Derivative financial instruments		**63,306**	–
Restricted bank deposits	28	**46,188**	84,892
Pledged deposits	28	**2,406**	5,402
Cash and bank balances	28	**19,432,196**	16,895,367
		71,959,988	61,563,845
TOTAL ASSETS		**143,619,078**	140,003,492

Consolidated Statement of Financial Position

As At 31 December 2023

		At 31 December	
	NOTES	**2023** **RMB'000**	2022 RMB'000
CURRENT LIABILITIES			
Accounts payable	29	**5,437,282**	6,004,257
Other payables and accruals	30	**6,676,020**	6,873,925
Contract liabilities	33	**19,447,315**	11,185,853
Lease liabilities		**47,606**	85,076
Amount due to the ultimate holding company	27	**4**	8
Amount due to an intermediate holding company	27	**611**	17,591
Amounts due to non-controlling interests	27	**293,835**	194,222
Amounts due to associates	27	**742,603**	511,904
Amounts due to joint ventures	27	**280,166**	250,190
Amounts due to fellow subsidiaries	27	**210,763**	287,899
Loans from fellow subsidiaries	23	**590,761**	221,649
Loans from non-controlling interests	23	**–**	1,833,015
Loans from third parties	23	**974,020**	25,560
Bank borrowings	31	**7,202,336**	4,935,955
Income tax and land appreciation tax payables		**1,378,735**	1,014,592
Deferred income		**1,794**	1,551
Bonds payable	32	**819,614**	1,017,676
Derivative financial instruments		**15,784**	–
		44,119,249	34,460,923
NET CURRENT ASSETS		**27,840,739**	27,102,922
TOTAL ASSETS LESS CURRENT LIABILITIES		**99,499,829**	105,542,569
NON-CURRENT LIABILITIES			
Other payables and accruals	30	**572,458**	966,378
Lease liabilities		**77,615**	117,738
Loans from fellow subsidiaries	23	**2,940**	1,068,500
Loans from third parties	23	**6,924,780**	7,898,800
Loan from an associate	23	**248,934**	–
Loans from joint ventures	23	**5,824,800**	5,574,800
Loans from non-controlling interests	23	**94,856**	821,872
Bank borrowings	31	**18,347,571**	19,406,417
Deferred tax liabilities	22	**7,164,608**	8,092,699
Bonds payable	32	**3,264,939**	2,962,245
Amounts due to non-controlling interests	27	**–**	4,842
Amount due to a joint venture	27	**539,000**	539,000
		43,062,501	47,453,291
NET ASSETS		**56,437,328**	58,089,278

Consolidated Statement of Financial Position

As At 31 December 2023

		At 31 December	
	NOTES	**2023**	2022
		RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital	34	**1,122,414**	1,122,414
Reserves	36	**28,793,950**	28,801,918
Equity attributable to owners of the Company		**29,916,364**	29,924,332
Perpetual capital instruments	37	**5,601,361**	7,245,471
Non-controlling interests	49	**20,919,603**	20,919,475
TOTAL EQUITY		**56,437,328**	58,089,278

The consolidated financial statements on pages 82 to 215 were approved and authorised for issue by the Board of Directors on 28 March 2024 and are signed on its behalf by:

CHEN Lang
DIRECTOR

YAO Changlin
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company													
	Ordinary share capital RMB'000 (Note (a)) (Note 34)	Share premium RMB'000 (Note (a))	Non-redeemable convertible preference shares RMB'000 (Note (a)) (Note 35)	Special reserve RMB'000 (Notes (a))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 37)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	1,122,414	17,993,202	1,722,317	(20,801,408)	2,983,080	5,982,624	1,565,701	76,497	(542,406)	19,822,311	29,924,332	7,245,471	20,919,475	58,089,278
Profit for the year	-	-	-	-	-	-	-	-	-	340,027	340,027	294,326	785,273	1,419,626
Other comprehensive (expense)/income for the year	-	-	-	-	(43,360)	-	-	-	(102,077)	-	(145,437)	-	-	(145,437)
Total comprehensive (expense)/income for the year	-	-	-	-	(43,360)	-	-	-	(102,077)	340,027	194,590	294,326	785,273	1,274,189
Final 2022 dividend declared	-	-	-	-	-	-	-	-	-	(166,942)	(166,942)	-	-	(166,942)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(520,178)	-	(520,178)
Repayment of perpetual capital instruments (Note f)	-	-	-	-	-	-	-	-	-	-	-	(2,918,258)	-	(2,918,258)
Issue of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Statutory reserve appropriation	-	-	-	-	-	-	381,059	-	-	(381,059)	-	-	-	-
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	539,312	539,312
Capital reduction to a non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,001,382)	(1,001,382)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(323,075)	(323,075)
Others	-	-	-	-	(35,470)	-	-	-	-	(146)	(35,616)	-	-	(35,616)
At 31 December 2023	1,122,414	17,993,202	1,722,317	(20,801,408)	2,904,250	5,982,624	1,946,760	76,497	(644,483)	19,614,191	29,916,364	5,601,361	20,919,603	56,437,328

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company													
	Ordinary share capital RMB'000 (Note (a)) (Note 34)	Share premium RMB'000 (Note (a))	Non-redeemable convertible preference shares RMB'000 (Note (a)) (Note 35)	Special reserve RMB'000 (Notes (a) and (e))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 37)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	1,122,414	17,993,202	1,722,317	(20,801,408)	2,693,537	6,140,228	1,333,495	76,497	54,085	19,523,744	29,858,111	8,311,498	19,849,811	58,019,420
Profit for the year	–	–	–	–	–	–	–	–	–	530,773	530,773	334,593	235,212	1,100,578
Other comprehensive (expense)/income for the year	–	–	–	–	298,863	–	–	–	(596,491)	–	(297,628)	–	9,552	(288,076)
Total comprehensive (expense)/income for the year	–	–	–	–	298,863	–	–	–	(596,491)	530,773	233,145	334,593	244,764	812,502
Interest paid on perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	(132,620)	–	(132,620)
Repayment of perpetual capital instruments (Note f)	–	–	–	–	–	–	–	–	–	–	–	(2,768,000)	–	(2,768,000)
Issue of perpetual capital instruments	–	–	–	–	–	–	–	–	–	–	–	1,500,000	–	1,500,000
Statutory reserve appropriation	–	–	–	–	–	–	232,206	–	–	(232,206)	–	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	1,057,708	1,057,708
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(242,377)	(242,377)
Others	–	–	–	–	(9,320)	(157,604)	–	–	–	–	(166,924)	–	9,569	(157,355)
At 31 December 2022	1,122,414	17,993,202	1,722,317	(20,801,408)	2,983,080	5,982,624	1,565,701	76,497	(542,406)	19,822,311	29,924,332	7,245,471	20,919,475	58,089,278

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Notes:

(a) Issued equity comprises ordinary share capital of Joy City Property Limited (the "**Company**"), share premium, non-redeemable convertible preference shares ("**CPS**") and special reserve.

(b) Other reserve mainly included (i) balances arising from merger accounting for business combinations involving entities under common control of RMB288,561,000 in 2012 and RMB2,617,690,000 in 2013 and offset with obligation arising from a put option to non-controlling shareholder of RMB336,470,000 in 2018, (ii) differences between cash considerations paid for the acquisition of additional interests in certain subsidiaries and the carrying amounts of the net assets attributable to the acquired interests from the non-controlling shareholders and (iii) the exchange difference arising from payment on perpetual capital instruments.

(c) Capital reserve mainly included capital contribution from COFCO Corporation, the ultimate holding company of the Company, of which included capital contribution of RMB4,208,294,000 to a subsidiary of the Company during the year ended 31 December 2012.

During 2016, the Group (see definition in Note 1) disposed of 49% of its equity interests in Fortune Set Limited ("**Fortune Set**"), Sunny Ease Limited ("**Sunny Ease**") and Vivid Star Limited ("**Vivid Star**") respectively, resulting in reducing its equity interests in these three subsidiaries to 51%. The proceeds on disposal of RMB9,443,143,000 were received in cash. An amount of RMB7,802,203,000 (being the proportionate share of the carrying amount of net assets of these three subsidiaries, respectively) has been transferred to non-controlling interests. The difference of RMB1,640,940,000 between the increase in the non-controlling interests and the consideration received has been adjusted to capital reserve of the Group. During the year ended 31 December 2022, the Group incurred additional income tax of approximately RMB157,605,000 in relation to the disposal and adjusted to the capital reserve of the Group.

(d) The amount mainly represents statutory reserve of the companies registered in the People's Republic of China (the "**PRC**"). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(e) On 19 December 2013, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application of the Company was completed. The Company acquired from COFCO Land Limited ("**COFCO Land**"), a fellow subsidiary, the equity interests in certain subsidiaries of COFCO Land (collectively "**COFCO Land Subsidiaries**") and the shareholder's loan of HK$3,329 million (equivalent to approximately RMB2,618 million) which were outstanding and owing by certain of the COFCO Land Subsidiaries to COFCO Land immediately before the completion of the acquisition of the COFCO Land Subsidiaries (together with the acquisition of the COFCO Land Subsidiaries), by the allotment and issue of 5,988,199,222 ordinary shares of the Company at the issue price of HK$2.00 each and 1,095,300,778 new CPS of the Company at the issue price of HK$2.00 each to Achieve Bloom Limited, the then immediate holding company of the Company, and COFCO Land ("**Reverse Takeover Transaction**"). Special reserve at the reporting date included balances arising on the Reverse Takeover Transaction completed in December 2013 of RMB11,138,521,000.

(f) The Group repaid perpetual capital instruments with principal amount of RMB2,918,258,000 (2022: RMB27,680,000,000) during the current year.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax	**3,663,014**	2,600,471
Adjustments for:		
Finance costs	**1,558,090**	1,251,797
Interest income	**(403,033)**	(291,048)
Share of (profits)/losses of associates	**(87,858)**	40,226
Share of profits of joint ventures	**(832,268)**	(68,164)
Amortisation of intangible assets	**10,382**	10,965
Depreciation of right-of-use assets	**68,964**	72,124
Depreciation of property, plant and equipment	**190,839**	200,195
Fair value (gain)/loss on:		
investment properties	**(85,473)**	782,608
financial liabilities at fair value through profit or loss	**–**	9,628
Recognition of impairment loss on accounts receivable, net	**7,814**	9,852
Recognition of impairment loss on other receivables, net	**6,407**	3,542
Recognition of impairment loss on non-controlling interests	**24,646**	71
Recognition of impairment loss on fellow subsidiaries	**1,431**	7,336
Recognition of impairment loss on joint ventures	**193**	45,764
Recognition of impairment loss on loans to associates	**933,798**	35,845
Exchange loss, net	**475,490**	249,113
Impairment loss on properties held for sale	**130,890**	209,114
Impairment loss on properties under development for sale	**734,204**	81,972
Loss on disposal of property, plant and equipment, net	**3,126**	2,043
Gain on disposal of subsidiaries	**(1,644,899)**	(10,314)
Operating cash flows before movements in working capital	**4,755,757**	5,243,140

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES – continued		
Decrease/(increase) in inventories	**660**	(490)
Decrease in properties held for sale	**6,237,176**	13,613,129
Increase in properties under development for sale	**(7,571,762)**	(11,288,538)
Increase in accounts receivable	**(6,964)**	(7,278)
Increase in contract costs	**(180,721)**	(16,679)
(Increase)/decrease in deposits, prepayments and other receivables	**(538,425)**	266,362
Decrease in amounts due from non-controlling interests	**31,692**	–
(Decrease)/increase in amounts due to non-controlling interests	**(86,627)**	30,595
(Decrease)/increase in accounts payable	**(667,031)**	495,025
Increase/(decrease) in contract liabilities	**8,261,462**	(1,134,274)
(Decrease)/increase in other payables and accruals	**(519,802)**	388,022
Decrease in rental deposits received	**(31,734)**	(36,766)
Decrease in restricted bank deposits	**38,704**	42,324
Increase in amount due from an intermediate holding company	**–**	(114)
Decrease in amount due to the ultimate holding company	**–**	(20)
Increase in amounts due from fellow subsidiaries	**(30,628)**	(9,663)
Decrease in amounts due from joint ventures	**–**	1,762
Increase in amounts due to fellow subsidiaries	**46,760**	51,532
Increase in amounts due from associates	**(162,491)**	–
Interest received	**222,881**	140,605
Decrease in deposits paid	**324**	27,317
Increase in deferred income	**243**	13
Cash generated from operations	**9,799,474**	7,806,004
PRC Enterprise Income Tax and Hong Kong Profits Tax paid	**(1,434,552)**	(863,401)
Land Appreciation Tax paid	**(444,359)**	(365,995)
NET CASH FROM OPERATING ACTIVITIES	**7,920,563**	6,576,608

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(66,199)**	(31,470)
Payments for right-of-use assets/leasehold land and land use rights	**(3,572)**	(894)
Payments for intangible assets	**(7,888)**	(13,179)
Payments for investment properties	**(1,398,710)**	(1,304,496)
Proceeds on disposal of property, plant and equipment	**4,097**	5,882
Proceeds on disposal of investment properties	**5,277**	2,902
Capital injection to associates	**(622,810)**	(983,839)
Loans to an associate	**–**	(2,560,981)
Proceeds from repayment of loans to associates	**106,000**	1,061,797
Loan to non-controlling interests	**(882,951)**	(147,000)
Repayment of loan to non-controlling interests	**995,000**	25,000
Net cash outflow on acquisition of a subsidiary	**(1,195,798)**	–
Net cash inflow from disposal of subsidiaries	**7,378,584**	5,942
Proceeds on shareholder's loan	**807,000**	–
Decrease in amounts due from non-controlling interests	**38,101**	57,616
Decrease in amounts due from joint ventures	**270**	824
Capital injection to a joint venture	**–**	(25,600)
Decrease in amounts due from associates	**2,507**	18,259
Proceed from disposal of equity investment at fair value through profit or loss	**–**	1,617
Decrease in pledged deposits	**2,996**	98
Proceeds on reduction of investment cost in a joint venture	**154**	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**5,162,058**	(3,887,522)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Interest paid	**(1,582,966)**	(1,191,238)
Repayment of perpetual capital instruments	**(2,939,708)**	(2,768,000)
Repayment of bonds payable	**(900,000)**	(1,491,050)
Issuance of perpetual capital instruments	**1,500,000**	1,500,000
Issuance of bonds	**1,000,000**	1,494,812
Interest paid on perpetual capital instruments	**(520,178)**	(132,620)
Interest paid on bonds payable	**(132,217)**	(143,964)
Repayments of amount due to non-controlling interest	**(330,316)**	(6,686)
Proceeds from bank borrowings	**8,712,554**	12,733,006
Repayments of bank borrowings	**(11,542,931)**	(11,102,985)
Loans from fellow subsidiaries	**2,940**	700,000
Repayments of loans from fellow subsidiaries	**(702,500)**	(1,193,078)
Repayments of leases liabilities	**(89,262)**	(81,462)
Repayments to joint ventures	**(220,305)**	(19,555)
Repayment to associates	**(98,453)**	(99,610)
Advance from a joint venture	**–**	305,000
Advance from an associate	**329,926**	408,233
Repayments to fellow subsidiaries	**(23,108)**	(35,837)
Loans from non-controlling interests	**–**	1,963,162
Repayments of loans from non-controlling interests	**(2,560,031)**	(1,261,601)
Loan from an associate	**689,934**	–
Loans from joint ventures	**250,000**	3,050,000
Loans from third parties	**–**	350,000
Repayment of loan from a third party	**(25,560)**	(19,440)
Repayment of loan from an associate	**(441,000)**	–
Dividends paid	**(166,942)**	–
Dividends paid to non-controlling interests	**(295,241)**	(242,377)
Contribution from non-controlling interests	**539,312**	1,057,958
Payment of capital reduction to a non-controlling interest	**(1,001,382)**	–
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(10,547,434)**	3,772,668
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,535,187**	6,461,754
Cash and cash equivalents at beginning of year	**16,895,367**	10,352,897
Effects of exchange rate changes on the balance of cash and bank balances held in foreign currencies	**1,642**	80,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	**19,432,196**	16,895,367
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and bank balances	**15,732,196**	16,866,904
Non-pledged time deposits	**3,700,000**	28,463
Cash and bank balances as stated in the consolidated statement of financial position	**19,432,196**	16,895,367

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. GENERAL INFORMATION

Joy City Property Limited (the "**Company**") was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activities of the Company and its subsidiaries (the "**Group**") are principally investment holding, property investment and development and hotel operations.

The immediate holding company of the Company is Grandjoy Holdings Group Co., Ltd ("**Grandjoy Holdings Group**"), a company established in the People's Republic of China (the "**PRC**") with its A shares listed on the Shenzhen Stock Exchange. In the opinion of the directors of the Company (the "**Directors**"), the ultimate holding company of the Company is COFCO Corporation, a company established in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are effective for the Group's financial year beginning on 1 January 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKFRSs issued but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet 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 and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
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] Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("**HKFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material Accounting Policy Information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has:

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 listed above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Basis of consolidation (continued)

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non– controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* ("**HKFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS *12 Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low-value. Right-of– use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash– generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. All impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash– generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash– generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investment properties

Investment properties are properties held to earn rentals and for capital appreciation (including properties under development for such purpose). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are being recognised as right-of– use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Investment properties (continued)

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

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

Investment properties are transferred to inventories when and only when there is evidence that substantiates the change in use, including the commencement of development with a view to sale.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the property is derecognised.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as sewage-treatment plant and Canal Cultural Center) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Intangible assets (continued)

The Group receives a right to charge users of public service, which is classified as intangible assets in the consolidated statement of financial position. The amortisation approach should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be realised at the commencement of operations.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interest in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right– of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Property, plant and equipment (continued)

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

Properties under development/held for sale

Properties under development which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised.Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. For a transfer from investment property carried at fair value to properties held for sale, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Properties under development for sale are transferred to properties held for sale upon completion.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Investments in associates and joint ventures

An associate is an entity over which the Group 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joints ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Investments in associates and joint ventures (continued)

Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the year in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Investments in associates and joint ventures (continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Impairment on property, plant and equipment, intangible assets, right-of-use assets and contract costs other than goodwill

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash– generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 *Revenue from Contracts with Customers* ("**HKFRS 15**"), the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amount exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Impairment on property, plant and equipment, intangible assets, right-of-use assets and contract costs other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash– generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Interest/dividend income which are derived from the Group's ordinary course of business are presented as other income.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of application of HKFRS 9/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit– taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including accounts receivable excluded lease receivables, loans to and amounts due from ultimate holding company, fellow subsidiaries, non-controlling interests, joint ventures and associates, deposits and other receivables, restricted bank deposits, pledged deposits, cash and bank balances), and other items (lease receivables included in accounts receivable, and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

The Group has measured ECL at the individual instrument level for loan to/amount due from related parties and non-controlling interests, and the credit-impaired financial assets. For collective assessment, where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit– taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities of the Group including accounts and other payables, amounts due to/loans from holding companies, fellow subsidiaries, an associate, joint ventures, non– controlling interests and third parties, bank borrowings and bonds payable are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at fair value. It is subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

Obligation arising from a put option on shares of a subsidiary written to non-controlling shareholders

The gross financial liability arising from the put option written to non-controlling shareholders, is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price with the corresponding debit to other reserve. In subsequent periods, the remeasurement of the present value of the estimated gross obligation under the written put option to the non– controlling shareholders is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non–contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses, net' line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Financial instruments (continued)

Hedge accounting (continued)

Assessment of hedging relationship and effectiveness (continued)

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Leases

Definition of 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.

The Group as a lessee

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Leases (continued)

The Group as a lessee (continued)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand– alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment, furniture and fixtures and motor vehicles 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight– line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties”, “properties under development for sale”, and “properties held for sale” respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of– use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

The Group enters into lease agreements as a lessor all the respect to investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Leases (continued)

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Provision

Provision are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and in further exclude items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with general principle above.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the Group intends to settle current tax liabilities and assess on net basis.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Borrowing costs

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

Notes to the Consolidated Financial Statements

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Borrowing costs (continued)

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Revenue from contracts with customers (continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Revenue from contracts with customers (continued)

Contract costs

Incremental costs of obtaining a contract

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.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group's PRC companies are required to contribute certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material Accounting Policy Information (continued)

Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties located in Hong Kong, the Directors have determined with the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Deferred tax on investment properties (continued)

With regards to the Group's investment properties located in Mainland China, the Directors considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the Directors have determined with the presumption that the carrying amounts of investment properties located in Mainland China measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

Operating lease commitments – 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, that it did not transfer substantially all the significant risks and rewards of ownership of these properties which are leased out through 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 substantially independent from 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, the Group will account for the 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each 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 from the end of each reporting period.

Valuation of investment properties

Investment properties are measured at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the Directors have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss. The fair value of investment properties at 31 December 2023 was RMB56,949,328,000 (2022: RMB63,155,846,000), details are set out in Note 16.

Land appreciation tax ("LAT")

Certain subsidiaries of the Group are subject to LAT in the Mainland China. However, the implementation of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations with the local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the period in which such tax is finalised with local tax authorities.

Impairment on properties held for sale/properties under development for sale

Impairment on properties held for sale/properties under development for sale is made based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, and the amount the properties are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of properties held for sale/properties under development for sale and the amount of impairment loss/write-back of impairment loss in the periods in which such estimates have been changed.

The aggregate carrying amount of properties held for sale as at 31 December 2023 was RMB5,152,062,000 (2022: RMB4,615,638,000). The aggregate carrying amount of properties under development for sale as at 31 December 2023 was RMB38,915,341,000 (2022: RMB33,417,306,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services rendered during the year.

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the Directors based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the Executive Directors, the chief operating decision maker ("**CODM**"), for the purpose of resource allocation and performance assessment.

The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into different reportable segments as follows:

Property investment	Property letting and related services
Property and land development	Development and sale of properties, and development of lands
Hotel operations	Hotel ownership and management
Output management project	Provision of output management services
Other services	Provision of miscellaneous services

An analysis of the Group's revenue, which is also turnover of the Group, for the year is as follows:

	Year ended 31 December	
	2023 **RMB'000**	2022 RMB'000
Property investment and development:		
Rental income from investment properties and related services	**4,359,321**	3,492,923
Sales of properties held for sale	**7,705,374**	16,483,682
Output management project	**169,489**	167,816
Other service income	**68,160**	133,237
	12,302,344	20,277,658
Hotel operations	**969,750**	553,699
Total revenue	**13,272,094**	20,831,357
Revenue from contract with customers	**9,538,667**	17,927,330
Leases	**3,733,427**	2,904,027
Total revenue	**13,272,094**	20,831,357

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2023

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers	625,894	7,705,374	969,750	169,489	68,160	9,538,667
Geographical markets						
Mainland China	608,947	7,705,374	969,750	126,046	65,126	9,475,243
Hong Kong	16,947	–	–	43,443	3,034	63,424
	625,894	7,705,374	969,750	169,489	68,160	9,538,667
Timing of revenue recognition						
A point in time	–	7,705,374	227,771	–	–	7,933,145
Over time	625,894	–	741,979	169,489	68,160	1,605,522
	625,894	7,705,374	969,750	169,489	68,160	9,538,667

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

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers						
External customers	625,894	7,705,374	969,750	169,489	68,160	9,538,667
Inter-segment	180,636	–	17	194,872	126,765	502,290
Total	**806,530**	**7,705,374**	**969,767**	**364,361**	**194,925**	**10,040,957**
Rental revenue	3,733,427	–	–	–	–	3,733,427
Inter-segment elimination	(180,636)	–	(17)	(194,872)	(126,765)	(502,290)
Revenue disclosed in segment information	**4,359,321**	**7,705,374**	**969,750**	**169,489**	**68,160**	**13,272,094**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

For the year ended 31 December 2022

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers	588,896	16,483,682	553,699	167,816	133,237	17,927,330
Geographical markets						
Mainland China	573,729	16,483,682	553,699	124,764	131,511	17,867,385
Hong Kong	15,167	–	–	43,052	1,726	59,945
	588,896	16,483,682	553,699	167,816	133,237	17,927,330
Timing of revenue recognition						
A point in time	–	16,483,682	126,917	–	–	16,610,599
Over time	588,896	–	426,782	167,816	133,237	1,316,731
	588,896	16,483,682	553,699	167,816	133,237	17,927,330

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

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers						
External customers	588,896	16,483,682	553,699	167,816	133,237	17,927,330
Inter-segment	15,718	–	302	84,279	46,621	146,920
Total	**604,614**	**16,483,682**	**554,001**	**252,095**	**179,858**	**18,074,250**
Rental revenue	2,915,841	–	–	–	–	2,915,841
Rental adjustments	(11,814)	–	–	–	–	(11,814)
Revenue from rental total	**2,904,027**	**–**	**–**	**–**	**–**	**2,904,027**
Inter-segment elimination	**(15,718)**	**–**	**(302)**	**(84,279)**	**(46,621)**	**(146,920)**
Revenue disclosed in segment information	**3,492,923**	**16,483,682**	**553,699**	**167,816**	**133,237**	**20,831,357**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Performance obligations for contracts with customers

Development and sales of properties (revenue recognised at a point in time)

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 20%~100% (2022: 20%~100%) of the contract value as deposits from customers when they sign the sale and purchase agreement. This will give rise to contract liabilities until the completed property is transferred to the customers. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

The Group assesses the advance payment by contract whether it may contain significant financing component. If the effects of the financing component will materially change the amount of revenue at a contract level, accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

The Directors apply the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property management related services, hotel room operation and other services

Revenue relating to the property management related services, hotel room operation and other services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or at a point in time when the customer obtains control of the distinct good or service, as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022, and the expected timing of recognising revenue are as follows:

	Sales of properties Year ended at 31 December	
	2023 **RMB'000**	2022 RMB'000
Within one year	**14,816,236**	5,971,559
More than one year but not more than two years	**5,679,695**	7,371,449
	20,495,931	13,343,008

All the property management related services, hotel room operation and other services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Leases

	Year ended **31/12/2023** **RMB'000**	Year ended 31/12/2022 RMB'000
Total revenue arising from operating lease		
Lease payments that are fixed or linked to the performance of lessees	**3,733,427**	2,904,027

Information regarding the segments is reported below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by reportable segments.

Year ended 31 December 2023

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue								
External customers	4,359,321	7,705,374	969,750	169,489	68,160	13,272,094	–	13,272,094
Inter-segment revenue	180,636		17	194,872	126,765	502,290	(502,290)	–
Consolidated	4,539,957	7,705,374	969,767	364,361	194,925	13,774,384	(502,290)	13,272,094
Segment results	2,698,218	339,314	58,187	284,454	38,171	3,418,344		3,418,344
Unallocated corporate income and other gains								2,146,836
Unallocated corporate expenses and other losses								(305,565)
Finance costs								(1,558,090)
Share of losses of associates								87,858
Share of profits of joint ventures								832,268
Impairment loss recognised on loans to associates								(933,798)
Impairment loss recognised on amount due from a joint venture								(193)
Impairment loss recognised on amount due from a non-controlling interest								(24,646)
Profit before tax as presented in consolidated statement of profit or loss								3,663,014

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and segment results (continued)

Year ended 31 December 2022

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue								
External customers	3,504,737	16,483,682	553,699	167,816	133,237	20,843,171	–	20,843,171
Inter-segment revenue	15,718	–	302	84,279	46,621	146,920	(146,920)	–
Consolidated	3,520,455	16,483,682	554,001	252,095	179,858	20,990,091	(146,920)	20,843,171
Rental adjustments								(11,814)
Revenue as presented in consolidated statement of profit or loss								20,831,357
Segment results	1,155,164	2,812,076	(113,815)	158,924	65,404	4,077,753		4,077,753
Unallocated corporate income and other gains								222,146
Unallocated corporate expenses and other losses								(439,724)
Finance costs								(1,251,797)
Share of losses of associates								(40,226)
Share of profits of joint ventures								68,164
Impairment loss recognised on loan to an associate								(35,845)
Profit before tax as presented in consolidated statement of profit or loss								2,600,471

Inter-segment revenue was charged at prices agreed between group entities, which have no material differences as compared to the prices provided to the third parties.

Segment revenue represents revenue earned by each segment without rental adjustments for property letting relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease. Segment results represent the profit earned/loss incurred by each segment without allocation of certain items incurred for management purpose, including certain other income, certain other gains and losses, certain administrative expenses, finance costs, share of profits/losses of associates and joint ventures, impairment loss recognised on loans to associates and amounts due to a joint venture and a non-controlling interest. The above is the measure reported to the Executive Director for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the Executive Directors for the purposes of resource allocation and performance assessment.

Geographical information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Mainland China	**13,150,501**	20,715,893
Hong Kong	**121,593**	115,464
	13,272,094	20,831,357

Information about the Group's non-current assets by location is detailed below.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Mainland China	**67,035,941**	72,256,327
Hong Kong	**2,515,380**	2,703,390
	69,551,321	74,959,717

Non-current assets exclude goodwill, deferred tax assets, financial instruments and deposits under non-current assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. REVENUE AND SEGMENT INFORMATION (continued)

Other information

Amounts regularly provided to the CODM (included in the measure of segment profit or loss or segment assets) are as follows:

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Year ended 31 December 2023						
Impairment loss recognised under expected credit loss model, net	**5,843**	**7,195**	**8**	**1,403**	**1,203**	**15,652**
Depreciation of property, plant and equipment	**18,688**	**3,663**	**158,177**	**859**	**9,452**	**190,839**
Depreciation of right-of-use assets	**8,780**	**1,013**	**57,872**	**439**	**860**	**68,964**
Loss/(gain) on disposal of property, plant and equipment, net	**2,941**	**411**	**(29)**	**166**	**(363)**	**3,126**
Impairment loss on properties held for sale	**–**	**130,890**	**–**	**–**	**–**	**130,890**
Impairment loss on properties under development for sales	**–**	**734,204**	**–**	**–**	**–**	**734,204**
Year ended 31 December 2022						
Impairment loss recognised/(reversed) under expected credit loss model, net	15,903	4,626	(696)	42,138	4,594	66,565
Depreciation of property, plant and equipment	19,588	3,755	163,819	1,188	11,845	200,195
Depreciation of right-of-use assets	12,327	2,603	54,534	1,141	1,519	72,124
Loss/(gain) on disposal of property, plant and equipment, net	3,213	14	(1,184)	–	–	2,043
Impairment loss on properties held for sale	–	209,114	–	–	–	209,114
Impairment loss on properties under development for sales	–	81,972	–	–	–	81,972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income from:		
Banks	**191,545**	120,920
A non-banking financial institution*	**31,336**	19,685
Loans to joint ventures	**191**	7
Loans to associates	**153,294**	136,708
Loan to non-controlling interests	**26,667**	13,728
Government grants (Note)	**44,311**	42,704
Others	**7,185**	7,230
	454,529	340,982

* The non-banking financial institution is COFCO Finance Corporation Limited ("**COFCO Finance**"), a fellow subsidiary of the Group.

Note: Various government grants have been received for developments in certain provinces in Mainland China. The government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development. There are no unfulfilled conditions or contingencies relating to these grants.

7. OTHER GAINS AND LOSSES, NET

	2023 RMB'000	2022 RMB'000
Loss on disposal of property, plant and equipment, net	**(3,126)**	(2,043)
Impairment loss on properties held for sale	**(130,890)**	(209,114)
Impairment loss on properties under development for sale	**(734,204)**	(81,972)
Gain on disposal of subsidiaries	**1,644,899**	10,314
Exchange gain/(loss), net	**62,028**	(147,084)
Others	**28,379**	117,922
	867,086	(311,977)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023 RMB'000	2022 RMB'000
Impairment loss recognised		
– accounts receivable	**7,814**	9,852
– other receivables	**6,407**	3,542
– loans to associates	**933,798**	35,845
– amounts due from fellow subsidiaries	**1,431**	7,336
– amounts due from joint ventures	**193**	45,764
– amount due from a non-controlling interest	**24,646**	71
	974,289	102,410

9. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on:		
Bank borrowings	**1,159,495**	731,206
Loans from a non-banking financial institution	**25,501**	51,920
Loans from other fellow subsidiaries	**14,632**	7,355
Loan from a joint venture	**219,525**	183,580
Loan from non-controlling interests	**36,175**	112,777
Loan from an associate	**9,940**	771
Bonds payable	**137,320**	134,542
Loans from third parties	**389,261**	430,416
Lease liabilities	**8,251**	11,256
Others	**39,334**	35,757
Total interest expenses	**2,039,434**	1,699,580
Less: Interest capitalised:		
Investment properties under development (Note 16)	**(77,709)**	(88,278)
Properties under development for sale (Note 24(b))	**(403,635)**	(359,505)
	(481,344)	(447,783)
	1,558,090	1,251,797

Borrowing costs capitalised to investment properties under development and properties under development for sale were based on actual borrowing costs incurred.

Borrowing costs were capitalised at rates ranging from 2.35% to 6.91% (2022: 3.00% to 6.48%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

10. PROFIT BEFORE TAX

	2023 RMB'000	2022 RMB'000
Profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments (Note 14)	**3,647**	2,718
Depreciation and amortisation:		
Amortisation:		
– Intangible assets (included in cost of sales)	**5,114**	4,191
– Intangible assets (included in administrative expenses)	**4,513**	5,584
– Intangible assets (included in distribution and selling costs)	**755**	1,190
Depreciation of right-of-use assets	**68,964**	72,124
Depreciation of property, plant and equipment	**190,839**	200,195
Total depreciation and amortisation	**270,185**	283,284
Cost of sales and services rendered:		
Cost of properties sold	**5,859,523**	12,887,739
Direct operating expenses arising from investment properties that generated rental income	**999,931**	888,996
Direct operating expenses arising from provision of property management and other property related services	**76,984**	128,352
Direct operating expenses from hotel services provided	**694,165**	519,912
	7,630,603	14,424,999
Employee benefits expense (including directors' emoluments (Note 14)):		
Salaries, allowances and other benefits	**1,050,336**	1,005,727
Retirement benefit scheme contributions	**88,900**	96,206
	1,139,236	1,101,933
Less: Capitalised in properties under development for sale and investment properties under development	**(156,210)**	(159,325)
	983,026	942,608
Advertising and promotion expenses (included in distribution and selling costs)	**224,361**	196,224
Auditors' remuneration	**2,250**	2,250

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

11. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax:		
PRC Enterprise Income Tax	**1,613,207**	992,708
PRC Dividend Withholding Tax	**60,635**	34,239
LAT	**182,893**	409,671
Hong Kong Profits Tax	**30,267**	13,991
	1,887,002	1,450,609
Under provision in prior years:		
PRC Enterprise Income Tax	**11,338**	16,148
Deferred tax (Note 22)	**345,048**	33,136
Total	**2,243,388**	1,499,893

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The subsidiaries in Mainland China are subject to PRC Enterprise Income Tax ("**EIT**") at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The law of the PRC on EIT provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to 5% to 10% withholding tax under the tax treaty or the domestic law. The Group is currently subject to withholding tax at 10% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Pursuant to the rules and regulations of the British Virgin Islands, Bermuda and Samoa, the Group is not subject to any income tax in the British Virgin Islands, Bermuda and Samoa.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

11. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2023 RMB'000	2022 RMB'000
Profit before tax	**3,663,014**	2,600,471
Tax at PRC EIT rate of 25% (2022: 25%)*	**915,754**	650,118
Lower tax rates for entities of the Group operating in other jurisdictions	**233,026**	44,486
PRC LAT	**182,893**	380,386
Tax effect of PRC LAT	**(45,723)**	(95,097)
Tax effect of expenses not deductible for tax purpose	**570,662**	198,514
Tax effect of income not taxable for tax purpose	**(41,005)**	(16,865)
Tax effect of tax losses not recognised	**98,602**	128,989
Tax effect of unrecognised deductible temporary difference	**217,785**	70,481
Tax effect of utilisation of tax losses/deductible temporary difference not previously recognised	**(3,970)**	(8,177)
Tax effect of share of losses of associates	**(22,540)**	8,689
Tax effect of share of losses of joint ventures	**3,143**	34,962
Effect of withholding tax on undistributed profits	**112,201**	66,693
Under provision of current taxation in prior years	**11,338**	16,148
Others	**11,222**	20,566
Income tax expense for the year	**2,243,388**	1,499,893

* The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

12. DIVIDENDS

Final dividend in respect of the year ended 31 December 2022 of HK1.2 cents per ordinary share has been proposed by the Directors on 31 March 2023 and was approved by the shareholders at the annual general meeting conducted on 7 June 2023 (the "**2022 Final Dividend**"). Pursuant to the approval of the shareholders, 2023 Final Dividend of approximately HK$171 million or RMB153 million and HK$13 million or RMB12 million were distributed to the ordinary shareholders and holders of the CPS respectively during the year ended 31 December 2023.

Subsequent to the end of the reporting period, a final dividend and special dividend in respect of the year ended 31 December 2023 of HK0.72 cents and HK0.72 cents per ordinary share respectively, in an aggregate amount of approximately HK$205 million or RMB183 million (2022: a final dividend of approximately HK$171 million or RMB153 million), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

The holders of the CPS are entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore they are entitled to receive the 2023 final dividend and special dividend of approximately HK$16 million or RMB14 million in aggregate (2022: a final dividend of approximately HK$13 million or RMB12 million).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic earnings per share		
(Profit for the year attributable to owners of the Company)	**340,027**	530,773

	Year ended 31 December	
	2023	2022
Number of shares ('000)		
For the purpose of basic earnings per share:		
Number of ordinary shares	**14,231,125**	14,231,125
Number of non-redeemable convertible preference shares (Note 35)	**1,095,301**	1,095,301
Number of shares for the purpose of basic earnings per share	**15,326,426**	15,326,426

The number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2023 and 2022 were calculated on the basis of the number of the ordinary shares of the Company and CPS in issue during the years.

The calculation of the diluted earnings per share for the years ended 31 December 2023 and 2022 does not assume the exercise of the written put option on shares of a subsidiary as the dilution effect is not considered material.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

14. DIRECTORS' EMOLUMENTS

Details of the emoluments paid to the Directors for the year are as follows:

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2023					
Executive directors					
Mr. YAO Changlin ("**Mr. YAO**") (appointed on 11 December 2023)	–	80	–	11	91
Mr. CAO Ronggen ("**Mr. CAO**") (resigned on 11 December 2023)	–	952	1,159	164	2,275
Non-executive directors					
Mr. CHEN Lang	–	–	–	–	–
Mr. MA Dewei	–	–	–	–	–
Mr. LIU Yun	–	–	–	–	–
Mr. ZHU Laibin	–	–	–	–	–
Independent non-executive directors					
Mr. LAU Hon Chuen, Ambrose	427	–	–	–	427
Mr. LAM Kin Ming, Lawrence	427	–	–	–	427
Mr. CHAN Fan Shing	427	–	–	–	427
Total	1,281	1,032	1,159	175	3,647

14. DIRECTORS' EMOLUMENTS (continued)

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2022					
Executive directors					
Mr. YOU Wei (resigned on 30 September 2022)	–	–	–	–	–
Mr. CAO	–	1,253	88	249	1,590
Non-executive directors					
Mr. CHEN Lang (appointed on 30 September 2022)	–	–	–	–	–
Mr. MA Dewei	–	–	–	–	–
Mr. LIU Yun	–	–	–	–	–
Mr. ZHU Laibin	–	–	–	–	–
Independent non-executive directors					
Mr. LAU Hon Chuen, Ambrose	376	–	–	–	376
Mr. LAM Kin Ming, Lawrence	376	–	–	–	376
Mr. CHAN Fan Shing	376	–	–	–	376
Total	1,128	1,253	88	249	2,718

None of the Directors has waived or agreed to waive any emoluments paid by Group for the years ended 31 December 2022 and 2023. No emoluments were paid by the Group to any of the Directors as an incentive payment for joining the Group or as compensation for loss of office during both year.

The independent non-executive directors' emoluments shown above were mainly for their services as Directors.

In 2023 and 2022, Mr. CAO and Mr. YAO received remuneration from Tianjin Joy City Commercial Management Co., Ltd., which is a subsidiary of the Company for their service in connection with the management of the affairs of the Company and the Group. All non-executive directors were not paid directly by the Company in 2023 and 2022 but received remuneration from the ultimate holding company, in respect of their services to the larger group which includes the Company and its subsidiaries. In 2023 and 2022, no apportionment has been made as the qualifying services provided by these directors to the Company and its subsidiaries are incidental to their responsibilities to the larger group or Grandjoy Holdings Group.

Mr. YAO received remuneration amounted to RMB1,945,000 as senior management of the Company before appointed as director on 11 December 2023. Subsequently, Mr. YAO received remuneration amounted to RMB91,000 as director up to the end of reporting period. As a result, Mr. YAO received remuneration amounted RMB2,036,000 in aggregate and included in the five highest paid employees set out in Note 15.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

15. EMPLOYEE'S EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2022: one), details of whose remuneration are set out in Note 14 above. Details of the remuneration for the year of the remaining three (2022: four) individuals are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, allowances and other benefits	**5,829**	6,216
Retirement benefit scheme contributions	**570**	676
	6,399	6,892

The emoluments of the above individuals fell within the following bands:

	Year ended 31 December	
	2023	2022
	Number of individuals	
HK$1,500,001 – HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**2**	1
HK$2,500,001 – HK$3,000,000	**1**	1
	3	4

Save as disclosed above, the Directors confirm that no inducement to join the Group, compensation for loss of any office in connection with the management of the affairs of any member of the Group has been made to the five highest paid individuals during the year ended 31 December 2023 and 2022.

16. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 25 years (2022:1 to 15 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail stores contain variable lease payment that are based on 1% to 40% (2022:1% to 40%) sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

16. INVESTMENT PROPERTIES (continued)

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Fair value			
At 1 January 2022	56,529,221	4,627,999	61,157,220
Additions on subsequent expenditure	603,290	1,850,665	2,453,955
Disposal	(2,902)	–	(2,902)
Addition of leased investment properties	20,282	–	20,282
Transfer from construction in progress upon completion	3,139,797	(3,139,797)	–
Interest capitalised (Note 9)	–	88,278	88,278
Change in fair value recognised in profit or loss	(820,162)	37,554	(782,608)
Others	646	–	646
Exchange realignment	220,975	–	220,975
At 31 December 2022	59,691,147	3,464,699	63,155,846
Additions on subsequent expenditure	**29,368**	**1,325,934**	**1,355,302**
Disposal	**(5,277)**	**–**	**(5,277)**
Disposal of subsidiaries	**(7,769,000)**	**–**	**(7,769,000)**
Addition of leased investment properties	**3,962**	**–**	**3,962**
Transfer from construction in progress upon completion	**1,802,442**	**(1,802,442)**	**–**
Transfer from Property, plant and equipment	**8,064**	**–**	**8,064**
Interest capitalised (Note 9)	**–**	**76,831**	**76,831**
Change in fair value recognised in profit or loss	**64,996**	**20,477**	**85,473**
Exchange realignment	**38,127**	**–**	**38,127**
At 31 December 2023	**53,863,829**	**3,085,499**	**56,949,328**
Unrealised gain/(loss) on property revaluation included in profit or loss			
During the year ended 31 December 2023	**64,996**	**20,477**	**85,473**
During the year ended 31 December 2022	**(820,162)**	**37,554**	**(782,608)**

All of the Group's property interests held for operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

16. INVESTMENT PROPERTIES (continued)

Details of the Group's completed investment properties and investment properties under development as at 31 December 2023 and 31 December 2022 were as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Commercial properties located in Hong Kong	**2,508,730**	2,550,287
Commercial properties located in Mainland China	**54,440,598**	55,849,559
Residential properties located in Mainland China	**–**	4,756,000
	56,949,328	63,155,846

At 31 December 2023, the Group's investment properties with an aggregate carrying amount of RMB22,043,176,000 (2022: RMB34,824,040,000) were pledged to secure banking facilities granted to the Group (Note 41).

At 31 December 2023, building ownership certificates in respect of investment properties of the Group with an aggregate carrying amount of RMB3,234,709,000 (2022: RMB7,073,061,000) had not been issued by the relevant PRC authorities.

Fair value measurement of the Group's investment properties

In estimating the fair value of the investment properties, the Directors use market observable data to the extent it is available. The Directors work closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's completed investment properties and investment properties under development in Hong Kong and Mainland China at 31 December 2023 has been arrived at on the basis of a valuation carried out by Cushman & Wakefield ("**C&W**") and Savills Real Estate Valuation (Guangzhou) Ltd. Bejijing Branch (2022: C&W), independent qualified professional valuers which are not connected with the Group.

For completed investment properties, the valuations were arrived at by making reference to the comparable market transactions as available in the market and where appropriate, by valuing the properties on the basis of capitalisation of the rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

For investment properties under development, the valuations were arrived at using the residual method. Residual method is essentially a means of valuing the project by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risk associated with the development.

There has been no change in the valuation techniques during the current year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

16. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties (continued)

The amount of the change in fair value recognised in profit or loss was mainly related to investment properties held at the end of each reporting period.

The fair values of the Group's investment properties at 31 December 2023 and 2022 are all grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the both years.

The following table gives information about how the fair values of the Group's major investment properties as at 31 December 2023 and 2022 are determined. The significant unobservable inputs included (i) capitalisation rate, which taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition; and (ii) monthly unit rent, which using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

	Significant unobservable inputs			
Major investment properties of the Group	**Capitalisation rate**		**Monthly unit rent (sq.m/month)**	
	2023	2022	**2023 RMB**	2022 RMB
Completed investment properties				
Beijing COFCO Plaza				
– office	**6.0%**	6.0%	**336 to 442**	349 to 436
– shop	**5.0%**	5.0%	**46 to 381**	45 to 376
Fraser Suites Top Glory, Shanghai				
– residential units (Note)	**–**	2.5%	**–**	294
COFCO Tower, Hong Kong				
– office	**3.1%**	3.0%	**367 to 416**	295 to 334
– shop	**3.5%**	3.5%	**823**	616
Xidan Joy City				
– office	**6.0%**	6.0%	**326 to 360**	333 to 368
– shop	**6.5%**	6.5%	**475 to 1,614**	286 to 1,620
Chaoyang Joy City – shop	**6.5%**	6.5%	**52 to 768**	35 to 866
Tianjin Joy City – shop	**7.0%**	7.0%	**55 to 475**	53 to 448
Shanghai Jing'an Joy City – shop				
– South Tower	**6.5%**	6.5%	**116 to 752**	116 to 751
– North Tower	**6.5%**	6.5%	**201 to 840**	200 to 835
Shenyang Joy City – shop	**7.0%**	7.0%	**68 to 384**	69 to 359
Chengdu Joy City – shop	**4.5%**	6.0%	**95 to 312**	53 to 364

Note: These investment properties were held by Shanghai Top Glory and were derecognised upon the disposal of Shanghai Top Glory in November 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

17. PROPERTY, PLANT AND EQUIPMENT

	Office properties RMB'000	Office improvements RMB'000	Hotel properties RMB'000	Equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
Costs:						
At 1 January 2022	637,333	31,506	3,589,261	1,283,159	74,676	5,615,935
Additions	13	11,401	169	15,404	3	26,990
Disposals	(9,866)	–	(5,848)	(31,670)	(922)	(48,306)
Disposal of a subsidiary	(22,732)	–	–	–	–	(22,732)
Others	–	–	–	(576)	–	(576)
Exchange realignment	–	–	–	4,588	–	4,588
At 31 December 2022	604,748	42,907	3,583,582	1,270,905	73,757	5,575,899
Additions	1,473	3,283	1,239	24,576	166	30,737
Disposals	(435)	–	(5,858)	(25,005)	(3,675)	(34,973)
Disposal of subsidiaries	(22,558)	–	–	(27,321)	(826)	(50,705)
Transfer to Investment properties	(10,200)	–	–	–	–	(10,200)
Transfer from construction in progress	–	–	–	–	–	–
Others	–	–	–	81	(81)	–
Exchange realignment	–	–	–	611	–	611
At 31 December 2023	573,028	46,190	3,578,963	1,243,847	69,341	5,511,369
Accumulated depreciation:						
At 1 January 2022	173,053	13,425	1,032,652	980,725	69,595	2,269,450
Charge for the year	15,557	9,786	118,891	52,014	3,947	200,195
Eliminated on disposals	(2,795)	–	(5,848)	(30,816)	(922)	(40,381)
Disposal of a subsidiary	(2,274)	–	–	–	–	(2,274)
Exchange realignment	–	–	–	4,350	–	4,350
At 31 December 2022	**183,541**	**23,211**	**1,145,695**	**1,006,273**	**72,620**	**2,431,340**
Charge for the year	**33,088**	**11,150**	**95,740**	**50,861**	**–**	**190,839**
Eliminated on disposals	**(319)**	**–**	**(5,530)**	**(21,469)**	**(3,558)**	**(30,876)**
Disposal of subsidiaries	**(2,724)**	**–**	**–**	**(22,269)**	**(595)**	**(25,588)**
Transfer to Investment properties	**(2,136)**	**–**	**–**	**–**	**–**	**(2,136)**
Other	**–**	**–**	**(1,365)**	**1,440**	**(75)**	**–**
Exchange realignment	**–**	**–**	**–**	**(871)**	**–**	**(871)**
At 31 December 2023	**211,450**	**34,361**	**1,234,540**	**1,013,965**	**68,392**	**2,562,708**
Accumulated impairment:						
At 1 January 2022	59,306	–	–	3,386	–	62,692
Disposals	(7,071)	–	–	–	–	(7,071)
At 31 December 2022	52,235	–	–	3,386	–	55,621
Charge or the year	–	–	–	–	–	–
At 31 December 2023	52,235	–	–	3,386	–	55,621
Net carrying amounts:						
At 31 December 2023	**309,343**	**11,829**	**2,344,423**	**226,496**	**949**	**2,893,040**
At 31 December 2022	368,972	19,696	2,437,887	261,246	1,137	3,088,938

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, less their estimated residual value, if any, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Office properties	1.8% to 10%
Office improvements	Over the shorter of the term of the lease, and 10% to 25%
Hotel properties	2.5% to 10%
Equipment, furniture and fixtures and motor vehicles	5% to 20%

At 31 December 2023, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB2,033,699,000 (2022: RMB2,397,126,000) were pledged to secure banking facilities granted to the Group and a loan from non-controlling interest (Note 41).

At 31 December 2023, building ownership certificates in respect of certain office properties and hotel properties of the Group in Mainland China with an aggregate net carrying amount of approximately RMB134,673,000 (2022: RMB138,474,000) had not been issued by the relevant PRC authorities.

Details of the Group's office properties and hotel properties as at 31 December 2023 and 2022 were as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Located in Mainland China	**2,653,366**	2,806,150
Located in Hong Kong	**400**	709
	2,653,766	2,806,859

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Costs:			
At 1 January 2022	2,013,492	62,080	2,075,572
Additions	–	894	894
Early termination of lease contracts	–	(2,273)	(2,273)
Disposal of subsidiaries	(12,569)	–	(12,569)
At 31 December 2022	2,000,923	60,701	2,061,624
Additions	–	3,572	3,572
Early termination of lease contracts	–	(13,759)	(13,759)
Disposal of subsidiaries	–	(4,256)	(4,256)
At 31 December 2023	2,000,923	46,258	2,047,181
Accumulated depreciation:			
At 1 January 2022	436,440	24,868	461,308
Charge for the year	60,381	11,743	72,124
Early termination of lease contracts	–	(1,255)	(1,255)
Disposal of subsidiaries	(1,432)	–	(1,432)
At 31 December 2022	495,389	35,356	530,745
Charge for the year	59,856	9,108	68,964
Early termination of lease contracts	–	(13,605)	(13,605)
Disposal of subsidiaries	–	(4,256)	(4,256)
At 31 December 2023	555,245	26,603	581,848
Net carrying amounts recognised for the year:			
At 31 December 2023	1,445,678	19,655	1,465,333
At 31 December 2022	1,505,534	25,345	1,530,879

	At 31 December	
	2023 RMB'000	2022 RMB'000
Expense relating to short-term leases	**17,158**	17,676
Total cash outflow for leases	**106,420**	93,762
Additions to right-of-use assets	**3,572**	894

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18. RIGHT-OF-USE ASSETS (continued)

At 31 December 2023, certain of the Group's right of use assets with a net carrying amounts of approximately RMB1,224,527,000 (2022: RMB1,380,115,000) were pledged to secure banking facilities granted to the Group (Note 41).

For both years, the Group leases various offices and retail stores for its operations. Lease contracts are entered into for fixed term of 2 years to 10 years. The Group's right of use assets are depreciated on a straight-line basis at the rates ranging from 10% to 50% per annum. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

19. INTANGIBLE ASSETS

	RMB'000
Costs:	
At 1 January 2022	198,376
Additions	13,179
At 31 December 2022	211,555
Additions	7,888
Disposal	(419)
Disposal of subsidiaries	(4,121)
At 31 December 2023	214,903
Accumulated amortisation:	
At 1 January 2022	90,644
Amortisation provided during the year	10,965
At 31 December 2022	101,609
Amortisation provided during the year	10,382
Eliminated on disposal	(419)
Eliminated on disposal of subsidiaries	(3,588)
At 31 December 2023	107,984
Net carrying amounts:	
At 31 December 2023	106,919
At 31 December 2022	109,946

Intangible assets represent computer software and project concession rights. Computer software are stated at cost less any impairment losses and amortised on the straight-line basis over their estimated useful life of 5 years. Project concession rights in Sanya and Hangzhou were completed and amortised in 2019 over their estimated useful life of 30 years and 28 years respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

20. INTERESTS IN ASSOCIATES

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Cost of investments, unlisted	**1,830,971**	1,208,161
Share of post-acquisition results and other comprehensive income	**(369,820)**	(457,678)
	1,461,151	750,483

Details of the Group's principal associates at the end of the reporting period are as follows:

Company name	Place of establishment/ incorporation	Place of operation	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2023	2022	Principal activity
Beijing Xinrun Zhiyuan Real Estate Co., Ltd. ("**Xinrun Zhiyuan**")*	PRC	Beijing, PRC	**20%**	20%	Property development
Kunming Luosiwan Guoyue Real Estate Co., Ltd. ("**Kunming Luosiwan**")	PRC	Kunming, PRC	**30%**	30%	Property development
Fancy Merit Ltd.	Hong Kong	Qingdao, PRC	**49%**	49%	Property development
Beijing Hengliang Yuetong Real Estate Development Co., Ltd. ("**Beijing Hengliang**")	PRC	Beijing, PRC	**49%**	49%	Property development
Hangzhou Zhaoyue Enterprise Management Co., Ltd ("**Hangzhou Zhaoyue**")**	PRC	Zhejiang, PRC	**30.5%**	–	Property development

* During the year ended 31 December 2022, the Group and the shareholder of Xinrun Zhiyuan injected additional capital to the associate in proportion to their ownership interests in Xinrun Zhiyuan. The Group injected RMB420,000,000 accordingly with no change in its proportion of ownership interest in the associate.

** In November 2023, the Group subscribed for 30.5% equity interest in Hangzhou Zhaoyue, a newly incorporated company in the PRC at RMB606,203,000. In December 2023, the Group and the shareholders injected additional capital to the associate in proportion to their ownership interests in Hangzhou Zhaoyue. The Group injected RMB16,607,000 accordingly with no change in its proportion of ownership interest in the associate.

Aggregate information of associates that are not individually material

	2023	2022
	RMB'000	RMB'000
The Group's share of profit/(loss)	**87,858**	(40,226)
Aggregate carrying amount of the Group's interests in these associates	**1,461,151**	750,483

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

21. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Cost of investments, unlisted	**6,054,485**	6,534,838
Share of post-acquisition results and other comprehensive income	**621,065**	(211,213)
Total	**6,675,550**	6,323,625

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Company name	Place of establishment/ incorporation	Place of operation	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2023	2022	Principal activity
Colour Bridge Holdings Ltd.	British Virgin Islands	Shanghai, PRC	**50%**	50%	Property development
Garbo Commercial Property Fund L.P.	Cayman Islands	Shanghai and Xi'an, PRC	**36.4%**	36.4%	Investment property
Changzhou Jingrui Real Estate Co., Ltd.*	People's Republic of China	Changzhou, PRC	**49%**	49%	Property development

* The English name is translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

Summary of financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture which is accounted for using the equity method is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

21. INTERESTS IN JOINT VENTURES (continued)

Colour Bridge Holdings Ltd.

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**2,454,771**	16,386,136
Non-current assets	**12,088,643**	198,619
Total assets	**14,543,414**	16,584,755
Current liabilities	**2,623,940**	6,654,470
Non-current liabilities	**413,337**	142,888
Total liabilities	**3,037,277**	6,797,358
Non-controlling interest	**115,748**	98,181
Net assets of the Group's interests	**11,390,389**	9,689,216
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**1,924,895**	4,460,326
Current financial liabilities(excluding trade and other payables, and provisions)	**312,461**	688,599

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**17,821,552**	451,887
Depreciation and amortisation	**(22)**	(938)
Income tax expense	**(4,494,565)**	(26,075)
Profit and total comprehensive income for the year	**1,718,740**	361,322
Non-controlling interest	**17,567**	3,616
Profit and total comprehensive income for the year shared by the Group	**850,587**	178,853

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

21. INTERESTS IN JOINT VENTURES (continued)

Colour Bridge Holdings Ltd. (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Colour Bridge Holdings Ltd. recognised in these consolidated financial statements.

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Net assets of Colour Bridge Holdings Ltd.	**11,390,389**	9,689,216
Proportion of the Group's ownership in Colour Bridge Holdings Ltd.	**50%**	50%
Carrying amount of the Group's interest in Colour Bridge Holdings Ltd.	**5,695,195**	4,844,608

Aggregate information of joint ventures that are not individually material

	2023	2022
	RMB'000	RMB'000
The Group's share of loss	**(18,319)**	(110,689)
Aggregate carrying amount of the Group's interests in these joint ventures	**980,355**	1,479,017

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Land appreciation tax RMB'000	Tax losses RMB'000	Impairment of assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	91,088	75,475	43,131	–	153,091	362,785
Credited to profit or loss (Note 11)	29,285	36,860	480	–	58,531	125,156
At 31 December 2022	**120,373**	**112,335**	**43,611**	**–**	**211,622**	**487,941**
Acquisition of a subsidiary	**–**	**679**	**–**	**–**	**–**	**679**
Disposal of a subsidiary	**–**	**(47,970)**	**–**	**–**	**–**	**(47,970)**
(Charged)/credited to profit or loss (Note 11)	**(6,596)**	**52,998**	**36,495**	**22,706**	**(25,168)**	**80,435**
At 31 December 2023	**113,777**	**118,042**	**80,106**	**22,706**	**186,454**	**521,085**

Deferred tax liabilities

	Investment property RMB'000	Tax depreciation allowance RMB'000	Dividend withholding tax RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	6,069,771	1,610,712	392,364	–	33,646	8,106,493
(Credited)/charged to profit or loss (Note 11)	(176,301)	248,072	66,693	–	19,828	158,292
Exchange realignment	–	–	–	–	1,100	1,100
At 31 December 2022	**5,893,470**	**1,858,784**	**459,057**	**–**	**54,574**	**8,265,885**
Disposal of subsidiaries	**(1,205,426)**	**(137,885)**	**–**	**–**	**–**	**(1,343,311)**
Charged/(credited) to profit or loss (Note 11)	**30,571**	**264,985**	**112,201**	**22,781**	**(5,055)**	**425,483**
Exchange realignment	**–**	**–**	**–**	**–**	**191**	**191**
At 31 December 2023	**4,718,615**	**1,985,884**	**571,258**	**22,781**	**49,710**	**7,348,248**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22. DEFERRED TAX

Deferred tax liabilities (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Deferred tax assets	**337,445**	314,755
Deferred tax liabilities	**(7,164,608)**	(8,092,699)
	(6,827,163)	(7,777,944)

At 31 December 2023, the Group had tax losses of RMB2,502,379,000 (2022: RMB2,266,504,000) arose in Mainland China to carry forward to set off against future taxable profit which will expire within 1 to 5 years from each of the financial year end date. A deferred tax asset has been recognised in respect of tax losses of RMB472,166,000 (2022: RMB449,342,000). No deferred tax asset has been recognised in respect of the remaining tax losses of RMB2,030,213,000 (2022: RMB1,817,162,000) due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the following years:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
To be expired on:		
31 December 2023	**–**	171,102
31 December 2024	**211,885**	211,956
31 December 2025	**484,729**	487,505
31 December 2026	**435,321**	437,146
31 December 2027	**504,379**	509,453
31 December 2028	**393,899**	–
Total unused tax losses not recognised as deferred tax assets	**2,030,213**	1,817,162

At 31 December 2023, the Group had estimated unused tax losses of RMB90,164,000 (2022: RMB90,739,000) arose in Hong Kong available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22. DEFERRED TAX

Deferred tax liabilities (continued)

Pursuant to the PRC Enterprise Income Tax Law, 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is currently subject to withholding tax at 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2023, deferred tax liabilities on certain undistributed profits of the PRC subsidiaries of approximately RMB88,648,000 (2022: RMB67,595,000), which were generated after 1 January 2008, have not been recognised as of 31 December 2023 because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON-CONTROLLING INTERESTS AND THIRD PARTIES

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Classified under current assets		
Loans to associates (Note (a))	**1,752,028**	1,015,816
Loans to non-controlling interests (Note (b))	**278,211**	995,000
	2,030,239	2,010,816
Classified under non-current assets		
Loans to associates (Note (a))	**663,875**	2,432,941
Loans to non-controlling interests (Note (b))	**751,740**	147,000
	1,415,615	2,579,941
Classified under current liabilities		
Loans from fellow subsidiaries (Note (d))	**590,761**	221,649
Loans from a non-controlling interest (Note (c))	**–**	1,833,015
Loans from third parties (Note (g))	**974,020**	25,560
	1,564,781	2,080,224
Classified under non-current liabilities		
Loans from fellow subsidiaries (Note (d))	**2,940**	1,068,500
Loans from a non-controlling interest (Note (c))	**94,856**	821,872
Loan from an associate (Note (e))	**248,934**	–
Loans from a joint venture (Note (f))	**5,824,800**	5,574,800
Loans from third parties (Note (g))	**6,924,780**	7,898,800
	13,096,310	15,363,972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON–CONTROLLING INTERESTS AND THIRD PARTIES (continued)

Notes:

(a) The loans to associates as at 31 December 2023 were unsecured, carried fixed interest at rates 0%-10% per annum (2022: 0%-10.00% per annum) and were classified into current assets and non-current assets according to their repayment term.

(b) The loans to non-controlling interests as at 31 December 2023 were unsecured, interest bearing at 0.35%-6.00% per annum (2022: 0.35%– 4.30% per annum) and were classified into current assets and non-current assets according to their repayment term.

(c) The loan from a non-controlling interest as at 31 December 2023 was unsecured, carried interest at rates 5.50% per annum (2022: 3.00% to 6.00% per annum) and was classified into non-current liabilities according to their repayment term.

(d) The loans from fellow subsidiaries carried interest at rates ranging from 3.65% to 7.47% per annum (2022: 2.09% to 4.00% per annum) and were classified into non-current liabilities according to their repayment term.

(e) The loan from an associate as at 31 December 2023 was unsecured, interest bearing at 4.00% per annum and repayable within two years.

(f) The loans from a joint venture as at 31 December 2023 was unsecured, interest bearing at 3.85% per annum and repayable within two years (2022: unsecured, interest bearing at 3.85% per annum and repayable within three years).

(g) The loans from third parties carried interest at rates ranging from 3.80% to 5.20% per annum (2022: ranging from 3.80% to 6.50% per annum) and were classified into current liabilities and non-current liabilities according to its repayment terms. Included in the above loans from third parties, RMB7,898,800,000 of which were guaranteed by the immediate holding company, Grandjoy Holdings Group as at 31 December 2023 (2022: RMB7,924,360,000). All of the third parties are other non-bank financial institutions such as trust institution and asset management company.

(h) Details of impairment assessment of loans to associates and non-controlling interests as at 31 December 2023 and 2022 are set out in Note 43.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON–CONTROLLING INTERESTS AND THIRD PARTIES (continued)

The maturity profile of the loans from fellow subsidiaries, non-controlling interests, an associate, a joint venture and third parties are as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Carrying amount of loans *		
Within one year	**1,564,781**	2,080,224
In the second year	**6,664,370**	1,368,495
In the third to fifth year, inclusive	**4,483,860**	9,430,017
Over five years	**1,948,080**	4,565,460
Total	**14,661,091**	17,444,196
Less: Amounts due within twelve months shown under current liabilities	**(1,564,781)**	(2,080,224)
Amounts shown under non-current liabilities	**13,096,310**	15,363,972

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

As at 31 December 2023, an aggregate amount of RMB389,875,000 (31 December 2022: RMB409,518,000) of loans to associates were denominated in United States dollars ("**US$**") and an amount of RMB55,967,000 (31 December 2022: RMB55,168,000) of loan from fellow subsidiaries was denominated in US$.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

24(a). PROPERTIES HELD FOR SALE

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Completed properties held for sale	**5,152,062**	4,615,638

The Group's properties held for sale are located in Mainland China. They are stated at the lower of cost and net realisable value.

During the year ended 31 December 2023, the Group recognised an impairment loss of RMB130,890,000 (2022: nil) on the completed properties held for sale (Note 7).

At 31 December 2023, the properties held for sale with a carrying amount of RMB711,308,000 (2022: RMB709,548,000) was pledged to secure certain banking facilities granted to the Group (Note 41).

Included in the completed properties held for sale is carrying amount of RMB3,450,724,000 (2022: RMB2,186,793,000) which is expected to be sold after more than twelve months from the end of the reporting period.

24(b). PROPERTIES UNDER DEVELOPMENT FOR SALE

	2023	2022
	RMB'000	RMB'000
At cost:		
At 1 January	**33,417,306**	32,691,200
Additions	**7,571,762**	11,288,538
Additions through assets acquisition (Note 46)	**5,161,332**	–
Transfer to properties held for sale upon completion	**(6,904,490)**	(10,839,965)
Interest capitalised during the year (Note 9)	**403,635**	359,505
Impairment loss (Note 7)	**(734,204)**	(81,972)
At 31 December	**38,915,341**	33,417,306

Included in the properties under development for sale as at 31 December 2023 was carrying amount of RMB20,176,399,000 (31 December 2022: RMB18,001,388,000) of which the development is expected to be completed and available for sale after more than twelve months from the end of the reporting period.

At 31 December 2023, the land on which properties under development for sale are located with a carrying amount of RMB11,313,878,000 (2022: RMB16,661,914,000) was pledged to secure certain banking facilities granted to the Group (Note 41).

Included in the properties under development for sale as at 31 December 2023 was the carrying amount of construction costs incurred of RMB5,605,015,000 (31 December 2022: RMB4,281,854,000) in relation to primary land development.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

25. ACCOUNTS RECEIVABLE

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Lease receivables	**108,621**	107,452
Property management fee receivables	**6,465**	11,427
Receivables from hotel operations and related services	**17,803**	19,686
Others	**4,737**	1,013
Less: Allowance for credit losses	**(23,178)**	(21,963)
	114,448	117,615

At 31 December 2023, the gross amount of accounts receivable from contracts with customers amounted to RMB29,005,000 (2022: RMB32,126,000).

At 31 December 2023, accounts receivable with an aggregate carrying amount of RMB2,756,000 (2022: RMB24,890,000) were pledged to secure certain banking facilities granted to the Group (Note 41).

The following is an aged analysis of accounts receivable at the end of the reporting period, excluding rental adjustments and net of allowance for credit losses, presented based on invoice date, except for lease receivables, which were presented based on the date of rental demand notice issued:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Less than 3 months	**92,444**	78,171
3 months to 1 year	**13,155**	34,074
1 to 2 years	**7,709**	3,356
2 to 3 years	**1,140**	2,014
	114,448	117,615

As at 31 December 2023, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of RMB76,809,000 (31 December 2022: RMB88,805,000) which are past due as at the reporting date. Out of the past due balances, RMB18,962,000 (31 December 2022: RMB31,980,000) has been past due for 90 days or more and is not considered as in default due to historical repayment history from these customers. The Group does not hold any collateral over these balances.

Details of impairment assessment of accounts receivable as at 31 December 2023 and 2022 are set out in Note 43.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2023 RMB'000	2022 RMB'000
Classified under non-current assets		
Other deposits	**158,329**	158,575
Classified under current assets		
Construction payments on behalf of government in relation to primary land development	**31,298**	108,000
Prepayments to suppliers	**85,899**	157,380
Other deposits paid	**1,180,568**	859,897
Prepaid LAT and other taxes	**2,087,151**	1,387,687
Receivables from tenants for utility expenses paid on their behalf	**32,906**	29,651
Restricted deposits from pre-sale properties	**204,127**	256,042
Other receivables	**154,986**	124,492
	3,776,935	2,923,149
Less: Allowance for credit losses	**(41,963)**	(36,957)
	3,734,972	2,886,192

Details of impairment assessment of deposits and other receivables as at 31 December 2023 and 2022 are set out in Note 43.

27. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES, JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING INTERESTS

The amounts due from/to fellow subsidiaries, holding companies, joint ventures, associates and non-controlling interests classified under current assets and current liabilities, respectively, were unsecured, interest-free and repayable on demand.

Included in amounts due to non-controlling interests as at 31 December 2023 was dividend payable to non-controlling interests of RM146,304,000 (2022: nil).

Details of impairment assessment of amounts due from associates, joint ventures, fellow subsidiaries and non-controlling interests as at 31 December 2023 and 2022 are set out in Note 43.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

27. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES, JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING INTERESTS (continued)

The particulars of the amounts due from fellow subsidiaries disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Amount due from a fellow subsidiary*:		
Name of fellow subsidiary		
中糧置地管理有限公司(COFCO Land Management Co., Ltd**) (“**COFCO Land Management**”)	**–**	–
Maximum amount outstanding during the year		
Name of fellow subsidiary		
COFCO Land Management	**232**	259

The amount is non-trade related, interest free and repayable on demand.

* Certain directors of this company are also directors of the Company.

** The English name is translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

The following amounts due from/to fellow subsidiaries, non-controlling interests and the immediate holding company are denominated in Hong Kong dollars (“**HK$**”) or US$, other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Denominated in HK$		
Amount due from non-controlling interests	**–**	513
Amounts due from joint ventures	**237**	90
Amounts due to fellow subsidiaries	**37,814**	26,741
Amounts due to non-controlling interests	**1,109**	3,279
Amount due to an intermediate holding company	**–**	16,989
Denominated in US$		
Amounts due to fellow subsidiaries	**13,773**	9,478
Amounts due from non-controlling interests	**–**	23,242
Amounts due from joint ventures	**323**	236

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

28. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED BANK DEPOSITS

	At 31 December	
	2023 RMB'000	2022 RMB'000
Cash at banks and on hand*	**15,732,196**	16,866,904
Non-pledged time deposits with an original maturity of:		
Three months or less when acquired	**3,700,000**	28,463
Cash and bank balances	**19,432,196**	16,895,367
Pledged deposits:		
For guarantees provided by the Group in respect of loan facilities utilised by property buyers (Note 41)	**2,406**	5,402
Restricted bank deposits	**46,188**	84,892

* Cash at COFCO Finance were amounted to RMB2,460,000,000 at 31 December 2023 (31 December 2022: nil).

Cash at banks earns interest at rates based on daily bank deposit rates. Short-term time deposits are made for varying periods not exceeding three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks.

The bank balances and deposits carry variable interest rates as follows:

	At 31 December	
	2023 %	2022 %
Interest rate per annum	**0.001 to 4.063**	0.01 to 2.20

Certain of the Group's cash and bank balances are denominated in the following currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Denominated in HK$	**44,044**	182,569
Denominated in US$	**342,359**	593,401
	386,403	775,970

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

29. ACCOUNTS PAYABLE

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Trade payables	**45,024**	35,734
Accrued expenditures on construction	**5,392,258**	5,968,523
	5,437,282	6,004,257

Accounts payable, including trade payables, accrued expenditures on construction and accrued land cost, mainly comprise construction costs, land cost and other project-related expenses in relation to properties under development for sale which are payable based on project progress measured by the Group. Trade payables are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the credit period is up to 2 years. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payables at the end of the reporting period based on invoice date.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**43,765**	35,649
1 to 2 years	**1,259**	85
	45,024	35,734

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

30. OTHER PAYABLES AND ACCRUALS

Classified under current liabilities

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Construction costs payable for property, plant and equipment	**–**	24
Construction costs payable for investment properties	**1,645,826**	2,010,401
Receipts of credit card payments on behalf of tenants	**395,408**	353,732
Rental deposits received	**428,652**	455,623
Other deposits received	**529,117**	1,584,653
Salaries and payroll payables	**286,084**	273,425
Rental receipts in advance	**423,520**	420,791
Other tax payable	**1,926,352**	1,183,657
Consideration payable for acquisition of a joint venture	**6,944**	6,934
Interest payables	**36,967**	37,984
Promotional fees payable	**87,482**	67,258
Obligation arising from put option to non-controlling interest (Note)	**389,517**	–
Other payables and accruals	**520,151**	479,443
	6,676,020	6,873,925

Classified under non-current liabilities

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Obligation arising from put option to non-controlling shareholder (Note)	**–**	389,517
Rental deposits received	**572,458**	576,861
	572,458	966,378

Note:

On 8 October 2018, Golden Prominent Limited ("**Golden**"), a wholly-owned subsidiary of the Company, entered into an agreement with Reco Valley Private Limited (the "**Partner**"), a third party, to establish a non wholly-owned subsidiary named Joy Valley Limited ("**Joy Valley**"), to bid for the land use rights for the purpose of developing a property project in Wuhan, HuBei Province, the PRC. Golden holds 51% equity interest in Joy Valley and the Partner holds the remaining 49% equity interest.

Pursuant to the agreement above, Golden has granted the put option (the "**Put Option**") to the Partner exercisable upon the date of completion of the two years operation of the shopping mall located on the piece of land of the project developed by Joy Valley, within a 30-day valid period, that the Partner has the right to require the Group to buy back the 49% equity interest in Joy Valley held by the Partner at a cash consideration with reference to the market value of net assets of Joy Valley attributable to the Partner. At initial recognition, the obligation arising from the Put Option represented the estimated present value of the amount of Golden could be required to pay the Partner amounting to RMB336,470,000. This amount has been recognised in the consolidated statement of financial position with a corresponding debit to other reserve, and was designated as at FVTPL.

The Put option was expired and lapsed on 31 January 2024 (the "**Expiry date**"), the initial recognition of the obligation arising from the Put Option amounting to RMB336,470,000 would be credited to other reserve, and the fair value changes between initial recognition and the Expiry date would be charged/credited to the profit or loss upon derecognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

31. BANK BORROWINGS

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Bank loans:		
Secured or guaranteed	**17,026,250**	18,463,308
Unsecured	**8,523,657**	5,879,064
	25,549,907	24,342,372
Represented:		
Fixed-rate borrowings	**470,000**	–
Floating-rate borrowings	**25,079,907**	24,342,372
	25,549,907	24,342,372

Details of securities for the secured bank loans are set out in Note 41. Certain of bank loans are under corporate guarantee executed by related parties and third parties as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Guaranteed by fellow subsidiaries of the Group	**6,393,471**	12,917,404
Guaranteed by non-controlling interests	**687,587**	213,141

The maturity profile of the above bank loans is as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Carrying amount of bank loans repayable*:		
Within one year	**7,202,336**	4,935,955
In the second year	**3,912,803**	5,153,957
In the third to fifth year, inclusive	**12,547,678**	12,640,806
Beyond five years	**1,887,090**	1,611,654
Total bank borrowings	**25,549,907**	24,342,372
Less: Amounts due within twelve months shown under current liabilities	**(7,202,336)**	(4,935,955)
Amounts shown under non-current liabilities	**18,347,571**	19,406,417

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

31. BANK BORROWINGS (continued)

As at 31 December 2023, the amount of RMB3,120,300,000 of bank borrowings was denominated in HK$ (2022: RMB3,498,939,000), and the amount of RMB7,645,518,000 of bank borrowings was denominated in US$ (2022: RMB12,803,794,000). Out of these foreign currency denominated bank loans, the Group has entered into interest rate swap agreements with independent counterparties to lock-up the variable interest rates of the loans amounting to RMB4,375,692,000 as at 31 December 2023 (31 December 2022: RMB4,302,730,000) into fixed rates. These interest rate swap instruments are designated as effective hedging instruments. The Group has entered into foreign currency forward contracts with independent counterparties to lock-up the variable foreign currency exchange rates of the loans amounting to RMB141,654,000 as at 31 December 2023 (31 December 2022: RMB5,710,972,000) into fixed rates. These exchange rate swap instruments are designated as effective hedging instruments.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings is as follows:

	At 31 December	
	2023	2022
	%	%
Effective interest rate per annum	**2.35 to 6.91**	3.20 to 6.36

32. BONDS PAYABLE

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Classified under current liabilities		
COFCO Commercial Property Investment Co., Ltd (Note)	**819,614**	1,017,676
Classified under non-current liabilities		
COFCO Commercial Property Investment Co., Ltd (Note)	**3,264,939**	2,962,245

Note:

On 9 January 2019, COFCO Commercial Property Investment Co., Ltd (中糧置業投資有限公司) ("**COFCO**"), a non-wholly-owned subsidiary of the Company, issued a six-year term and a seven-year term unsecured corporate bonds ("**CBI**" and "**CBII**") in the PRC, with principal amounts of RMB1,660,000,000 and RMB700,000,000 respectively. The coupon rates of the bonds are 3.94% and 4.10% per annum. At the end of the third year of CBI and the fifth year of CBII, the bond holders have a right to require COFCO to redeem the bonds at its par value plus accrued and unpaid interest, and COFCO has a right to adjust the coupon rate of the bonds from a range of 1-100 basis points.

On 27 March 2020, COFCO issued a three-year term and a five-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB900,000,000 and RMB600,000,000 respectively, carrying coupon rate of 3.14% and 3.60% per annum, respectively. The three-year term with principal amount of RMB900,000,000 was fully repaid during the year ended 31 December 2023.

On 19 January 2022, COFCO issued a five-year term and a seven-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB1,000,000,000 and RMB500,000,000 respectively. The coupon rates of the bonds are 3.08% and 3.49% per annum, respectively.

On 17 April 2023, COFCO issued a five-year term of unsecured corporate bonds in the PRC, with principal amount of RMB1,000,000,000. The coupon rate of the bond is 3.34% per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

33. CONTRACT LIABILITIES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Sales of properties	**19,322,421**	11,131,010
Others	**124,894**	54,843
	19,447,315	11,185,853

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Sales of properties	Others
	RMB'000	RMB'000
For the year ended 31 December 2023		
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	**4,973,303**	**24,282**
For the year ended 31 December 2022		
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	9,245,120	62,666

34. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount	(RMB equivalent)
		HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	28,904,699,222	2,890,470	2,293,502
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	14,231,124,858	1,423,112	1,122,414

35. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

CPS with a par value of HK$0.10 each were created as a new class of shares in the share capital of the Company on 19 December 2013. Upon the completion date of the Reverse Takeover Transaction on 19 December 2013, the Company issued 1,095,300,778 CPS (which are convertible into 1,095,300,778 new ordinary shares of the Company (the "**Shares**") subject to anti-diluted adjustments, to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the CPS (the "**Conversion Shares**")) to Achieve Bloom Limited, the then immediate holding company of the Company, as part of the consideration of the Reverse Takeover Transaction completed in December 2013, resulting in credits to equity of HK$2,190,602,000 (approximately RMB1,722,317,000).

The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share. Holders of the CPS will have the right to convert all or such number of CPS into the Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the ordinary shareholders of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction. Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares.

The Conversion Shares upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion. Listing approval for the Conversion Shares has been granted by the Stock Exchange.

If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).

No listing will be sought for the CPS on the Stock Exchange or any other stock exchange.

36. RESERVES

The reconciliation of each component of the Group's total equity, including share premium and reserves, is set out in the consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

37. PERPETUAL CAPITAL INSTRUMENTS

(a) In October 2014, COFCO, the ultimate holding company and a bank (the "**Bank**") have entered into an entrustment loan agreement (the "**Perpetual Loan Agreement**"), pursuant to which the ultimate holding company shall entrust the Bank to lend RMB3,768 million (the "**Perpetual Loan**") to the Group for the purpose of repaying part of the loans from the ultimate holding company. The Perpetual Loan Agreement took effect on 20 October 2014 and the Perpetual Loan had been granted to the Group. The Perpetual Loan bears interest at 6.5% per annum. The Perpetual Loan interest rate was changed to 3.905% took effect on 11 August 2023. Interest payments on the Perpetual Loan are paid annually in arrears from 20 October 2014 and can be deferred at the discretion of the Group. Neither the ultimate holding company nor the Bank could request for repayment of the principal and accrued interest save and except for when the Group elects to repay the principal and accrued interest at its sole discretion, or in the event of liquidation.

On 9 April 2019, 28 June 2018, 24 December 2017 and 22 December 2016, the Group repaid principal of the Perpetual Loan amounting to RMB1,200 million, RMB200 million, RMB500 million and RMB500 million to the ultimate holding company, respectively. As a result, the principal of the Perpetual Loan is amounted to RMB1,368 million as at 31 December 2023 (2022: RMB1,368 million).

On 16 December 2019 and 6 November 2020, COFCO issued a Perpetual Note (ref. no. MTN737) through the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) in the PRC. The final total principal amount of this Perpetual Note (ref. no. MTN737) amounts to RMB3,000 million with RMB1,500 million on each issue carries coupon rate of 4.25% and 4.51% respectively. During December 2022 and November 2023, COFCO repaid the Perpetual Note amount to RMB1,500 million and RMB1,500 million respectively, as a result, the Perpetual Loan (ref. no. MTN737) was fully repaid (2022: RMB1,500 million).

On 29 December 2022 and 1 August 2023, COFCO issued a Perpetual Note (ref. no. MTN787) through Bank of China Limited in the PRC. The final total principal amount of this Perpetual Note (ref. no. MTN787) amounted to RMB3,000 million with RMB1,500 million on each issue carries coupon rate of 5.10% and 3.45% respectively.

As a result, the principal of this Perpetual Note is amounted to RMB3,000 million as at 31 December 2023 (2022: RMB1,500 million).

(b) In December 2019, Zhejiang Herun Tiancheng Real Estate Co., Ltd (浙江和潤天成置業有限公司) ("**Herun Tiancheng**"), a wholly-owned subsidiary of the Company and the immediate holding company has entered into a loan agreement (the "**Herun Tiancheng Perpetual Loan Agreement**"), pursuant to which the immediate holding company shall lend RMB1,486 million (the "**Herun Tiancheng Perpetual Loan**") to Herun Tiancheng. The Herun Tiancheng Perpetual Loan Agreement took effect on 23 December 2019. The Herun Tiancheng Perpetual Loan bears interest at 4.35% per annum for the first five years, and adjusts each five years according to 5-year arithmetic average of PRC treasury bond yield. The principal doesn't have a maturity date and interest payments on the Herun Tiancheng Perpetual Loan are paid annually in arrears from 23 December 2019 and can be deferred at the discretion of Herun Tiancheng, or in the event of liquidation. In 2019 and 2021, the company repaid the Perpetual Loan principal of RMB560 million and RMB843 million to immediate holding company respectively. As a result, the principal of the Herun Tiancheng Perpetual Loan amounted to RMB83 million (2022: RMB83 million) as at 31 December 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

37. PERPETUAL CAPITAL INSTRUMENTS (continued)

(c) In December 2019, Beijing Kunting Asset Management Co., Ltd (北京昆庭資產管理有限公司) ("**Beijing Kunting**"), a non-wholly-owned subsidiary of the Company, and the immediate holding company has entered into a loan agreement (the "**Beijing Kunting Perpetual Loan Agreement**"), pursuant to which the immediate holding company shall lend RMB916 million (the "**Beijing Kunting Perpetual Loan**") to Beijing Kunting. The Beijing Kunting Perpetual Loan Agreement took effect on 31 December 2019. The Beijing Kunting Perpetual Loan bears interest at 4.35% per annum for the first five years, and adjusts each five years according to 5-year arithmetic average of PRC treasury bond yield. The principal doesn't have a maturity date and interest payments on the Beijing Kunting Perpetual Loan are paid annually in arrears from 31 December 2019 and can be deferred at the discretion of Beijing Kunting, or in the event of liquidation. On 25 December 2019, Beijing Kunting repaid principal of the Beijing Kunting Perpetual Loan amounting to RMB542 million to the immediate holding company. In 2021, the company repaid the Beijing Kunting Perpetual Loan principal of RMB341 million to immediate holding company. In 2023, the company repaid the Beijing Kunting Perpetual Loan principal of RMB33 million to immediate holding company.

As a result, the principal of the Beijing Kunting Perpetual Loan was fully repaid (2022: amounted to RMB33 million) during the year ended 31 December 2023.

(d) In December 2020, the Company has entered into a loan agreement ("**The Company Perpetual Loan Agreement**") with a fellow subsidiary, pursuant to which the fellow subsidiary shall lend HK$900 million (RMB760 million) ("**The Company Perpetual Loan**") to the Company. The Company Perpetual Loan Agreement took effect on 31 December 2020. The Company Perpetual Loan bears interest at 3-month Hongkong InterBank Offered Rate ("**HIBOR**") plus 1.15% per annum for the first three years, and adjusts each three years according to 3 month arithmetic average of HIBOR. The principal doesn't have a maturity date and interest payments on the Company Perpetual Loan are paid annually in arrears from 31 December 2020 and can be deferred at the discretion of the Company, or in the event of liquidation. In September 2021, the Company repaid the Company's Perpetual Loan principal of HK$120 million (RMB101 million) to the fellow subsidiary. As a result, the principal of the Company's Perpetual Loan reduced to HK$780 million (RMB659 million) as at 31 December 2021.

In August 2021, the Company has entered into a loan agreement with a fellow subsidiary, pursuant to which the fellow subsidiary shall lend HK$274 million (RMB228 million) to the Company. The Company Perpetual Loan Agreement took effect on 16 August 2021. The Company Perpetual Loan bears interest at 3-month Hongkong InterBank Offered Rate ("**HIBOR**") plus 1.15% per annum for the first three years, and adjusts each three years according to 3 month arithmetic average of HIBOR.

In 2022, the Company repaid the perpetual loan principal of HK$63 million (RMB54 million) to the fellow subsidiary. In 2023, the Company repaid the perpetual loan principal of HK$991 million (RMB833 million) to the fellow subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

37. PERPETUAL CAPITAL INSTRUMENTS (continued)

(d) (continued)

As a result, the principal of the perpetual loan from fellow subsidiary was fully repaid during the year ended 31 December 2023 (2022: HK$991 million (RMB883 million)).

(e) In December 2019, Jinan Joy City Co., Ltd.(濟南大悦城產業發展有限公司)("**Jinan Joy City**"), a 60%-owned subsidiary of the Company has entered into a loan agreement (the "**Jinan Joy City Perpetual Loan Agreement**"), pursuant to which Qingdao Zhiyue Co., Ltd., one of the wholly-owned subsidiary of Jinan Joy City, and a non-controlling interest shall lend RMB2,088 million (the "**Jinan Joy City Perpetual Loan**") to Jinan Joy City. The loan from the non-controlling interest amounts to RMB835 million. The Jinan Joy City Perpetual Loan Agreement took effect on 31 December 2019. The Jinan Joy City Perpetual Loan bears interest at 4.35% per annum for the first five years and adjusts each five years according to 5-year arithmetic average of PRC Treasury bond yield. The principal doesn't have a maturity date and interest payments on the Jinan Joy City Perpetual Loan are paid annually in arrears from 31 December 2019 and can be deferred at the discretion of Jinan Joy City, or in the event of liquidation. In 2020, Jinan Joy City repaid principal of the Perpetual Loan amounting to RMB148 million to non-controlling interests. In 2021, Jinan Joy City repaid principal of the Perpetual Loan amounting to RMB270 million to non-controlling interests. In 2022, Jinan Joy City repaid principal of the Perpetual Loan amounting to RMB70 million to non-controlling interests.

As a result, the loan from non-controlling interests amounted to RMB347 million as at 31 December 2023 (2022: RMB347 million).

(f) In July 2021, Chongqing Zeyue Industrial Co., Ltd.("重慶澤悦實業有限公司") ("**Chongqing Zeyue**"), a wholly-owned subsidiary of the Company, and the immediate holding company entered into a loan agreement (the "**Chongqing Zeyue Perpetual Loan Agreement**"), pursuant to which the direct holding company lend Chongqing Zeyue RMB470 million ("**Chongqing Zeyue Perpetual Loan**"). The Chongqing Zeyue Perpetual Loan Agreement became effective on 14 July 2021. The interest rate of Chongqing Zeyue Perpetual Loan is calculated at an annual interest rate of 1.15% for the first five years. Starting from the sixth interest-bearing year, the interest rate is adjusted every five years and remains unchanged during the five years. The principal doesn't have a maturity date and interest payments on the Chongqing Zeyue Perpetual Loan are paid quarterly in arrears from 14 July 2021 and can be deferred at the discretion of Chongqing Zeyue, or in the event of liquidation. In 2022, Chongqing Zeyue repaid principal of Chongqing Zeyue Perpetual Loan amounting to RMB200 million to the immediate holding company. In 2023, Chongqing Zeyue repaid principal of Chongqing Zeyue Perpetual Loan amounting to RMB270 million to the immediate holding company. As a result, the principal of the Chongqing Zeyue Perpetual Loan was fully repaid during the year ended 31 December 2023 (2022: RMB270 million).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

37. PERPETUAL CAPITAL INSTRUMENTS (continued)

(g) In July 2021, Chengdu Tianfu Chenyue Real Estate Co., Ltd. ("成都天府辰悦置業有限公司") ("**Tianfu Chenyue**"), a wholly-owned subsidiary of the Company, and the immediate holding company, entered into a loan agreement (the "**Tianfu Chenyue Perpetual Loan Agreement**"), pursuant to which the immediate holding company lent RMB220 million to Tianfu Chenyue (the "**Tianfu Chenyue Perpetual Loan**"). The Tianfu Chenyue Perpetual Loan Agreement became effective on 13 July 2021. The Tianfu Chenyue Perpetual Loan carries interest at an annual interest rate of 1.15% for the first five years. Starting from the sixth interest-bearing year, the interest rate is adjusted every five years and remains unchanged during the five years. The principal doesn't have a maturity date and interest payments on the Tianfu Chenyue Perpetual Loan are paid quarterly in arrears from 14 July 2021 and can be deferred at the discretion of Tianfu Chenyue, or in the event of liquidation. As at 31 December 2023, the principal of the Tianfu Chenyue Perpetual Loan amounted to RMB220 million (2022: RMB220 million).

(h) In July 2021, Qingdao Zhiyue Land Co., Ltd. ("青島置悅置地有限公司")("**Qingdao Zhiyue**"), a wholly-owned subsidiary of the Company, and the immediate holding company entered into a loan agreement (the "**Qingdao Zhiyue Perpetual Loan Agreement**"). Accordingly, the immediate holding company lent RMB40 million to Qingdao Zhiyue (the "**Qingdao Zhiyue Perpetual Loan**"). The Qingdao Zhiyue Perpetual Loan Agreement became effective on 14 July 2021. The Qingdao Zhiyue perpetual loan carries interest at an annual interest rate of 1.15% for the first five years. Starting from the sixth interest-bearing year, the interest rate is adjusted every five years and remains unchanged during the five years. The principal doesn't have a maturity date and interest payments on the Qingdao Zhiyue Perpetual Loan are paid quarterly in arrears from 14 July 2021 and can be deferred at the discretion of Qingdao Zhiyue, or in the event of liquidation. As at 31 December 2023, the principal of the Qingdao Zhiyue Perpetual Loan amounted to RMB40 million (2022: RMB40 million).

(i) In October 2021, Nanjing Yuejincheng Real Estate Industry Co., Ltd.("南京悦錦成房地產實業有限公司")("**Nanjing Yuejincheng**"), a 50%-owned subsidiary of the Company, the non-controlling interests and a wholly-owned subsidiary entered into a loan agreement (the "**Nanjing Yuejincheng Perpetual Loan Agreement**"), pursuant to which the non-controlling interest shall lend to Nanjing Yue Jincheng RMB1,530 million ("**Nanjing Yue Jincheng Perpetual Loan**"). The Nanjing Yuejincheng Perpetual Loan Agreement became effective on 20 October 2021. For the first five years of Nanjing Yuejincheng's perpetual loan, interest is calculated at an annual interest rate of 4%. Starting from the sixth interest-bearing year, the loan interest rate is the five-year loan market quoted interest rate announced by the National Interbank Funding Center in the month in which the loan occurred, plus the five-year interest rate. Initial spread plus 3%. The principal doesn't have a maturity date and interest payments on the Nanjing Yuejincheng Perpetual Loan are paid quarterly in arrears from 20 October 2021 and can be deferred at the discretion of Nanjing Yuejincheng, or in the event of liquidation. In 2022, Nanjing Yuejincheng repaid principal of the Nanjing Yuejincheng Perpetual Loan amounting to RMB945 million to the non-controlling interests. In 2023, Nanjing Yuejincheng repaid principal of the Nanjing Yuejincheng Perpetual Loan amounting to RMB282 million to the non-controlling interests.

As a result, the principal of the Nanjing Yuejincheng Perpetual Loan reduced to RMB303 million as at 31 December 2023 (2022: RMB585 million).

As the Group has the right to defer the repayments of the principal and accrued interest of the perpetual loans and perpetual note mentioned above at its sole discretion, and it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of them, they are therefore classified as equity in the consolidated statement of financial position.

In addition, no guarantee of any kind is required to be given by any member of the Group to either the ultimate holding company or the Bank for these perpetual loans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

38. CONTINGENT LIABILITIES

(a) Guarantees

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Guarantees provided by the Group in respect of		
loan facilities utilised by property buyers	**5,328,302**	4,457,475
loan facilities utilised by an associate	**696,000**	196,000
loan facilities utilised by a joint venture	**–**	865,000
	6,024,302	5,518,475

The Group has pledged certain bank deposits (details set out in Note 28) and provided guarantees to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In June 2022, the Company provided a guarantee for an amount up to RMB196,000,000 in respect of a loan provided by a third party to a wholly owned subsidiary of the associate company, Fancy Merit Ltd., for the construction and development of commercial properties.

On 27 March 2023, the Company (as the guarantor) entered into a guarantee agreement with China Minsheng Bank as the beneficiary in a financing agreement (according to which, the project company will be provided with a total of RMB2,500,000,000 bank loan with a loan term of 4.5 years), the Company agrees to provide guarantee for 20% of the project company's payment obligations under the financing agreement based on the Company's indirect equity interest in the project company, with the maximum amount not exceeding RMB500,000,000. The project company is mainly engaged in the development of a commercial and financial services district in Beijing, the PRC.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

The Group has certain non-compliance incidents which are relating to the failure to comply with certain terms and conditions of the relevant construction works planning permits in respect of two projects, Chaoyang Joy City and Shenyang Joy City. The Group may be subject to a fine of up to 10% of the construction cost of the noncompliant structure or the excess area (as the case may be), demolishment of the relevant property and confiscation of any illegal revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

38. CONTINGENT LIABILITIES (continued)

(a) Guarantees (continued)

The construction costs of Chaoyang Joy City amounted to RMB3,399 million, including the cost for the non-compliant structure of RMB42 million. The non-compliant structure has been occupied as office and has not generated any revenue, and accordingly, the Directors believe that there would not be illegal revenue subject to confiscation. Chaoyang Joy City generated revenue since the year 2010 and it has not received any notification from the relevant authorities with respect to the non-compliant structure since the commencement of operation. The aggregate revenue of the shopping mall of Chaoyang Joy City since it generated revenue up to 31 December 2023 amounted to RMB7,331 million (2022: RMB6,598 millions).

The construction costs of Shenyang Joy City amounted to RMB1,955 million, including an estimated cost for the excess area of RMB81 million. The excess area has been utilised as passageways for commercial use and has generated only a small percentage of the aggregate revenue of Shenyang Joy City. Shenyang Joy City generated revenue since the year 2009 and it has not received any notification from the relevant authorities with respect to the excess area since the commencement of operation, and accordingly, the Directors believe that the likelihood for the confiscation of any illegal revenue is low, and any action taken by the authorities will have minimal impact on the income and performance of Shenyang Joy City. The aggregate revenue of Shenyang Joy City since it generated revenue up to 31 December 2023 amounted to RMB3,395 million (2022: RMB3,088 millions).

Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the management of the Group considers that the risk of the above losses is remote, and accordingly, no provision has been made. In addition, COFCO Corporation, the ultimate holding company of the Company, has undertaken to indemnify the Company against all penalties, losses and expenses in connection with the above non-compliances.

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of office premises, retail shops and residential premises which fall due as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Within one year	**2,780,635**	2,996,218
In the second year	**1,668,475**	1,869,960
In the third year	**1,017,452**	1,219,209
In the fourth year	**690,389**	811,761
In the fifth year	**553,847**	557,529
After five years	**923,894**	1,066,396
	7,634,692	8,521,073

Leases are negotiated for an average term of 1 to 25 years (2022:1 to 15 years) mostly with fixed rentals. Certain lease arrangements contain rental escalation clauses which increase the monthly rental on a yearly basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

40. CAPITAL COMMITMENTS

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

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Capital commitments in respect of:		
Constructing and developing investment properties contracted, but not provided for	**640,891**	1,237,292
Capital injection commitments to an associate	**874,850**	–
Capital injection commitments to a fund	**–**	1,386,037
	1,515,741	2,623,329

41. PLEDGE OF ASSETS

The carrying amounts of the non-current and current assets pledged to secure loan facilities granted to the Group by banks and loan facilities utilised by property buyers, are as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Investment properties	**22,043,176**	34,824,040
Property, plant and equipment	**2,033,699**	2,397,126
Properties under development for sale	**11,313,878**	16,661,914
Properties held for sale	**711,308**	709,548
Right-of-use assets	**1,224,527**	1,380,115
Accounts receivable	**2,756**	24,890
Pledged deposits	**2,406**	5,402
	37,331,750	56,003,035

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

42. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Financial assets:		
Financial assets at amortised cost	**24,671,101**	23,084,839
Financial assets at FVTPL:		
– Equity instruments	**510**	510
– Loan to an associate	**389,875**	409,518
Hedging instruments designated in cash flow hedges	**131,177**	398,975
Derivative financial instruments	**63,306**	–
Financial liabilities:		
Amortised cost	**55,307,794**	58,390,256
Derivative financial instruments	**15,784**	–
Financial liabilities at FVTPL	**389,517**	389,517
Rental deposits received	**1,001,110**	1,032,484

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, amounts due from/to fellow subsidiaries, holding companies, joint ventures, associates, and non-controlling interests, loans from/to joint ventures, associates, fellow subsidiaries, non-controlling interests and third parties, accounts receivables, deposits and other receivables, accounts and other payables, bank borrowings, pledged deposits, restricted bank deposits and cash and bank balances, bonds payable, derivative financial instruments and hedging instruments. Details of these financial instruments are disclosed in respective notes to these consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Group collects most of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group has account balances denominated in foreign currencies, hence exposure to exchange rate fluctuations arises.

The Group uses foreign exchange forward contracts to eliminate the currency exposures. The foreign exchange forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into such forward contracts in relation to the foreign currency denominated monetary liabilities amounting to US$20,000,000 (2022: US$820,000,000). It is the Group's policy to negotiate the terms of the hedge derivatives, to the extent possible, to match or approximate the terms of the hedged item to maximise hedge effectiveness.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Currency risk (continued)

Of the foreign currency denominated monetary liabilities at the end of the reporting period, bank borrowings are hedged by foreign exchange forward contracts and designated as effective hedging relationship.

At 31 December 2023, the group entities with RMB as functional currency have bank balances denominated in foreign currencies which mainly consist of HK$ and US$ as set out in Note 28, amounts due to fellow subsidiaries, non-controlling interests and intermediate holding company which mainly consist of HK$ and US$ as set out in Note 27, loan to associates and joint ventures and loan from non-controlling interests which consist of US$ as set out in Note 23 and bank borrowings which mainly consist of HK$ and US$ as set out in Note 31 which expose the Group to foreign currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in RMB against US$/HK$ while all other variables are held constant, which represents the Directors' assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding US$/HK$ denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2022: 5%) change in foreign currency rate and excludes the effect on foreign currency denominated borrowings that are under an effective hedging relationship as the Group's net exposure to currency risk arising from the hedging relationship is insignificant. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against US$/HK$ and vice versa.

	2023 RMB'000	2022 RMB'000
(Decrease)/increase in post-tax profit for the year:		
– if RMB weakens against US$	**(21,951)**	(27,928)
– if RMB strengthens against US$	**21,951**	27,928
– if RMB weakens against HK$	**17,454**	(39,001)
– if RMB strengthens against HK$	**(17,454)**	39,001

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans from/to associates, joint ventures, third parties and non-controlling interests, fixed-rate bank borrowings, bonds payable (see Notes 23, 31 and 32 respectively for details) and lease liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate bank borrowings, variable-rate loans from fellow subsidiaries, including derivatives which are designated as effective hedging instruments at the end of the reporting period. The Group manage its interest rate exposures by entering into interest rate swap contract as detailed in Note 31.

The interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are disclosed in Note 31. The interest rates and terms of repayment of the interest-bearing loans from/to fellow subsidiaries, associates, joint ventures, non-controlling interests and third parties of the Group are disclosed in Note 23. It is the Group's policy to negotiate the terms of the interest-bearing bank borrowings in order to balance the interest rate exposure.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk management (continued)

Total interest income from financial assets that are measured at amortised cost is as follows:

	2023 RMB'000	2022 RMB'000
Other income	**403,033**	291,048

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (excluding derivative financial instruments) at the end of the reporting period. The sensitivity analysis excludes the effect on variable-rate bank borrowings that are under an effective hedging relationship as the Group's net exposure to interest rate risk arising from the hedging relationship is insignificant. For remaining variable-rate bank loans and variable-rate loans from fellow subsidiaries, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark interest rate quoted by the People's Bank of China arising from the Group's RMB denominated borrowings.

A 50 (2022: 50) basis points increase or decrease in variable-rate bank borrowings, variable-rate loans from fellow subsidiaries and interest rate swaps designated to hedge cash flow interest rate risk during the year are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 (2022: 50) basis points higher/lower during the year and all other variables were held constant, the impact on post-tax profit after taking into account the interest capitalisation effect is set out below.

	2023 RMB'000	2022 RMB'000
(Decrease)/increase in post-tax profit for the year:		
– interest rates 50 basis points higher	**(85,113)**	(115,123)
– interest rates 50 basis points lower	**85,113**	115,123

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position and the financial guarantee contracts as disclosed in Note 38.

At as 31 December 2023, the Group's credit risk is primarily attributable to its loans to/amounts due from fellow subsidiaries, the ultimate holding company, joint ventures, associates and non– controlling interests, accounts and other receivables, pledged deposits, restricted bank deposits, cash and bank balances, and financial guarantee contracts. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. In order to minimise the credit risk of accounts receivable, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

For the loans to/amounts due from fellow subsidiaries, joint ventures and non-controlling interests, the management of the Group is in the opinion that the failure of these entities to make required payments is unlikely after considering their past settlement records, and/or the financial position of the entities.

For the loans to associates, the management of the Group is in the opinion that there is evidence indicating the balances are credit-impaired after considering their past settlement records, and/or the financial position of the entities.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation. The Group has no significant concentration of credit risk on liquid funds, with exposure spread over a number of banks.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The table below details the credit risk exposures of the Group's financial assets, operating lease receivables and financial guarantee contracts, which are subject to ECL assessment:

	Notes	Internal Credit rating	12-month or lifetime ECL	31 December 2023 Gross carrying amount RMB'000	31 December 2022 Gross carrying amount RMB'000
Financial assets at amortised costs					
Deposit, prepayments and other receivables	a	Low risk	12m ECL – provision matrix	**550,348**	568,760
Accounts receivable	b	Doubtful	Lifetime ECL (not credit-impaired) – provision matrix	**23,178**	21,963
Accounts receivable	b	Low risk	Lifetime ECL (not credit-impaired) – provision matrix	**5,827**	10,163
Loans to associates and non-controlling interests	a	Low risk	12m ECL	**1,339,796**	4,626,602
Loans to associates	a	Loss	Lifetime ECL (credit-impaired)	**2,685,826**	–
Amounts due from ultimate holding company, fellow subsidiaries, joint ventures, associates and non– controlling interests	a	Low risk	12m ECL	**1,590,940**	912,174
Cash and bank balances		Low risk	12m ECL	**19,432,196**	16,895,367
Restricted bank deposit		Low risk	12m ECL	**46,188**	84,892
Pledged deposits		Low risk	12m ECL	**2,406**	5,402
Other items					
Lease receivables included in accounts receivable	b	Low risk	Lifetime ECL (not credit-impaired) – provision matrix	**108,621**	107,452
Financial guarantee contracts	c	Low risk	12m ECL	**6,024,302**	5,518,475

Notes:

a. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

b. For accounts receivables (including lease receivables), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired which assessed individually, the Group determines the ECL on these items by using a provision matrix.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers/debtors in relation to its rental and other operations. The management assessed the exposure to credit risk for account receivables based on provision matrix as at 31 December 2023 and 2022 within lifetime ECL.

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

The following table shows the movements in lifetime ECL that has been recognised for accounts receivable (including lease receivables) under the simplified approach:

	Lifetime ECL (not credit impaired) RMB'000
As at 1 January 2022	25,141
– Impairment losses recognised	13,052
– Impairment losses reversed	(3,200)
– Impairment losses write off	(13,030)
At 31 December 2022	21,963
– Impairment losses recognised	10,813
– Impairment losses reversed	(2,999)
– Impairment losses write off	(6,206)
– Dissolution of a subsidiary	(393)
At 31 December 2023	23,178

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12m ECL
	RMB'000
As at 1 January 2022	35,085
– Impairment losses recognised	4,293
– Impairment losses reversed	(751)
– Impairment losses write off	(1,670)
At 31 December 2022	36,957
– Impairment losses recognised	12,823
– Impairment losses reversed	(6,416)
– Impairment losses write off	(1,214)
– Dissolution of a subsidiary	(187)
At 31 December 2023	41,963

The following table shows reconciliation of loss allowances that has been recognised for loans to associates:

	12m ECL	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2022:	299,439	–	299,439
– Impairment losses recognised	35,845	–	35,845
– Transferred to share of losses and other comprehensive expenses (note)	(299,439)	–	(299,439)
As at 31 December 2022	35,845	–	35,845
– Impairment losses recognised	–	933,798	933,798
As at 31 December 2023	35,845	933,798	969,643

Note:

During the year ended 31 December 2021, the Group recognised share of losses and other comprehensive expenses amounted to RMB299,439,000 to the extent of loan as impairment loss.

During the year ended 31 December 2022, the Group injected capital to the associate as set out in Note 20 and transferred the impairment on the net investment in the associate (i.e. loan to associate) recognised during the year ended 31 December 2021 to share of losses and other comprehensive expenses.

During the year ended 31 December 2023, the accumulated share of losses and other comprehensive expenses exceeds the Group's interest in Kumming Luosiwan and Fancy Merit Ltd., the Group recognised share of losses and other comprehensive expenses amounted to RMB907,210,000 and RMB26,588,000 to the extent of loan to Kunming Luosiwan and Fancy Merit Ltd. as impairment loss respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The following table shows reconciliation of loss allowances that has been recognised for amount due from fellow subsidiaries:

	12m ECL
	RMB'000
As at 1 January 2022	–
– Impairment losses recognised	7,336
As at 31 December 2022	7,336
– Impairment losses recognised	1,431
As at 31 December 2023	8,767

The following table shows reconciliation of loss allowances that has been recognised for amount due from joint ventures:

	12m ECL
	RMB'000
As at 1 January 2022	–
– Impairment losses recognised	45,764
As at 31 December 2022	45,764
– Impairment losses recognised	193
As at 31 December 2023	45,957

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The following table shows reconciliation of loss allowances that has been recognised for amount due from non-controlling interest:

	12m ECL
	RMB'000
As at 1 January 2022	–
– Impairment losses recognised	71
As at 31 December 2022	71
– Impairment losses recognised	24,646
As at 31 December 2023	24,717

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the contractual maturity of the Group for its non-derivative financial liabilities and derivative instrument. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity tables

	Weighted average interest rate %	Repayable on demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2023							
Accounts payable		5,437,282	–	–	–	5,437,282	5,437,282
Other payables at amortised cost		3,936,631	268,201	240,170	64,087	4,509,089	4,509,089
Lease liabilities	3.97%-4.9%	52,000	49,863	29,593	4,350	135,806	125,222
Obligation arising from put option to non-controlling shareholder	5.0%	389,517	–	–	–	389,517	389,517
Bank borrowings	2.35%-6.91%	8,415,530	4,708,856	13,176,409	1,926,247	28,227,042	25,549,907
Amount due to the ultimate holding company	–	4	–	–	–	4	4
Amount due to an intermediate holding company	–	611	–	–	–	611	611
Amounts due to non-controlling interests	–	293,835	–	–	–	293,835	293,835
Amounts due to joint ventures	–	819,166	–	–	–	819,166	819,166
Amounts due to associates	–	742,603	–	–	–	742,603	742,603
Amounts due to fellow subsidiaries	–	210,763	–	–	–	210,763	210,763
Loans from joint ventures	3.85%	–	6,049,055	–	–	6,049,055	5,824,800
Loan from an associate	4.00%	–	258,892	–	–	258,892	248,934
Loans from fellow subsidiaries	3.65% – 7.47%	620,125	2,940	–	–	623,065	593,701
Loans from non-controlling interests	5.50%	–	100,073	–	–	100,073	94,856
Loans from third parties	3.80%-5.20%	1,023,723	517,813	4,713,107	2,028,687	8,283,330	7,898,800
Bonds payable	3.08%-4.10%	837,354	1,843,040	1,568,300	–	4,248,694	4,084,553
		22,779,144	13,798,733	19,727,579	4,023,371	60,328,827	56,823,643
Financial guarantee contracts		6,024,302	–	–	–	6,024,302	6,024,302
Derivatives – net settlement							
Interest rate swaps	–	127,730	–	–	–	127,730	127,730
Foreign exchange forward contracts	–	3,447	–	–	–	3,447	3,447
		131,177	–	–	–	131,177	131,177

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity tables (continued)

	Weighted average interest rate %	Repayable on demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2022							
Accounts payable	–	6,004,257	–	–	–	6,004,257	6,004,257
Other payables at amortised cost	–	5,269,477	217,582	272,902	86,377	5,846,338	5,846,338
Lease liabilities	4.39%-4.90%	98,552	50,416	57,327	7,606	213,901	202,814
Obligation arising from put option to non-controlling shareholder	5.00%	–	389,517	–	–	389,517	389,517
Bank borrowings	3.20%-6.36%	6,126,091	6,085,566	13,334,514	1,641,671	27,187,842	24,342,372
Amount due to the ultimate holding company	–	8	–	–	–	8	8
Amount due to an intermediate holding company	–	17,591	–	–	–	17,591	17,591
Amounts due to non-controlling interests	–	199,064	–	–	–	199,064	199,064
Amounts due to joint ventures	–	789,190	–	–	–	789,190	789,190
Amount due to an associate	–	511,904	–	–	–	511,904	511,904
Amounts due to fellow subsidiaries	–	287,899	–	–	–	287,899	287,899
Loan from a joint venture	3.85%	–	–	5,789,430	–	5,789,430	5,574,800
Loans from fellow subsidiaries	2.14%-4.00%	226,597	390,255	41,080	678,600	1,336,532	1,290,149
Loans from non-controlling interests	3.00%-6.00%	1,833,015	17,975	803,897	–	2,654,887	2,654,887
Loans from third parties	3.80%-6.50%	26,531	1,036,413	3,164,914	4,094,692	8,322,550	7,924,360
Bonds payable	3.08%-4.10%	1,032,083	1,403,935	1,757,631	–	4,193,649	3,979,921
		22,422,259	9,591,659	25,221,695	6,508,946	63,744,559	60,015,071
Financial guarantee contracts	–	5,518,475	–	–	–	5,518,475	5,518,475
Derivatives – net settlement							
Interest rate swaps	–	–	241,852	–	–	241,852	241,852
Foreign exchange forward contracts	–	157,123	–	–	–	157,123	157,123
		157,123	241,852	–	–	398,975	398,975

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

In estimating the fair value, the Group uses market-observable data to the extent it is available. Except for interest rate swaps, foreign currency forward contracts, loan to an associate, and obligation arising from put option to non-controlling shareholder, there is no other material financial instruments measured at fair value on a recurring basis. The following table gives information about how the fair values of these financial assets and financial liabilities are determined. There has been no change from the valuation technique used in the prior year.

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2023	31/12/2022		
Interest rate swaps (designed as hedging instruments)	**Assets – RMB127,730,000**	Assets – RMB241,852,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Foreign currency forward contracts (designed as hedging instruments)	**Assets – RMB3,447,000**	Assets – RMB157,123,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Loan to an associate	**Assets – RMB389,875,000**	Assets – RMB409,518,000	Level 3	Discounted cash flow. Future cash flows are estimated based on expected repayment of the loan from pre-sale proceeds arising from the properties of the associate, discounted at a rate that reflects the credit risk of the associate. A slight increase in the discounted rate used would result in a significant decrease in fair value, and vice versa.
Obligation arising from put option to non– controlling shareholder	**Liabilities – RMB389,517,000**	Liabilities – RMB389,517,000	Level 3	Discounted cash flow. Future cash flows are estimated based on the expected future economic benefits derived from the 49% ownership interest in Joy Valley held by the Partner, discounted at an appropriate discount rate. A slight increase in the discounted rate used would result in a significant decrease in fair value, and vice versa.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Apart from the above, the Group's overall strategy remains unchanged throughout the current and prior years.

The capital structure of the Group consists of net debt (which includes bank borrowings, loans from and/or amounts due to holding companies, fellow subsidiaries, joint venture, third parties and non– controlling interests, bonds payable), net of cash and cash equivalents and equity attributable to owners of the Company (comprising issued equity, CPS, reserves and retained profits as disclosed in consolidated statement of changes in equity).

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details major changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000 Note 31	Interest payable RMB'000 Note 30	Loans from fellow subsidiaries RMB'000 Note 23	Loans from third parties RMB'000 Note 23	Loans from non-controlling interests RMB'000 Note 23	Loan from a joint venture RMB'000 Note 23	Loan from an associate RMB'000 Note 23	Bonds payable RMB'000 Note 32	Amount due to an associate RMB'000 Note 27	Amounts due to fellow subsidiaries RMB'000 Note 27	Amounts due to non-controlling interests RMB'000 Note 27	Amount due to joint ventures RMB'000 Note 27	Dividend payable RMB'000 Note 12 and (i)	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	24,342,372	37,984	1,290,149	7,924,360	2,654,887	5,574,800	-	3,979,921	511,904	287,899	199,064	789,190	54,947	202,814	47,850,291
Financing cash flows	(2,830,377)	(1,582,966)	(699,560)	(25,560)	(2,560,031)	250,000	248,934	(32,217)	231,473	(23,108)	(86,245)	(220,305)	-	(89,262)	(7,419,224)
Exchange realignment	180,202	(6,141)	3,112	-	-	-	-	-	-	(1,234)	-	-	-	-	175,939
Acquisition of a subsidiary	3,857,710	-	-	-	-	-	-	-	-	4,000	-	-	-	-	3,861,710
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(115,104)	-	-	-	-	(115,104)
Interest expense	-	1,588,090	-	-	-	-	-	137,320	9,940	40,133	36,175	219,525	-	8,251	2,039,434
Others	-	-	-	-	-	-	-	(471)	(10,714)	18,177	144,841	30,756	-	3,418	186,007
At 31 December 2023	25,549,907	36,967	593,701	7,898,800	94,856	5,824,800	248,934	4,084,553	742,603	210,763	293,835	819,166	54,947	125,221	46,579,053

Note (i): Dividend payable was included under other payable and accruals.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Borrowings RMB'000 Note 31	Interest payable RMB'000 Note 30	Loans from fellow subsidiaries RMB'000 Note 23	Loans from third parties RMB'000 Note 23	Loans from non-controlling interests RMB'000 Note 23	Loan from a joint venture RMB'000 Note 23	Bonds payable RMB'000 Note 32	Amount due to an associate RMB'000 Note 27	Amounts due to fellow subsidiaries RMB'000 Note 27	Amounts due to non-controlling interests RMB'000 Note 27	Amount due to joint ventures RMB'000 Note 27	Amount due to the immediate holding company RMB'000 Note 27	Dividend payable RMB'000 Note 12 and (i)	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	21,176,630	31,843	1,765,044	7,584,327	1,953,326	2,524,800	3,985,581	202,510	94,469	367,599	336,707	15,550	50,316	248,469	40,337,171
Financing cash flows	1,630,021	(1,191,238)	(493,078)	330,560	701,561	3,050,000	(140,202)	308,623	(35,837)	(248,501)	285,445	–	–	(81,462)	4,115,892
Exchange realignment	1,535,721	–	18,183	–	–	–	–	–	1,234	(17,005)	350	–	4,631	–	1,543,114
Interest expense	–	1,197,379	–	–	–	–	134,542	771	59,275	112,777	183,580	–	–	11,256	1,699,580
Operating activities related	–	–	–	–	–	–	–	–	51,532	30,595	(16,892)	–	–	–	65,235
Others	–	–	–	9,473	–	–	–	–	117,226	(46,401)	–	(15,550)	–	24,551	89,299
At 31 December 2022	24,342,372	37,984	1,290,149	7,924,360	2,654,887	5,574,800	3,979,921	511,904	287,899	199,064	789,190	–	54,947	202,814	47,850,291

Note (i): Dividend payable was included under other payable and accruals.

46. ACQUISTION OF A SUBSIDIARY

On 5 September 2023, the Group entered into a Sale and Purchase Agreement with Shanghai Zhonghong (Group) Company Limited, a company incorporated in the PRC with limited liability and an independent third party, to acquire entire equity interest in Shanghai Yao Yao Lu Construction Development Company Limited ("**Yao Yao Lu**") at a consideration of RMB1,196,000,000 and the shareholder's loan of RMB4,000,000 in aggregate. The principal activity of Yao Yao Lu is the holding and development of the land located in Hongkou District, Shanghai, the PRC, and its identifiable assets are mainly properties under development for sale. The Group elected to apply the optional concentration test in accordance with HKFRS 3 Business Combinations. The acquisition has been accounted for as an acquisition of assets rather than a business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets (properties under development held for sale). The transaction was completed on 14 September 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

46. ACQUISTION OF A SUBSIDIARY (continued)

A summary of fair value of the identifiable assets and liabilities of Yao Yao Lu acquired at the date of the above acquisition was as follows:

	RMB'000
Deferred tax assets	679
Properties under development for sale	5,161,332
Other receivable	78
Cash and bank balances	202
Accounts payable	(100,056)
Other payable	(4,525)
Amount due to a fellow subsidiary	(4,000)
Borrowings	(3,857,710)
	1,196,000
Cash consideration in aggregate and paid in this year	1,200,000
Related shareholder's loan undertook by Joy City (Shanghai) Real Estate Co., Ltd.	(4,000)
Cash and bank balances acquired	(202)
Net cash outflow from acquisition of a subsidiary under:	
– Asset acquisition	1,195,798

47. DISPOSAL OF SUBSIDIARIES

Disposal of Shanghai Top Glory Real Estate Development Co., Ltd. ("Shanghai Top Glory")

On 27 September 2023, Jetway Developments Limited ("**Jetway**"), a direct wholly-owned subsidiary of the Company, and Shanghai Yongpeng Shiye Limited ("**Shanghai Yongpeng**"), a company established in the PRC with limited liability and an independent third party entered into an equity transfer agreement, pursuant to which Jetway has conditionally agreed to sell, and the Shanghai Yongpeng conditionally agreed to acquire, the entire equity interest of the Shanghai Top Glory for a Consideration of approximately RMB4,142,392,000. Shanghai Top Glory primarily holds properties located at the CBD of Lujiazui in the Pudong New Area of Shanghai, the PRC.

The transaction was completed in November 2023.

Disposal of Beijing Kunting Asset Management Co., Ltd. ("Beijing Kunting")

On 28 September 2023, Xidan Joy City Co., Ltd. ("**Xidan Joy City**"), an indirect non wholly-owned subsidiary of the Company, and China Post Life Insurance Company Limited ("**China Post Life Insurance**"), a company established in the PRC with limited liability and an independent third party entered into an equity transfer agreement, pursuant to which Xidan Joy City has conditionally agreed to sell, and the China Post Life Insurance conditionally agreed to acquire, the entire equity interest of the Beijing Kunting and related shareholder's loans for a Consideration of approximately RMB4,255,847,000. Beijing Kunting primarily holds properties located in Dongcheng District, Beijing, the PRC.

The transaction was completed in November 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

47. DISPOSAL OF SUBSIDIARIES (continued)

Disposal of Beijing Kunting Asset Management Co., Ltd. ("Beijing Kunting") (continued)

Details of the disposals are set out below:

	Shanghai Top Glory RMB'000	Beijing Kunting RMB'000	Total RMB'000
Analysis of assets and liabilities over which control was lost:			
Investment properties	4,747,000	3,022,000	7,769,000
Property, plants and equipment	5,063	20,054	25,117
Intangible assets	127	406	533
Deferred tax assets	47,970	–	47,970
Accounts receivable	–	2,317	2,317
Deposits, prepayments and other receivables	610	48,359	48,969
Tax recoverable	14,158	–	14,158
Cash and bank balances	151,383	59,201	210,584
Other payables and accruals	(37,907)	(905,595)	(943,502)
Tax payable	–	(111)	(111)
Deferred tax liabilities	(1,043,288)	(300,023)	(1,343,311)
Net assets disposed of	3,885,116	1,946,608	5,831,724
Gain on disposal of subsidiaries:			
Consideration on disposal	4,142,392	4,255,847	8,398,239
Net assets disposed of	(3,885,116)	(1,946,608)	(5,831,724)
Related shareholder's loan undertook by China Post Life Insurance	–	(807,000)	(807,000)
Transaction cost attributable to the disposal	(2,071)	(112,545)	(114,616)
Gain on disposal	255,205	1,389,694	1,644,899
Net cash inflow from disposal of subsidiaries:			
Consideration received in cash and cash equivalents	4,142,392	4,255,847	8,398,239
Less: Related shareholder's loan undertook by China Post Life Insurance	–	(807,000)	(807,000)
Less: Transaction cost attributable to the disposal paid during the year	(2,071)	–	(2,071)
Less: Cash and cash equivalents disposed of	(151,383)	(59,201)	(210,584)
Net cash inflow	3,988,938	3,389,646	7,378,584

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

48. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year.

Guarantee provided

Corporate guarantees were executed by a fellow subsidiary and the immediate holding company in relation to certain of the Group's loans from third parties and bank borrowings. Details of which are disclosed in the Notes 23 and 31 respectively above.

Related party transactions

During the year, the Group had the following material transactions with related parties.

	Year ended 31 December	
	2023 **RMB'000**	2022 RMB'000
Revenue from leasing of properties to:		
Fellow subsidiaries *	**131,865**	143,894
Intermediate holding company *	**2,825**	2,686
Ultimate holding company *	**3**	–
Immediate holding company *	**52**	157
Provision of property management service to:		
Fellow subsidiaries *	**1,703**	1,547
Intermediate holding company *	**465**	413
Provision of property management service by:		
Fellow subsidiaries *	**60,020**	60,912
Provision of output management project service to:		
Non-controlling interests	**18,859**	18,859
Joint ventures	**28,035**	37,670
Associates	**8,252**	–
Other revenue from:		
Fellow subsidiaries	**700**	1,177
Joint ventures	**36,079**	101,027
Sourcing of staple supplies and catering services from:		
Fellow subsidiaries *	**9,660**	3,851
Ultimate holding company *	**2,527**	1,228
Non-controlling interests	**6,803**	7,457
Joint ventures	**123**	2

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions (continued)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Services fee for entrust loans from:		
Fellow subsidiaries*	**1,873**	1,862
Interest income from:		
Joint ventures	**191**	7
Associates	**153,294**	136,708
Fellow subsidiaries	**31,336**	19,685
Non-controlling interests	**26,667**	4,356
Interest expense to:		
Fellow subsidiaries	**40,133**	59,275
A joint venture	**219,525**	183,580
Associates	**9,940**	727
Non-controlling interests	**36,175**	147,735
Other expense to:		
Fellow subsidiaries	**29,070**	9,231

* These related party transactions also constituted continuing connected transactions according to the Listing Rules.

Related party balances

COFCO Finance Co., Ltd ("COFCO Finance"), a fellow subsidiary, is a non-banking financial institution regulated by the People's Bank of China (the "PBOC") and the China Banking and Insurance Regulatory Commission. In the PRC, deposit and lending rates are set by the PBOC which is applicable to all financial institutions. The interest rates offered by COFCO Finance are the same as the rates promulgated by the PBOC. The loans from COFCO Finance to the Group at 31 December 2023 amounted to RMB373,000,000 (2022: RMB1,075,500,000). The deposits placed in COFCO Finance were RMB2,460,000,000 (2022: nil) at 31 December 2023.

Details of the Group's balances with related parties are disclosed in Notes 23 and 27. Except for balances with related parties below which are trade in nature, the remaining balances are non-trade in nature. The following is an aged analysis of balances with related parties which are trade in nature at the end of the reporting period based on invoice date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances (continued)

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Amounts due from fellow subsidiaries:		
Within 1 year	**20,171**	25,478
Amounts due to fellow subsidiaries:		
Within 1 year	**65,289**	91,295

Compensation of key management personnel of the Group

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, allowance and other benefits	**17,361**	19,035
Retirement benefit scheme contributions	**1,611**	3,028
	18,972	22,063

The key management personnel of the Group includes the Directors and certain top executives of the Company. The remuneration of certain of these Directors and top executives was borne by the ultimate holding company or fellow subsidiaries during the current and prior years. Further details of Directors' emoluments are included in Note 14.

Transactions with other government-related entities in the PRC

The Group itself is part of a larger group of companies under COFCO Corporation which is controlled by the PRC government. Thus, the Directors consider that the Group is ultimately controlled by the PRC government. In addition, the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("**PRC government-related entities**"). Apart from the transactions and balances with the ultimate holding company, an intermediate holding company and fellow subsidiaries set out in "Related party transactions" and "Related party balances" above, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. Certain of the Group's bank deposits and bank borrowings are entered into with certain banks which are PRC government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the Directors are of the opinion that separate disclosures would not be meaningful. In addition, the Group entered into various transactions, including purchases of land use rights, construction of properties and other operating expenses with other PRC government– related entities in the ordinary course of business. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are PRC government-related entities or not. In the opinion of the Directors, the above transactions are collectively significant transactions of the Group with PRC government-related entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. COMPOSITION OF THE GROUP

Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ establishment and place of business	Proportion of ownership interests held by non-controlling interests	Profit/(loss) allocated to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000 (Note (a))
Year ended 31 December 2023				
Sanya Yalong Development Company Limited and its subsidiaries ("Yalong Development group")	**PRC**	**43.0%**	**8,183**	**1,812,656**
Fortune Set	**BVI**	**49.0%**	**738,178**	**9,950,466**
Sunny Ease	**BVI**	**49.0%**	**(63,996)**	**2,162,360**
Speedy Cosmo Limited ("Speedy Cosmo")	**HK**	**45.0%**	**33,776**	**1,486,023**
Individually immaterial subsidiaries with non-controlling interests			**69,131**	**5,508,098**
Total			**785,273**	**20,919,603**
Year ended 31 December 2022				
Yalong Development group	PRC	43.0%	216,508	1,806,476
Fortune Set	BVI	49.0%	79,395	9,472,913
Sunny Ease	BVI	49.0%	(108,726)	2,262,627
Speedy Cosmo	HK	45.0%	(53,748)	1,452,247
Individually immaterial subsidiaries with non-controlling interests			101,783	5,925,212
Total			235,212	20,919,475

Note:

(a) The amounts represent the consolidated amount of these non-wholly-owned subsidiaries and their respective subsidiaries, as applicable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Summarised consolidated financial information in respect of each of the subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Yalong Development group

	At 31 December	
	2023 RMB'000	2022 RMB'000
Current assets	**7,534,227**	8,527,815
Non-current assets	**2,625,973**	2,565,204
Current liabilities	**(4,940,967)**	(6,975,089)
Non-current liabilities	**(754,865)**	(35,697)
Net assets	**4,464,368**	4,082,233
Equity attributable to:		
Owners of the Company	**2,651,711**	2,275,757
Non-controlling interests	**1,500,763**	1,494,385
Non-controlling interests of subsidiary	**311,894**	312,091
Total equity	**4,464,368**	4,082,233

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue	**1,369,931**	2,425,247
Other income, and other gains and losses, net	**(42,409)**	18,211
Fair value gain of investment properties	**(102,623)**	(4,221)
Total expenses	**(1,210,080)**	(1,940,684)
Profit and total comprehensive income for the year	**14,819**	498,553
Profit and total comprehensive income attributable to:		
Owners of the Company	**6,636**	282,045
Non-controlling interests	**6,378**	214,578
Non-controlling interests of subsidiary	**1,805**	1,930
	14,819	498,553
Dividends declared to non-controlling interests	**(2,003)**	(2,600)
Net cash inflow/(outflow) from:		
Operating activities	**350,833**	208,346
Investing activities	**(366,168)**	(86,986)
Financing activities	**178,142**	(220,432)
Net cash inflow/(outflow)	**162,807**	(99,072)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Fortune Set

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**16,393,007**	12,806,983
Non-current assets	**27,187,220**	30,261,815
Current liabilities	**(21,755,862)**	(21,393,591)
Non-current liabilities	**(5,153)**	(496,426)
Net assets	**21,819,212**	21,178,781
Equity attributable to:		
Owners of the Company	**7,441,789**	7,017,058
Perpetual capital instruments	**4,426,959**	4,688,812
Non-controlling interests	**9,400,482**	8,941,025
Non-controlling interests of subsidiary	**549,982**	531,886
Total equity	**21,819,212**	21,178,781

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**2,660,641**	8,046,474
Other income, and other gains and losses, net	**1,415,062**	(342,644)
Total expenses	**(2,363,337)**	(7,327,269)
Profit and total comprehensive income for the year	**1,712,366**	376,561
Profit and total comprehensive income attributable to:		
Owners of the Company	**718,250**	49,027
Perpetual capital instruments	**255,938**	248,139
Non-controlling interests	**690,083**	47,106
Non-controlling interests of subsidiary	**48,095**	32,289
Profit and total comprehensive income for the year	**1,712,366**	376,561
Dividends declared to non-controlling interests	**(260,625)**	(172,942)
Net cash inflow/(outflow) from:		
Operating activities	**1,996,855**	3,192,367
Investing activities	**1,641,106**	(42,827)
Financing activities	**(4,277,340)**	(2,577,449)
Net cash (outflow)/inflow	**(639,379)**	572,091

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Sunny Ease

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**3,698,318**	3,526,471
Non-current assets	**5,394,530**	5,396,757
Current liabilities	**(6,512,371)**	(3,300,214)
Non-current liabilities	**–**	(2,802,974)
Total equity	**2,580,477**	2,820,040
Equity attributable to:		
Owners of the Company	**418,117**	557,413
Non-controlling interests	**2,162,360**	2,262,627
Total equity	**2,580,477**	2,820,040

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**295,154**	281,926
Other income, and other gains and losses, net	**9,807**	(215,797)
Total expenses	**(435,565)**	(288,019)
Loss and total comprehensive expense for the year	**(130,604)**	(221,890)
Loss and comprehensive expense attributable to:		
Owners of the Company	**(66,608)**	(113,164)
Non-controlling interests	**(63,996)**	(108,726)
Loss and total comprehensive expense for the year	**(130,604)**	(221,890)
Dividends declared to non-controlling interests	**(36,271)**	(26,291)
Net cash inflow/(outflow) from:		
Operating activities	**358,286**	299,833
Investing activities	**(8,858)**	(4,504)
Financing activities	**(793,969)**	(113,206)
Net cash (outflow)/inflow	**(444,541)**	182,123

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Speedy Cosmo

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Current assets	**1,761,722**	1,556,055
Non-current assets	**3,181,719**	3,148,278
Current liabilities	**(1,510,382)**	(1,310,873)
Non-current liabilities	**(47,567)**	(83,025)
Total equity	**3,385,492**	3,310,435
Equity attributable to:		
Owners of the Company	**1,816,248**	1,774,967
Perpetual capital instruments	**83,221**	83,221
Non-controlling interests	**1,486,023**	1,452,247
Total equity	**3,385,492**	3,310,435

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	**324,816**	292,786
Other income, and other gains and losses, net	**13,998**	64,319
Fair value gain of investment properties	**33,591**	(267,169)
Total expenses	**(297,348)**	(209,377)
Profit/(loss) and total comprehensive income/(expense) for the year	**75,057**	(119,441)
Profit/(loss) and total comprehensive income/(expense) attributable to:		
Owners of the Company	**41,281**	(65,693)
Non-controlling interests	**33,776**	(53,748)
Profit/(loss) and total comprehensive income/(expense) for the year	**75,057**	(119,441)
Net cash inflow/(outflow) from:		
Operating activities	**608,695**	36,181
Investing activities	**(7,633)**	(26,517)
Financing activities	**(40,732)**	(26,038)
Net cash inflow/(outflow)	**560,330**	(16,374)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
Entities incorporated in Hong Kong and operating principally in Hong Kong						
Bapton Company Limited	HK$2	–	–	100%	100%	Property investment
Joy Sincere (Hong Kong) Limited	HK$390,656,370	–	–	51.96%	51.96%	Investment holding
Entities established in the PRC and operating principally in the PRC						
中糧置業投資有限公司(COFCO) (Note (c) and (e))	RMB5,000,000,000	–	–	100%	100%	Investment holding
西單大悅城有限公司 (Xidan Joy City Co., Ltd*) ("**Xidan Joy City**") (Note (d))	RMB1,025,000,000	–	–	100%	100%	Property investment and development
北京弘泰基業房地產有限公司 (Beijing Hongtaijiye Real Estate Co., Ltd.*) (Note (d))	RMB1,055,000,000	–	–	90%	90%	Property investment and development
大悅城(天津)有限公司 (Joy City (Tianjin) Co., Ltd.*) (Note (b))	RMB1,120,000,000	–	–	100%	100%	Property investment and development
大悅城(上海)有限責任公司 (Joy City (Shanghai) Co., Ltd.*) (Note (d))	RMB520,000,000	–	–	100%	100%	Property management
上海新蘭房地產開發有限公司 (Shanghai Xinlan Real Estate Development Co., Ltd.*) (Note (d))	RMB4,200,000,000	–	–	100%	100%	Property investment and development
瀋陽大悅城房產開發有限公司 (Shenyang Joy City Real Estate Development Co., Ltd.*) (Note (c))	US$129,300,000	–	–	100%	100%	Property investment and development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
Entities established in the PRC and operating principally in the PRC (continued)						
瀋陽大悦城商業管理有限公司 (Shenyang Joy City Commercial Management Co., Ltd.*) (Note (d))	RMB1,080,000	–	–	100%	100%	Property management
煙臺大悦城有限公司 (Yantai Joy City Co., Ltd.*) ("**Yantai Joy City Co**") (Note (c))	RMB900,000,000	–	–	100%	100%	Property investment and development
北京昆庭資產管理有限公司 (Beijing Kunting) (Note (d) and (g))	2023: – (2022: RMB1,074,318,600)	–	–	–	100%	Property investment
中糧酒店(三亞)有限公司 (COFCO Hotel (Sanya) Limited.*) (Note (c))	US$165,500,000	–	–	100%	100%	Hotel ownership and operations
三亞亞龍灣開發股份有限公司 (Sanya Yalong Development Company Limited*) (Note (b))	RMB671,000,000	–	–	56.96%	56.96%	Property development
三亞亞龍灣熱帶海岸公園管理有限公司(Sanya Yalong Tropical Coast Park Management Co., Ltd.*) (Note (d))	RMB3,000,000	–	–	100%	100%	Provision of tourism service
三亞虹霞開發建設有限公司 (Sanya Hongxia Development & Construction Co., Ltd.*) (Note (d))	RMB1,339,500,000	–	–	80%	80%	Property development
三亞悦晟開發建設有限公司 (Sanya Yuesheng Development Company Limited*) (Note (d))	RMB499,500,000	–	–	100%	100%	Property development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
Entities established in the PRC and operating principally in the PRC (continued)						
北京中糧廣場發展有限公司 (Beijing COFCO Plaza Development Co., Ltd.*) (Note (b))	US$33,300,000	**–**	–	**100%**	100%	Property investment
四川凱萊物業管理有限公司 (Sichuan Gloria Properties Management Co.,Ltd.*) (Note (b))	2023: – (2022: RMB500,000)	**–**	–	**–**	94%	Property management
上海鵬利置業發展有限公司 (Shanghai Top Glory) (Note (c) and (g))	2023: – (2022: US$70,000,000)	**–**	–	**–**	100%	Property investment and development
中糧鵬利(成都)實業發展有限公司 (COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd.*) (Note (c))	US$18,000,000	**–**	–	**100%**	100%	Property development
卓遠地產(成都)有限公司 (Zhuoyuan Property (Chengdu) Co., Ltd.*) (Note (c))	US$166,250,000	**–**	–	**100%**	100%	Property investment and development
浙江和潤天成置業有限公司 (Herun Tiancheng) (Note (c))	RMB2,500,000,000	**–**	–	**100%**	100%	Property investment and development
上海悦耀置業發展有限公司 (Shanghai Yueyao Development Co., Ltd.*) (Note (b))	RMB147,360,000	**–**	–	**50%**	50% (Note (a))	Property development
四川中國酒城股份有限公司 (Sichuan China Jiucheng Co., Ltd.*) (Note (d))	RMB80,308,230	**–**	–	**69.65%**	69.65%	Property development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
Entities established in the PRC and operating principally in the PRC (continued)						
重慶澤悅實業有限公司 (Chongqing Zeyue Co., Ltd.*) (Note (c))	RMB900,000,000	**–**	–	**100%**	100%	Property development
青島大悅城房地產開發有限公司 (Qingdao Joy City Co., Ltd.*) (Note (c))	RMB1,329,880,000	**–**	–	**100%**	100%	Property development
青島智悅置地有限公司 (Qingdao Zhiyue Co., Ltd.*) (Note (c))	US$100,000,000	**–**	–	**100%**	100%	Property development
武漢大悅城房地產開發有限公司 (Wuhan Joy City Co., Ltd.*) (Note (c))	RMB1,457,370,000	**–**	–	**100%**	100%	Property development
瀋陽和韜房地產開發有限公司 (Shenyang Hetao Real Estate Development Co., Ltd.*) (Note (c))	US$85,000,000	**–**	–	**100%**	100%	Property development
成都天府辰悅置業有限公司 (Chengdu Tianfu Chenyue Development Co., Ltd.*) (Note (c))	RMB630,000,000	**–**	–	**100%**	100%	Property investment and development
陝西鼎安置業有限公司 (Shanxi Dingan Development Co., Ltd.*) (Note (b))	RMB2,037,113,051	**–**	–	**51%**	51%	Property development
濟南大悅城產業發展有限公司 (Jinan Joy City Co., Ltd.*) (Note (b))	RMB1,191,666,667	**–**	–	**60%**	60%	Property development
大悅城三亞投資有限公司 (Sanya Joycity investment Co., Ltd*) (Note (d))	RMB300,000,000	**–**	–	**100%**	100%	Property development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
Entities established in the PRC and operating principally in the PRC (continued)						
三亞悅港企業管理有限公司 (Sanya Yuegang Development Co., Ltd*) (Note (c))	RMB349,525,000	–	–	**100%**	100%	Property investment
臺灣飯店有限公司 (Taiwan Hotel Limited*) (Note (c))	RMB489,240,002	–	–	**100%**	100%	Hotel ownership and operations
蘇州相之悅房地產開發有限公司 (Suzhou Xiangzhiyue Real Estate Development Co., Ltd.*) (Note (d))	RMB1,100,000,000	–	–	**50.10%**	50.10%	Property investment and development
廈門市悅集商業管理有限公司 (Xiamen Yueji Properties Management Co., Ltd.*) (Note (b))	RMB1,400,000,000	–	–	**51%**	51%	Property investment and development
大悅城商業管理(北京)有限公司 (Joy City Commercial Management (Beijing) Co., Ltd.*) (Note (d))	RMB10,000,000	–	–	**100%**	100%	Property management
成都中糧悅街企業管理有限公司 (Chengdu COFCO Yuejie Enterprise Management Co., Ltd.*) (Note (d))	RMB5,000,000	–	–	**100%**	100%	Property investment and development
成都鵬悅企業管理諮詢有限公司 (Chengdu Pengyue Enterprise Management Consulting Co., Ltd.*) (Note (d))	RMB60,000,000	–	–	**100%**	100%	Property management
大悅城商業管理(天津)有限公司 (Joy City Commercial Management (Tianjin) Co., Ltd.*) (Note (d))	RMB10,000,000	–	–	**100%**	100%	Property management
南京悅錦成房地產實業有限公司 (Nanjing Yuejincheng Real Estate Industry Co., Ltd. *) (Note (d))	RMB3,000,000,000	–	–	**50%**	50%	Property investment and development
重慶悅昇房地產開發有限公司 (Chongqing Yuesheng Real Estate Development Co., Ltd. *) (Note (d))	RMB913,630,987	–	–	**51%**	51%	Property development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2023	2022	2023	2022	
南京京悦房地產開發有限公司 (Nanjing Jingyue Real Estate Development Co., Ltd. *) (Note (d))	RMB520,000,000	–	–	60%	60%	Property development
杭州疆悦置業有限公司 (Hangzhou Jiangyue Real Estate Co., Ltd. *) (Note (d))	RMB500,000,000	–	–	51%	51%	Property development
永悦房地產開發(蘇州)有限公司 (Yongyue Real Estate Development (Suzhou) Co., Ltd.*) (Note (d))	RMB450,000,000	–	–	60%	60%	Property development
大悦城(上海)置業有限公司 (Joy City (Shanghai) Real Estate Co., Ltd.*) (Note (c) and (f))	RMB5,000,000	–	–	100%	–	Property development
上海耀耀祿建設發展有限公司 (Yao Yao Lu) (Note (d) and (f))	RMB1,530,000,000	–	–	100%	–	Property development
南京荷塘明悦房地產開發有限公司 (Nanjing Hetang Mingyue Real Estate Development Co., Ltd.*) (Note (d) and (f))	RMB1,100,000,000	–	–	100%	–	Property development
大悦城華東(上海)企業管理有限公司 (Joy City East China (Shanghai) Enterprise Management Co., Ltd.*) (Note (c) and (f))	RMB10,000,000	100%	–	–	–	Investment holding
大悦城商業運營管理(天津)有限公司 (Joy City Commercial Operation Management (Tianjin) Co., Ltd.*) (Note (c) and (f))	RMB10,000,000	–	–	100%	–	Investment holding
成都榮悦商業管理有限公司 (Chengdu Rongyue Commercial Management Co., Ltd.*) (Note (d) and (f))	RMB1,000,000	–	–	100%	–	Property management
成都博悦商業管理有限公司 (Chengdu Boyue Business Management Co., Ltd.*) (Note(d) and (f))	RMB1,300,000,000	–	–	100%	–	Property management

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

50. DETAILS OF SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group during the year ended 31 December 2023. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes:

(a) The Group has control over the board of directors and the relevant activities of this entity and therefore accounted for as a subsidiary of the Company.

(b) These companies are sino-foreign equity joint ventures.

(c) These companies are wholly-foreign owned enterprise.

(d) These companies are wholly-domestic owned enterprise.

(e) These subsidiaries had issued debt securities in 2023(Note 32).

(f) These subsidiaries are newly established or acquired in 2023 (Note 46).

(g) These subsidiaries were disposed in 2023 (Note 47).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 31 December	
	2023 **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS		
Unlisted investments in subsidiaries (Note i)	**13,296,091**	13,295,091
Hedging instruments	**–**	241,852
	13,296,091	13,536,943
CURRENT ASSETS		
Amounts due from subsidiaries (Note ii)	**24,191,341**	23,106,352
Amount due from a joint venture (Note ii)	**27**	–
Loans to subsidiaries	**1,228,249**	1,210,697
Deposits, prepayments and other receivables	**–**	6,090
Cash and bank balances	**4,129,192**	734,649
Hedging instruments	**131,177**	157,123
Derivative financial instruments	**63,306**	–
	29,743,292	25,214,911
CURRENT LIABILITIES		
Amounts due to subsidiaries (Note ii)	**5,319,862**	738,885
Amounts due to fellow subsidiaries (Note ii)	**1,303**	1,303
Loan from a subsidiary	**–**	1,000,000
Bank borrowings	**3,079,998**	1,722,050
Income tax payable	**17,269**	172,910
Other payables and accruals	**21,215**	69,587
Derivative financial instruments	**15,784**	–
	8,455,431	3,704,735
NET CURRENT ASSET	**21,287,861**	21,510,176
NON-CURRENT LIABILITIES		
Amount due to a subsidiary (Note ii)	**880,000**	–
Bank borrowings	**3,004,323**	4,157,013
	3,884,323	4,157,013
NET ASSETS	**30,699,629**	30,890,106
CAPITAL AND RESERVES		
Share capital (Note 34)	**1,122,414**	1,122,414
Reserves (Note iii)	**29,577,215**	28,909,142
Perpetual capital instruments	**–**	858,550
TOTAL EQUITY	**30,699,629**	30,890,106

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(i) As at 31 December 2023, unlisted investments in subsidiaries are carried at cost of RMB13,411,073,000 (31 December 2022: RMB13,431,535,000) less accumulated impairment loss of RMB114,982,000 (31 December 2022: RMB136,444,000).

(ii) The amounts due from subsidiaries and a joint venture are unsecured, interest-free and repayable on demand as at 31 December 2023. Expect for the amounts due from subsidiaries of RMB1,197,614,000 was unsecured, interest bearing at 5.6% per annum and repayable within one year.

The amounts due to subsidiaries and fellow subsidiaries are unsecured, interest-free and repayable on demand as at 31 December 2023. Expect for the amount due to a subsidiary of RMB880,000,000 was unsecured, interest bearing at 3.65% per annum and repayable within three years.

(iii) Reserves of the Company

	Share premium RMB'000	Non-redeemable convertible preference shares RMB'000 (Note 35)	Foreign currency translation reserve RMB'000	Capital redemption reserve RMB'000	Contributed surplus and other reserve RMB'000	Retained profits RMB'000	Perpetual capital instruments RMB'000	Total RMB'000
At 1 January 2022	17,993,202	1,722,317	3,266	1,931	161,894	7,429,996	898,370	28,210,976
Profit and total comprehensive income for the year	–	–	–	–	325,920	1,283,796	–	1,609,716
Distribution of perpetual capital instruments	–	–	–	–	–	(13,180)	13,180	–
Redemption of perpetual capital instruments	–	–	–	–	–	–	(53,000)	(53,000)
At 31 December 2022	**17,993,202**	**1,722,317**	**3,266**	**1,931**	**487,814**	**8,700,612**	**858,550**	**29,767,692**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(221,801)**	**1,094,318**	**–**	**872,517**
Distribution of perpetual capital instruments	**–**	**–**	**–**	**–**	**–**	**(2,032)**	**2,032**	**–**
Redemption of perpetual capital instruments	**–**	**–**	**–**	**–**	**–**	**–**	**(833,247)**	**(833,247)**
Payment of distribution of perpetual capital instruments	**–**	**–**	**–**	**–**	**–**	**–**	**(27,335)**	**(27,335)**
Final 2022 dividend declared	**–**	**–**	**–**	**–**	**–**	**(166,942)**	**–**	**(166,942)**
Others	**–**	**–**	**–**	**–**	**(35,470)**	**–**	**–**	**(35,470)**
At 31 December 2023	**17,993,202**	**1,722,317**	**3,266**	**1,931**	**230,543**	**9,625,956**	**–**	**29,577,215**

Definitions

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

"2020 Financial Services Agreement"	the financial services agreement dated 17 July 2020, as supplemented, between the Company, Management Company and COFCO Finance in relation to the financial services provided by COFCO Finance to Management Company and the Group;
"2023 Final Dividend"	the proposed final dividend in respect of the year ended 31 December 2023;
"2023 Financial Services Agreements"	the financial services agreement and the entrustment loan services agreement dated 31 March 2023 entered into between the Company, Management Company and COFCO Finance in relation to the financial services provided by COFCO Finance to the Management Company and the Group;
"2024 AGM"	the forthcoming annual general meeting of the Company (or any adjournment thereof) for the year 2024;
"Achieve Bloom"	Achieve Bloom Limited (得茂有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of COFCO Corporation, which is an indirect controlling shareholder of the Company;
"Acquisition"	has the meaning ascribed to it in the announcement of the Company dated 24 September 2013;
"Annual Caps"	the maximum aggregate annual transaction amounts set for the Non-Exempt Continuing Connected Transactions;
"Audit Committee"	the audit committee of the Company;
"Bapton"	Bapton Company Limited, a company incorporated in Hong Kong with limited liability on 22 August 1986, a wholly-owned subsidiary of the Company;
"Board"	the board of Directors;
"BVI"	British Virgin Islands;
"Bye-laws"	the amended and restated bye-laws of the Company, as amended from time to time;
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"COFCO (HK)"	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司) (formerly known as Top Glory Company Limited (鵬利有限公司), Top Glory Holding Company Limited (鵬利控股有限公司), Top Glory Holding Company Limited (鵬利集團有限公司) and COFCO (Hong Kong) Limited (中國糧油食品集團(香港)有限公司)), a company incorporated in Hong Kong with limited liability on 14 August 1981 and wholly-owned by COFCO Corporation, an indirect controlling shareholder of the Company;

Definitions

"COFCO Corporation"	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of the SASAC, the holding company of Grandjoy Holdings Group and thus an indirect controlling shareholder of the Company;
"COFCO Group"	COFCO Corporation and its subsidiaries, excluding the Group;
"COFCO Finance"	COFCO Finance Company Limited (中糧財務有限責任公司), a company established in the PRC with limited liability and a subsidiary of COFCO Corporation, and a connected person of the Company;
"Company"	Joy City Property Limited (大悅城地產有限公司), a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 207);
"controlling shareholder(s)"	has the meaning given to it under the Listing Rules and in the context of the Company, means Grandjoy Holdings Group, Vibrant Oat, COFCO (HK) and COFCO Corporation;
"Conversion Shares"	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the CPS;
"Corporate Governance Code"	Corporate Governance Code contained in Appendix C1 to the Listing Rules;
"CPS"	the non-redeemable convertible preference shares of HK$0.10 each in the share capital of the Company;
"Director(s)"	the director(s) of the Company;
"ESG Report 2023"	the Environmental, Social and Governance Report for the year ended 31 December 2023 issued by the Company separately pursuant to Rule 13.91 and Appendix C2 to the Listing Rules. The electronic version of which is available on the websites of the Company at www.joy-cityproperty.com and the Stock Exchange at www.hkexnews.hk;
"Executive Committee"	executive committee of the Company;
"Grandjoy Holdings Group"	Grandjoy Holdings Group Co., Ltd.* (大悅城控股集團股份有限公司), a company established in the PRC whose A shares are listed on the Shenzhen Stock Exchange (stock code: 000031) and a controlling shareholder of the Company;
"Group"	the Company and its subsidiaries from time to time;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	an independent committee of the Board, comprising all the Independent Non-executive Directors;

Definitions

"independent third party"	a person or party who is not a connected person (within the meaning of the Listing Rules) of the Group;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
"Master Agreements"	collectively the Master Lease Agreement, the Master Property Management Agreement and the Master Sourcing Agreement, and "Master Agreement" shall refer to any one of them;
"Master Lease Agreement"	the master lease agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by four supplemental agreements thereto) for the leasing of properties by the Group to the COFCO Group;
"Master Property Management Agreement"	the master property management agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by four supplemental agreements thereto) for the provision of project consultation, property management and hotel management services;
"Master Sourcing Agreement"	the master sourcing agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by four supplemental agreements thereto) for the sourcing of staple supplies and catering services by the Group from the COFCO Group;
"Memorandum"	the memorandum of association of the Company;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules;
"Nomination Committee"	the nomination committee of the Company;
"Non-Competition Undertaking"	the deed of non-competition dated 29 November 2013 executed by COFCO Corporation in favour of the Company in relation to the Acquisition;
"Non-Exempt Continuing Connected Transaction(s)"	the transactions to be carried out pursuant to the Connected Transaction Agreements, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules;
"PBOC"	The People's Bank of China（中國人民銀行）, the central bank of the PRC;
"PRC" or "China"	the People's Republic of China, which shall, for the purposes of this Annual Report, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

Definitions

"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities);
"Remuneration Committee"	the remuneration committee of the Company;
"Restricted Business"	(a) the development, operation, sale, leasing or management of any property project which is wholly designated for commercial purpose such as offices, retail, shopping malls, hotels, resorts or serviced apartments; and/or (b) the development, operation, sale, leasing or management of any mixed-use complex project;
"RevPAR"	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period;
"RMB"	Renminbi, the lawful currency of the PRC;
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會）;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
"SGM"	the special general meeting of the Company;
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)" or "Member(s)"	registered holder(s) of the Shares;
"Special Dividend"	the proposed one-off special dividend in relation to the completion of the disposals of two subsidiaries during the year;
"sqm"	square metre(s);
"State Council"	the State Council of the PRC（中華人民共和國國務院）;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Takeovers Codes"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong;
"US$"	United States Dollars, being the lawful currency of the United States of America;
"Vibrant Oak"	Vibrant Oak Limited（明毅有限公司）, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of COFCO (HK) and an indirect controlling shareholder of the Company;
"%"	per cent.

The English names of Chinese entities marked with "" are translations of their Chinese names and are included in this Annual Report for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

Corporate Information

(As at the date of this Annual Report)

DIRECTORS

Executive Director

Mr. YAO Changlin

Non-executive Directors

Mr. CHEN Lang *(Chairman)*
Mr. LIU Yun
Mr. ZHU Laibin

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

AUDIT COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

REMUNERATION COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. YAO Changlin
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

NOMINATION COMMITTEE

Mr. CHEN Lang *(Committee Chairman)*
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

COMPANY SECRETARY

Ms. HAU Hei Man, Sonya

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

PRINCIPAL OFFICE IN HONG KONG

33/F., COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPANY WEBSITE

www.joy-cityproperty.com

STOCK CODE

207

大悅城控股
GRANDJOY

中糧
COFCO

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

香港銅鑼灣
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